

Item 7



Travis County Commissioners Court Agenda Request

Meeting Date: Tuesday, December 21, 2012

Prepared By/Phone Number: C.W. Bruner, 854-9760

Elected/Appointed Official/Dept. Head: Cyd Grimes

Commissioners Court Sponsor: Judge Biscoe

Agenda Language: Consider and take appropriate action on the following for Property and Boiler/Machinery Insurance:

- A. Approve twelve-month extension (Modification No. 6) to Contract No. 4400000146 (HTE Contract No. 11T00034OJ), Higginbotham Insurance Agency, Inc., formerly known as Key & Piskuran Insurance Agency, for property and boiler/machinery insurance; and
- B. Reject terrorism coverage under the Terrorism Risk Insurance Act of 2002 (TRIA), and authorize the County Judge to sign the TRIA Policy Disclosure Statement.

➤ **Purchasing Recommendation and Comments:** Purchasing concurs with department and recommends approval of requested action. This procurement action meets the compliance requirements as outlined by the statutes.

This contract provides insurance coverage for Travis County property and boiler/machinery equipment countywide.

Purchasing concurs with HRMD's recommendation to exercise its first option to renew the contract with Key & Piskuran Insurance Agency, and with Affiliated FM as the underwriter. The renewal rate will be \$0.0435 per \$100.00 of value. The estimated premium is \$411,293.00, which includes engineering services to be provided by Affiliated FM. The Risk Management Office does not recommend the optional TRIA coverage.

This Modification No. 6 will extend the contract for the property and boiler/machinery insurance with Higginbotham Insurance Agency, Inc for an additional twelve months, from January 1, 2013 to January 1, 2014

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Cheryl Aker in the County Judge's office, Cheryl.Aker@co.travis.tx.us by Tuesdays at 5:00 p.m. for the next week's meeting.

Modification No. 5 approved assignment of contract to Higginbotham Insurance Agency, Inc from Key & Piskuran Insurance Agency.

Modification No. 4 added a HHS facility to the contract, effective July 27, 2012. The contract amount was increased by \$446.00, to \$389,797.00. The Purchasing Agent signed the modification on September 9, 2011.

Modification No. 3 extended the contract for the property and boiler/machinery insurance with Key & Piskuran Insurance Agency for an additional twelve months, from January 1, 2012 to January 1, 2013.

Modification No. 2 added the SMART facility to the contract, effective August 23, 2011. The contract amount was increased by \$519.00, to \$389,870.00. The Purchasing Agent signed the modification on October 7, 2011.

Modification No. 1 deleted a facility (5335 Airport Boulevard), and added a facility (4717 Heflin Lane), to the contract. The premium increased by \$8.00, from \$389,343.00 to \$389,351.00. The Purchasing Agent signed the modification on April 14, 2011.

➤ **Contract Expenditures:** Within the last twelve (12) months \$389,870.00 has been spent against this contract/requirement.

➤ **Contract Modification Information:**

Modification Amount: \$411,293.00

Modification Type: Requirements

Modification Period: January 1, 2013 to December 31, 2013

➤ **Funding Information:**

SAP Shopping Cart # / Funds Reservation #: 300000423

Funding Account(s):

Comments:

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Human Resources Management Department

700 Lavaca St. Suite 420

● P.O. Box 1748

● Austin, Texas 78767

● (512) 854-9165 / FAX(512) 854-3128

Memorandum

December 14, 2012

To: Cyd Grimes, County Purchasing Agent
From: William Paterson, Risk Manager, HRMD
Re: Property & Boiler & Machinery Insurance

It is the recommendation of Risk Management that Travis County exercise its option to renew the contract with Key & Piskuran Insurance Agency a Higginbotham Company with Affiliated FM as the carrier. The renewal rate will be .0435 per \$100 of value. Staff does not recommend accepting the optional (certified or non-certified) Terrorism Coverage. The estimated premium is \$411,293.00, which includes engineering services to be provided by Affiliated FM. The Cost Center from which the premium will be paid from is # 1110048955, GL Code 515430 Property Insurance Premium under contract # 4400000146. If you have any questions please call me at 854-9650. Thank you.

