BILL NO. S-15-06-37

SPECIAL ORDINANCE NO. S-______________

> **AN ORDINANCE** approving the RENEWAL OF COMMERCIAL PROPERTY, 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 7/14/2015 to 7/14/2016;

involving a total cost of Four Hundred Fifty-Six Thousand, One Hundred Two and 00/100 Dollars ($456,102.00) 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 of, 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.

____
Council Member

APPROVED AS TO FORM AND LEGALITY

____
Carol Helton, City Attorney

June 9, 2015

Nancy McAfee
Risk Manager
City of Fort Wayne
200 East Berry Street – Suite 470
Fort Wayne, IN 46802

Re: Commercial Property Policy No. 36UUNAU0458

Dear Nan,

We are asking city Council to approve the renewal of the Commercial Property coverage without taking the program to market for the following reasons:

1) The program was extensively marketed two years ago
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 $721,391 in losses within the past 4 years
5) The Commercial Insurance marketplace is averaging a 2-3% increase in renewal rate for risks which have not had adverse loss experience.

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 highter than that which we now enjoy and which has been guaranteed!

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 premium, effective July 14, 2014, was $444,335 – based upon property values of $770,079,496 and rate per $100 of value of .0577.

The annual premium, effective July 14, 2015 is $456,102 – based upon property values of $790,476,563 and rate per $100 of value of .0577.

The property exposure is not a candidate for self-insurance.

Should you have questions or need further clarification, please let me know.

Sincerely,

Bill

William G. Niezer
WGN/dkw