

# MEMORANDUM



**TO:** VICTOR CARDENAS, INTERIM CITY MANAGER  
**FROM:** CARL JOHNSON, FINANCE DIRECTOR  
**SUBJECT:** GENERAL LIABILITY INSURANCE  
**DATE:** JANUARY 18, 2023

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The City's General Liability and Property Insurance contract with Tokio Marine expired June 30, 2022. In April of 2022, the City submitted an RFP for General and Property Insurance. At that time, the City received only three proposals: Kapnick was the only one to provide a full and complete proposal with an insurance carrier, Gallagher proposed being the City's insurance broker, but stated they did not have enough information to provide a proposal with a carrier, and the third, Nickel & Saph, declined to submit a bid due to a lack of information. The City gradually learned that the City's former broker should have been maintaining records on behalf of the City that the insurance brokers use to market to insurance companies which allows the companies to provide a quote for coverage. Without these records, the other insurance brokers felt they did not have a good representation of the City's coverage needs. On June 20, 2022, the Consultant Review Committee recommended to council to appoint Kapnick as the City's authorized broker for property and liability insurance coverage for 2022-2023 fiscal year. Kapnick worked with Tokio Marine to continue coverage for the next year.

City finance staff met with Kapnick on December 7, 2022, to get an update on how the first six months have gone and to begin to look at insurance coverage for fiscal year 2023-2024. Kapnick reported that they spent the first few months locking down insurance with Tokio for the 2023 fiscal year as the renewal took place close to June 30. After securing all the required insurance for the current fiscal year they began to work on compiling the information necessary to be able to shop the city's need for the upcoming renewal. At this point, the City still does not have the required supporting documents to go back out to bid for general and property liability insurance as Kapnick estimated completion is February 2023. The information compiled by Kapnick in February, will allow them to shop our coverage with multiple insurance companies.

During the December meeting, Kapnick felt strongly they would be able to increase our coverage in some areas, lower the price in others, break up the policy and shop various aspects to different providers all to give the City the most coverage at the best price. Step 1 begins in February with the risk solutions and loss control assessment. In Early March, the City will meet with Kapnick to discuss our renewal strategy. In April, the policy will be marketed to the various carriers. By the end of May to early June, they will present a Proposal to the City and final discussions, changes can be made along the way. City staff have been happy with the services provided by Kapnick during the current policy year and recommends the City maintain them as their insurance broker for an additional year.

Finance feels that given the timing laid out by Kapnick, we would run into the same issues encountered last year and not be able to get quality bids in before the beginning of the next fiscal year. The purchasing policy states professional services (such as attorney, engineers, consultants, accountants, and other similar professions) may be appointed by the City Council upon the recommendation of the City Manager.