CC: Diane Poirot, Director HRMD
C.W. Bruner/Purchasing

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

Insured Name: Travis County

Date: 10/25/12

Account Number: 1- 51496

Insurer Name: Affiliated FM Insurance Company

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2005 and again in 2007, gives you the right as part of your property renewal policy to elect or reject insurance coverage for locations within the United States or any territory or possession of the United States for losses arising out of acts of terrorism, as defined and certified in accordance with the provisions of the act.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING A STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER REFERENCED ABOVE. ALSO, THERE IS A \$100,000,000,000 CAP ON THE FEDERAL AND INSURER SHARE OF LIABILITY STATING THAT IF THE AGGREGATE INSURED LOSSES EXCEED \$100,000,000,000 DURING ANY PROGRAM YEAR, NEITHER THE UNITED STATES GOVERNMENT NOR ANY INSURER THAT HAS MET ITS INSURER DEDUCTIBLE SHALL MAKE PAYMENT OR BE LIABLE FOR ANY PORTION OF THE AMOUNT OF SUCH LOSSES THAT EXCEED \$100,000,000,000. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE: UNDER FEDERAL LAW, YOU HAVE THE RIGHT TO ACCEPT OR REJECT THIS OFFER OF COVERAGE FOR TERRORIST ACTS COVERED BY THE ACT AS PART OF YOUR RENEWAL POLICY. IF WE DO NOT RECEIVE THIS SIGNED DISCLOSURE FORM PRIOR TO THE RENEWAL POLICY EFFECTIVE DATE OF 1/1/13, THEN YOUR RENEWAL POLICY WILL REFLECT YOUR DECISION NOT TO PURCHASE THE TERRORISM COVERAGE PROVIDED BY THE ACT.

_____ I hereby elect to purchase coverage for terrorist acts covered by the act for an annual premium of **\$17,500**. This premium does not include applicable taxes or surcharges.

_____ I hereby decline this offer of coverage for terrorist acts covered by the act.

Policyholder/Applicant Signature

Date

Print Name

(SAP # 4400000146)

ISSUED BY: PURCHASING OFFICE 700 LAVACA STREET, 8 TH FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST: CW Bruner TEL. NO: (512) 854-9760 FAX NO: (512) 854-4211	DATE PREPARED: December 11, 2012
ISSUED TO: 1000010965 Higginbotham Insurance Agency, Inc. Attn: Mr. Carrol Key 2313 Roosevelt Drive, Suite A Arlington, Texas 76094-0672	MODIFICATION NO.: 6	EXECUTED DATE OF ORIGINAL CONTRACT: December 28, 2010

ORIGINAL CONTRACT TERM DATES: <u>January 1, 2011 - December 31, 2011</u>	CURRENT CONTRACT TERM DATES: <u>January 1, 2013 – December 31, 2013</u>
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FOR TRAVIS COUNTY INTERNAL USE ONLY: Original Contract Amount: \$389,343.00 Current Modified Amount \$411,293.00.

DESCRIPTION OF CHANGES: Except as provided herein, all terms, conditions, and provisions of the document referenced above as heretofore modified, remain unchanged and in full force and effect.

This modification number six (6) is made by the following parties: Higginbotham Insurance Agency, Inc., formerly known as Key and Piskuran Insurance Agency (“Contractor”) and Travis County, Texas (“County”).

RECITALS:

County and Contractor entered into a contract for property, boiler and machinery insurance coverage that began January 1, 2011. Paragraph 1.2 of the Contract authorizes County to extend the Contract for three additional one year periods. County exercised its first option to extend from January 1, 2012 to December 31, 2012. County desires to exercise its second option to extend the Contract. During any exercised option period, all terms and conditions remained unchanged except the term of the contract being extended and the rate changes in compliance with 1.0.

AGREEMENT TO AMEND CONTRACT

Contractor and County agree to amend the Contract as follows:

- 1.0 EXERCISE OF OPTION
 - 1.01 Pursuant to 1.2 of the Contract, Travis County exercises its option to extend this agreement for the second option period from January 1, 2013 and ends December 31, 2013.
 - 1.02 The annual premium for property insurance, including boiler and machinery for the second option term shall be calculated at the rate of \$0.0435 per hundred dollars of property covered per year.
 - 1.03 The engineering fee for the second option term is \$10,185.
- 2.0 RATIFICATION OF TERMS Contractor and ratify all terms and conditions of the contract as amended in this modification.

Note to Vendor:
 Complete and execute (sign) your portion of the signature block section below for all copies and return all signed copies to Travis County.
 DO NOT execute and return to Travis County. Retain for your records.

LEGAL BUSINESS NAME: _____ BY: _____ SIGNATURE BY: _____ PRINT NAME TITLE: _____ ITS DULY AUTHORIZED AGENT	<input type="checkbox"/> DBA <input type="checkbox"/> CORPORATION <input type="checkbox"/> OTHER DATE: _____
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TRAVIS COUNTY, TEXAS BY: _____ CYD V. GRIMES, C.P.M., TRAVIS COUNTY PURCHASING AGENT	DATE: _____
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TRAVIS COUNTY, TEXAS BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	DATE: _____
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