BILL NO. S-14-07-08

SPECIAL ORDINANCE NO. S-__________

AN ORDINANCE approving the RENEWAL OF COMMERCIAL PROPERTY AND BOILER/EQUIPMENT BREAKDOWN INSURANCE POLICIES by the City of Fort Wayne, Indiana, by and through its Department of RISK MANAGEMENT and THE HARTFORD FIRE INSURANCE COMPANY.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA;

SECTION 1. That RENEWAL OF COMMERCIAL PROPERTY AND BOILER/EQUIPMENT BREAKDOWN INSURANCE POLICIES between the City of Fort Wayne, by and through its Department of RISK MANAGEMENT and THE HARTFORD FIRE INSURANCE COMPANY, respectfully for:

> insurance coverage for Commercial Property and Boiler/Equipment Breakdown from 7/14/2014 to 07/14/2015;

involving a total cost of FOUR HUNDRED FORTY-FOUR THOUSAND, THREE HUNDRED THIRTY-FIVE AND 00/100 DOLLARS - ($445,335.00) all as more particularly set forth in said RENEWAL OF COMMERCIAL PROPERTY AND BOILER/EQUIPMENT BREAKDOWN INSURANCE POLICIES which are on file in the Office of the Department of Risk Management, and are by reference incorporated herein, made a part hereof, and are hereby in all things ratified, confirmed and approved.

SECTION 2. That this Ordinance shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor.

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Council Member

APPROVED AS TO FORM AND LEGALITY

Carol Helton, City Attorney by CH

Carol Helton, City Attorney

TO: CITY OF FORT WAYNE COMMON COUNCIL

FROM: NANCY MCAFEE, RISK MANAGEMENT

DATE: JULY 8, 2014

On 7/9/13, Action S-13-06-09, an Ordinance approving the awarding of Renewal of Commercial Property and Boiler/Equipment Breakdown insurance policies from 7/13/13 to 7/14/14 by the COFW through Risk Management and the Hartford was passed by Council.

As last year, I am asking Council to approve the renewal of this coverage with The Hartford for an additional year, 7/14/14-7/14/15, as opposed to taking it to market. The following is my reasoning:

1) the program was extensively marketed last year.
2) The Hartford was awarded the business because they provided the broadest scope of coverage at the lowest premium cost.
3) Hartford agreed to guarantee the rate.
4) The City has incurred $590,956 in losses within the past 3 years.
5) The Commercial Insurance marketplace is averaging a 2% to 3% increase in renewal rate for risks which have not had adverse loss experience.

The annual premium, effective July 14, 2013, was $424,500-based upon property values of $735,446,425 and a rate per $100 of value of .0577.

The annual renewal premium, effective July 14,2014, is $444,335-based upon property values of $770,079,496 and a rate per $100 of value of .0577.

The bottom line is that taking the program to market is not in the City's best interest. The combination of the effects of the marketplace seeking an increase in rate and the adverse loss experience would result in a renewal rate higher than that which we now enjoy and which has been guaranteed!