



Request for City Council Committee Action From the Finance Department

Date: November 29, 2004
To: Ways and Means Committee
Referral to: None

Subject: Annual Property Insurance Premium for the Mpls. Convention Center, Talmedge Building, and Parking Ramp

Recommendation: To authorize the City's Finance Officer to review options for property insurance for the Convention Center (including the Talmedge Bldg. and the Ramp) for 1-1-05 coverage. Accept the XL Insurance quote of \$265,060 plus the Mpls. Surcharge and lock in the binder for the 2005 property coverage. Accept the quote for additional terrorism coverage. This will impact Fund 0760, Agency MCC, Org MCCD, Object Code 6080, Sub-Object Code 05 for the Convention Center's Insurance and Fund 0760, Agency MCC, Org MCCJ, Object Code 6080, Sub-Object Code 05 for the Parking Ramp.

Previous Directives: None

Prepared or Submitted by:

Chris Larson, Director of Facility Services, Mpls. Convention Ctr., 335-6116
Ellen Velasco-Thompson, Director of Risk Mgmt. 673-3994

Approved by: Patrick Born, City Finance Officer _____

John Moir, City Coordinator _____

Presenters in Committee: Ellen Velasco-Thompson, Director of Risk Mgmt. & Claims
Anthony Lopez, Exec. Director of the Mpls. Convention Ctr.
Chris Larson, Director of Facility Services, Mpls. Convention Ctr.
Judy Corradi and Laura Ferry, Marsh USA, Inc.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
 Action requires an appropriation increase to the Capital Budget
 Action requires an appropriation increase to the Operating Budget
 Action provides increased revenue for appropriation increase
 Action requires use of contingency or reserves
 Other financial impact (Explain):

Community Impact (use any categories that apply)

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other
- X_Not applicable

Background/Supporting Information Attached:

The following property renewal is for the Minneapolis Convention Center, Talmedge Building and Parking Ramp. The XL Group insurance rate is a 15% premium decrease over last year and is evidence of a moderating property market, especially in light of the claims paid over the length of our coverage.

After discussions with PRC to insure the best possible outcome, we asked for and received permission from the City to directly contact other insurers for alternative property programs. In addition to our incumbent insurer, we made submissions to Affiliated FM, AIC-Allianz, AIG-Lexington, Axis, Chubb & Son, LMG Property Group, Travelers, and XL Group. Three insurance companies were willing and able to provide the \$407,978,120 limit necessary, provide additional options in higher deductibles & terrorism coverage with non-certified events, resulting in the most competitive price.

Terms and condition details were reviewed and updated. The Agreed Amount endorsement is again available with the signed Statement of Values.

In response to the Terrorism Risk Insurance Act of 2002, the XL Group is offering coverage for losses resulting from terrorism at a more competitive rate than in the past, for an additional charge. There are two components to this coverage and separate charges for each. The first addresses losses as defined in the Act and the second addresses acts of terrorism not defined in the Act. For example, acts committed by an individual acting on behalf of any foreign person or foreign interest are defined in the Act, whereas acts committed by an individual independent of any foreign person or foreign interest are not defined in the Act. The additional cost of \$35,000 for a \$250,000,000 sublimit, is 16% of the property premium compared to the incumbent's price of 55% of property premium. XL Group has also provided an option for non-certified terrorism with a \$250,000,000 sublimit for an additional premium of \$12,500. Premiums for Terrorism are dramatically lower than last year but continue to remain high for high profile, high risk, target properties, which is how the marketplace views the Convention Center.

These results continue to verify the excellent efforts of the Convention Center Staff in maintaining a safe, secure, state of the art facility.