

Property and Casualty Insurance Follow-up Report

November 16, 2016

What the OIG Found

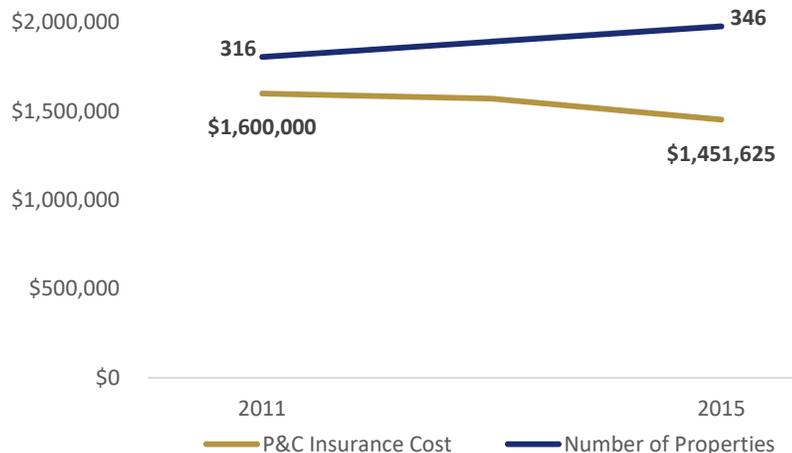
The OIG found that the City made significant improvements to the property and casualty insurance program since the 2012 report. The City hired a Risk Manager in June 2014 who took several steps to rebuild the City's risk management program. Specifically, the City:

- secured an updated Insurance Commissioner Certification for property and flood insurance coverage to make sure that city properties would be eligible for future FEMA assistance;
- corrected formatting problems and completed missing information on the list of insured properties identified in the original report;
- developed guidance on approaches to risk management and response to property and casualty loss and injury for city departments;
- issued requests for proposals to solicit producer of record services that included cost and additional standards for comparing and evaluating proposer qualifications; and
- reduced insurance premiums by 9 percent between 2011 and 2015.

However, the City did not fully implement all of the recommendations from the 2012 report.

Evaluators examined the statement of values and determined that deficiencies still existed with completeness and accuracy. The City stated it would obtain professional appraisals of all its properties; however, no appraisals were completed. Professional appraisals of City property would provide missing data for the statement of values, such as construction information and estimated replacement cost, and accurate appraisals could reduce the City's insurance premiums. Finally, the City did not incorporate objective and measurable standards into producer of record contracts to improve oversight.

Property insurance premiums decreased 9% between 2011 and 2015 while the number of insured buildings increased.



Purpose of This Report

The City's property and casualty insurance program is a critical component of its overall risk management efforts. The City spends approximately \$2 million per year on insurance to protect itself from economic loss as a result of damage to City property from fire, wind, flood, and other causes. In 2012 the OIG issued a [report](#) on the City's property and casualty insurance program and made five recommendations to improve the program and procurement of producer of record services. The objective of the follow-up was to determine the extent to which the City implemented OIG recommendations.