THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: July 27, 2021

Subject: Resolution to revoke Resolution 19-185 and delegate new authority regarding Non-Health-Benefit Insurance Premiums and Property Claims-Related Payment Issuance

Staff Resource(s): Tony McDowell, CFO and Brad Stein, Risk Manager

Action Requested: Revoke Resolution 19-185 and adopt a new resolution authorizing the City Manager to purchase non-health-benefit-related insurance policies; and issue property claim-related payments.

Background:

- In 2019, Asheville City Council adopted Resolution No. 19-185; authorizing the City Manager to purchase non-health benefit-related insurance policies and issue property claim-related payments up to $500,000.
- Annually, the City of Asheville (City) renews policies to provide coverage against risk exposures, including but not limited to: excess workers' compensation and liability (general liability, public officials, employee practices, and law enforcement), dam liability, property (structures/vehicles/equipment), crime, cyber, flood, and builder's risk, when necessary.
- All policies are quoted via the City's Insurance Broker of Record to ensure appropriate coverages are obtained from the commercial insurance market.
- Annually, Asheville City Council approves policy premium costs budgeted within the City's Workers' Compensation and Property & Liability Funds.
- City property insurance premium increased from $463,026 in Fiscal Year (FY) 2021 to $649,660 in FY 2022 as a result of insurance market rate increases and six (6) large loss City claims filed since 2016, totalling $1,758,578 reimbursed to the City via insurance proceeds**.**
- In order to (1) purchase policies at the new market rate (up to $750,000 per policy); and (2) pay City property claim-related expenses, authorization can be delegated to the City Manager .

Council Goal(s):

- A Financially Resilient City

Committee(s):

- June 25, 2019, Finance and Human Resources Committee recommended approval of Resolution No. 19-185.

Pro(s):

- Ensures no policy lapse that may financially expose City employees and assets.
- Timely insurance policy renewals and good standing with City insurance carriers.
- Ensures timely property claim-related payments to expedite City asset repair/replacement.

Con(s):

- None.

Fiscal Impact:

- There is no direct fiscal impact to this action.
- In Fiscal Year 2022, projected City insurance policy premiums totalling approximately $1,375,000 are already included in the annual budget approved by City Council.
- Property claim payments utilize funds received from City insurance carriers to repair/replace damaged City assets, less related deductibles.

Suggested Motion:

- Motion to adopt a resolution to revoke Asheville Resolution 19-185 authorizing the City Manager to issue payments for non-health-benefit-related insurance premiums up to $500,000 and authorizing the City Manager to (1) issue payments for non-health-benefit-related insurance premiums up to $750,000 per policy and; (2) make City property insurance claim-related payments.

Attachment(s)

- Resolution

RESOLUTION NO. 21-_____

RESOLUTION TO REVOKE ASHEVILLE RESOLUTION 19-185 AND AUTHORIZE THE CITY MANAGER TO PURCHASE NON-HEALTH- BENEFIT-RELATED INSURANCE POLICIES AND ISSUE PROPERTY CLAIMS-RELATED PAYMENTS

WHEREAS, the City of Asheville has authority pursuant to Article 3 of Chapter 160A of the North Carolina General Statutes to enter into contracts for services with other entities; and

WHEREAS, on July 23, 2019, Asheville City Council adopted Resolution 19-185 authorizing the City Manager to purchase non-health-benefit-related insurance policies up to $500,000 per policy and issue property claims-related payments;

WHEREAS, the City of Asheville (City) purchases insurance policies to provide coverage against risk exposures, including but not limited to: excess workers' compensation and liability (general liability, public officials, employee practices, and law enforcement), dam liability, property (vehicles/equipment), crime, cyber, flood, and builder's risk, when necessary; and

WHEREAS, annually, Asheville City Council approves projected insurance premium costs within the City's Workers' Compensation Fund and Property & Liability Fund; and

WHEREAS, the City's Insurance Broker of Record in consultation with the City Risk Manager ensures appropriate insurance policies are obtained from the commercial insurance market and timely renewed to avert lapses in coverage; and

WHEREAS, this resolution authorizes the City Manager to: (1) Purchase non-health-benefit-related insurance policies up to $750,000 per policy; and (2) Pay City property claim-related expenses to repair/replace damaged City assets;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Manager is hereby authorized to purchase Property, Casualty, Workers' Compensation and other non-health-benefit-related insurance policies up to $750,000 per policy and issue payments and/or execute property insurance claim-related service contracts to expedite repair and/or replacement of damaged City assets.

Read, approved and adopted this the 27th day of July, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney