

Legislation Text

File #: BILL NO. 16-214, **Version:** 1

AN ORDINANCE APPROVING A LIABILITY INSURANCE PROGRAM FOR THE LEE'S SUMMIT MUNICIPAL AIRPORT FOR THE PERIOD BEGINNING OCTOBER 15, 2016 AND EXPIRING OCTOBER 15, 2017 WITH THE OPTION OF TWO (2) AUTOMATIC ONE (1) YEAR RENEWALS WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE IN AN ANNUAL AMOUNT NOT TO EXCEED \$12,650.00 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE FOR THE SAME.

Issue/Request:

AN ORDINANCE APPROVING A LIABILITY INSURANCE PROGRAM FOR THE LEE'S SUMMIT MUNICIPAL AIRPORT FOR THE PERIOD BEGINNING OCTOBER 15, 2016 AND EXPIRING OCTOBER 15, 2017 WITH THE OPTION OF TWO (2) AUTOMATIC ONE (1) YEAR RENEWALS WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE IN AN ANNUAL AMOUNT NOT TO EXCEED \$12,650.00 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE FOR THE SAME.

Key Issues:

The Lee's Summit Municipal Airport's current liability insurance program expires on October 15, 2016.

The City engaged its' insurance broker to market the Airport liability insurance program and received a favorable renewal offer from the incumbent carrier which represents a 20% reduction in premium costs, with a guaranteed three year rate of \$12,650.00 per year.

In the event that the City determines that additional coverage is needed before the expiration of the three year rate guarantee, it can opt to obtain additional coverage without incurring a penalty through the carrier.

Proposed Committee Motion:

I move to recommend to City Council approval of AN ORDINANCE APPROVING A LIABILITY INSURANCE PROGRAM FOR THE LEE'S SUMMIT MUNICIPAL AIRPORT FOR THE PERIOD BEGINNING OCTOBER 15, 2016 AND EXPIRING OCTOBER 15, 2017 WITH THE OPTION OF TWO (2) AUTOMATIC ONE (1) YEAR RENEWALS WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE IN AN ANNUAL AMOUNT NOT TO EXCEED \$12,650.00 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE FOR THE SAME.

Background:

In October 2013, the City Council authorized the City Manager to enter into an Agreement with Ace Property and Casualty Insurance Company for a liability insurance program ("Program") for the Lee's Summit Municipal Airport. The Program guaranteed an annual premium rate of \$15,850.00 per year for three years. The Program's final year at that rate was October 15, 2015 to October 15, 2016.

In response to the expiring premium, the City of Lee's Summit engaged the services of its' contracted insurance broker, Lockton Companies, to market the Lee's Summit Municipal Airport's liability insurance program. Over the past three years, the Lee's Summit Municipal Airport has experienced zero reported claims to its liability carrier for losses, which generally results in more favorable premiums.

A total of four (4) providers submitted premium offers to the Lee's Summit Municipal Airport for the provision of airport liability insurance. The most favorable offer came from the incumbent provider, Ace Property and Casualty Company, underwritten by Chubb Aerospace. For the same coverage as the Lee's Summit Municipal Airport currently maintains (\$15,000,000.00 limits), Ace is offering a guaranteed premium rate of \$12,650.00 per year, again with a three year rate guarantee. This represents 20% reduction in the premium cost from the prior insurance program. Other insurance companies and their premium quotes for the same coverage limits were only guaranteed for one year, and were as follows:

Starr Indemnity	\$14,680.00
AIG	\$16,420.00
Endurance Insurance Co.	\$19,000.00

Ace also submitted an offer of coverage to the Lee's Summit Municipal Airport for \$30,000,000 limits for a total annual premium of \$18,750.00, with a three year rate guarantee. If the City determines that, as a result of the growth at the Lee's Summit Municipal Airport, additional limits are needed, the City can opt to move from the \$15,000,000 limits coverage without penalty under Ace's proposal, even with the three year rate guarantee.

Impact/Analysis:

[Enter text here]

Timeline:

Other Information/Unique Characteristics:

[Enter text here]

Presenter: Jackie McCormick Heanue, Chief Counsel of Management and Operations

Staff recommends approval of AN ORDINANCE APPROVING A LIABILITY INSURANCE PROGRAM FOR THE LEE'S SUMMIT MUNICIPAL AIRPORT FOR THE PERIOD BEGINNING OCTOBER 15, 2016 AND EXPIRING OCTOBER 15, 2017 WITH THE OPTION OF TWO (2) AUTOMATIC ONE (1) YEAR RENEWALS WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE IN AN ANNUAL AMOUNT NOT TO EXCEED \$12,650.00 AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ACE PROPERTY AND CASUALTY INSURANCE COMPANY, UNDERWRITTEN BY CHUBB AEROSPACE FOR THE SAME.

Committee Recommendation: [Enter Committee Recommendation text Here]