

FINANCE COMMITTEE

13-0078R

RESOLUTION AUTHORIZING A SECOND ONE-YEAR EXTENSION OF THE ANNUAL CONTRACT WITH LISCOMB HOOD MASON COMPANY FOR PROPERTY INSURANCE IN THE AMOUNT OF \$93,334.37.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to implement a second one-year extension of the city's annual contract with Liscomb Hood Mason Company for property insurance from February 16, 2013, through February 16, 2014, covering 51 city-owned structures, miscellaneous equipment and business personal property, based on a revised quote of \$93,334.37 and substantiated in a memo from city claims adjuster Don Douglas on file in the office of the city clerk as Public Document No. _____, and payable from the following accounts:

\$67,179.37	Self Insurance Fund 610, Dept./Agency 036 (Insurance Accounts), Cost Center 1651 (Insurance-General City), Obj. 5360 (Insurance);
\$7,518.00	Self Insurance Fund 610, Dept./Agency 036 (Insurance Accounts), Cost Center 1652 (Insurance-Water & Gas), Obj. 5360 (Insurance);
\$3,597.00	Self Insurance Fund 610, Dept./Agency 036 (Insurance Accounts); Cost Center 1653 (Insurance-Sewer), Obj. 5360 (Insurance);
\$1,547.00	Self Insurance Fund 610, Dept./Agency 036 (Insurance Accounts), Cost Center 1654 (Insurance-Stormwater), Obj. 5360 (Insurance);

13,493.00 Self Insurance Fund 610, Dept./Agency 036 (Insurance Accounts),
Cost Center 1656 (Insurance-DEDA), Obj. 5360 (Insurance).

Approved:



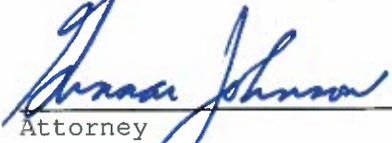
Department Director
Purchasing Agent DTO

Approved for presentation to council:



Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

FIN/PRCH DD:DS:le 02/01/2013

STATEMENT OF PURPOSE: This resolution authorizes a second one-year extension, from February 16, 2013, through February 16, 2014, of the city's annual contract with Liscomb Hood Mason Company for property insurance at a cost of \$93,334.37.

The city claims adjuster has noted the following in a memo on file in the city clerk's office:

- (a) The rate has increased from \$.511 to \$.526 per thousand.
- (b) The new blanket limit has decreased from \$172,729,659.00 to \$171,743,028.00.

The Duluth economic development authority (DEDA) will reimburse the city for its portion of the cost (\$13,493).

The city published the original request for proposals in February 2007. Three local Duluth vendors responded with proposals: Liscomb Hood Mason Company, Otis-Magie Insurance Agency, Inc., and Henry A. Anderson Agency, Inc. Liscomb Hood Mason Company offered the best proposal for the price. The renewal options for this contract expired in February 2012. At that time, the council approved the city's request for a one-year extension through February 16, 2013, with passage of Resolution 12-0049R on January 30, 2012. Approval of this resolution would authorize a second one-year extension based on an assessment from the city's claims adjuster that it is in the city's best interest to extend its contract with Liscomb Hood Mason Company.

Requisition No. 13-0134

**Memo: Property Insurance for City of Duluth
2/16/13 thru 2/16/14**

I have attached the Property insurance proposal for the renewal of the upcoming year. There has been an increase in the premium amount from 0.511 to 0.526 per thousand. The City did receive a claim payment for damages cause to the Lake Superior Zoo from the June 20, 2012 storm in the amount of \$253,513.00. We have been insured with FM Global for the past 5 years and with the flooding of last summer and the negotiating with our insurance company over our damages it was to our best interest to continue with our current insurance company. The policy that has been written for the City of Duluth is written as a *pure blanket coverage*, which few insurance companies offer because it is the best coverage for the City at the lowest cost. I am requesting the renewal of the policy at the cost of \$93,334.37 which does not include Terrorism Coverage, which we have not had in the past 5 years. The Cost for the property insurance for the previous year was \$91,199.49. The cost increase is \$2,134.88 or 2.34%.



Don Douglas
Claims Agent / Adjuster
February 5, 2013