

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 14, 2014

Board Item: II-B.4

**Ratification for Property Insurance Policy  
Contract # 13390B**

Action by Consent

Action

Information

Denver Water manages its insurance program by engaging an expert advisor and broker. The Board's broker, Arthur J. Gallagher Risk Management Services, advises when and how often to put various types of insurance out to bid. In between bid cycles, Gallagher continuously monitors the market to ensure that Denver Water is receiving competitive terms and pricing, and Gallagher negotiates the premium annually. Gallagher recommends that property insurance be bid every 3 to 5 years. The most recent bid process for property insurance occurred in 2011, and the third year of coverage ends on June 1, 2014. Gallagher recommended that Denver Water retain its property insurance policy for a fourth year, and also that we bind the policy as soon as possible to avoid a likely hardening of the market based on severe weather throughout the nation in the past few months.

Following is a schedule of the premium quoted for the 2014-2015 term ending June 1, 2015:

Insurance Carrier	Coverage type	Coverage amount	2014 -2015 premium
XL America	Property & Equip	\$500,000,000	\$580,736

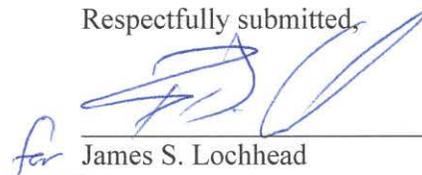
The premium for property and equipment increased approximately \$15,000 or 3.7%, net of property additions and valuation changes. The coverage definition of land improvements was expanded to include access roads, the fill underneath the road, fencing and landscaping items such as sod, trees, bushes, etc., with a sub-limit of \$1,500,000. In addition, the coverage for professional services fees in the policy was expanded to include a FEMA consultant. Gallagher has verified that the premium and coverage for Denver Water's policy are favorable compared to similar policies in Colorado. Based on Gallagher's recommendation, staff determined to bind the property insurance policy to ensure that Denver Water could obtain the coverage at this premium.

Recommendation:

Staff recommends the Board ratify the binding of the property insurance policy for a total of \$580,736.

**Approvals:**

  
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Angela Brimont  
Director of Finance

Respectfully submitted,  
  
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for James S. Lochhead  
CEO/Manager

  
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Terri Bryant  
Controller  
for Terri Bryant  
5.9.14