Date: **May 24, 2012**

To: **Buckman Direct Diversion Board**

From: **Robert Mulvey P.E., BDD Facilities Manager**

Re: **Request Approval to place Insurance Coverage with Travelers under the name of the BDD Board**

Issue and Item:

This memo is to update the Board on the status of insurance remarketing efforts by Daniels Insurance, and to request approval to place Board insurance with Traveler's for the next policy period.

Background:

Under the *Joint Power's Agreement, Section 23*, the Board is required to carry coverage separate and apart from the partner's respective policies:

> "*The BDD Board shall obtain and carry public liability insurance coverage (including directors and officers coverage) consistent with the responsibilities of a public entity under the new Mexico Tort Claims Act, NMSA 1978…the BDD Board shall carry and maintain fire and extended coverage on all of the BDD Project buildings, structures and improvements, and upon all of the contents and other personal property…"*

In 2011, the Board retained Daniels Insurance, Inc. to serve as its ***Agent/ Broker of Record*** for the purpose of providing insurance services. Daniels' first step was to renew expiring policies with Travelers for a short-term policy period of November 27, 2011 to July 1, 2012. As a result of this effort, Daniels currently has the following policies placed with Travelers:

- Auto Policy (placed under the name of the Board – one auto).
- Property insurance for personal property & mobile equipment.
- Commercial General Liability & Directors & Officers Liability (placed in the name of the Board).
- Umbrella Excess Liability (placed under BDD Board).

Daniels' second step was to re-market the account for the next policy period, effective date: July 1, 2012 to July 1 2013, and to add R*eal Property* coverage to the account. Real Property is currently placed under the current City of Santa Fe policy.

Evaluation

Daniels received responsive proposals from two vendors: Travelers and OneBeacon Insurance Group. A summary of the proposals is shown below:

Coverage	Travelers	OneBeacon Insurance
Property/Boiler Premium	$137,572	$147,971
Equipment	$1,393	$396
General Liability	$4,698	$95,136
Automobile	$900	$1,273
Public Officials	$1,502	$3,769
Umbrella	$5,625	$35,163
Total Annual Premium	**$151,690**	**$283,708**

Upon review of vendor proposals, Daniels Insurance negotiated enhanced coverage and deductibles with Travelers as shown below:

Coverage	Current City of Santa Fe Policy	Proposed BDD Policy
Real Property, amount of coverage*	$150,000,000	$154,500,000
Real Property Rate ($/million dollars coverage)**	$816.57465	$888.42105
Personal Property Deductible	$75,000	$1,000
Flood/Earthquake Coverage	$1,000,000 "shared limits" among all city facilities diminishes coverage available to BDD facilities	$1,000,000 "non-shared limits" allocates full amount to BDD facilities
Flood Deductibles	$75,000	$25,000
Earthquake Deductibles	$75,000	$25,000
Business Income/Extra Expenses Coverage	$1,100,000 "shared limits" among all city facilities diminishes coverage available to BDD facilities	$1,100,000 "non-shared limits" allocates full amount to BDD facilities

**Real Property coverage increased from $150 M to $154.5M to cover increased "replacement costs"*
***Real Property Rate represents a 7% increase over current City of Santa Fe Policy*

Recommendation
Based on competitive market proposals, enhanced coverage, and lower deductibles, staff recommends the Board place insurance coverage with Travelers at an annual premium rate of $151,690.

Financial Implications
Cost: $151,690
Savings: N/A
Budgeted Amount: $205,650

Fund Source	Business Unit/Line Item	Amount
BDD OPERATING FUND	7280000.555250.810010	$151,690