



**PURCHASING ITEM  
FOR  
COUNCIL AGENDA**

**1. Agenda Item Number:**

**18**

**2. Council Meeting Date:**

June 14, 2012

**TO: MAYOR & COUNCIL**

**3. Date Prepared:** June 4, 2012

**THROUGH: CITY MANAGER**

**4. Requesting Department:**

Law

**5. SUBJECT:** Approve renewal of commercial insurance and services for FY 2012-2013 in an amount not to exceed \$913,109.

**6. RECOMMENDATION:** Approve renewal of commercial insurance and services to protect the City against financial loss for \$913,109.

**7. HISTORICAL BACKGROUND/DISCUSSION:**

The City self-insures and carries excess coverage in the areas and at the levels indicated below. The total premium cost of recommended coverage through commercial carriers for FY 2012-2013 is \$913,109, compared to \$852,805 in FY 2011-2012.

Excess liability coverage is carried at two levels:

\$10 million excess of \$2 million Self-Insured Retention – Insurance is carried through Starr Indemnity & Liability Premium for 2012-2013 is \$285,600. Premium last fiscal year was \$283,198.

\$20 million excess of \$12 million – Insurance is through Great American Assurance Co.

Premium for 2012-2013 is \$100,500. Premium for last fiscal year was \$105,968.

Property Insurance is carried through Travelers Indemnity which provides broad coverage for buildings, contents, equipment, vehicles (valued in excess of \$50,000), as well as boilers and machinery. This policy has various deductibles including \$50,000 per occurrence for most losses, \$100,000 for earth movement, and \$50,000 for flood. High value vehicles have a \$25,000 deductible.

Premium for 2012-2013 is \$334,177. Premium for last fiscal year was \$295,286.

Excess Workers' Compensation insurance is carried through Safety National. The City is self-insured for the first \$600,000 of loss for workers' compensation. Excess of the \$600,000 retention, the City purchases coverage to protect against catastrophic loss.

Premium for 2012-2013 is \$131,776. Premium for last fiscal year was \$128,018.

Storage Tank Liability insurance is carried through Ace American Insurance Co. Policy limits remain at \$1,000,000 per tank, with a \$25,000 per incident deductible. Coverage complies with the financial responsibility mandates of the Environmental Protection Agency.

Premium for 2012-2013 is \$23,631. Premium for last fiscal year was \$24,234.

Crime Insurance is carried through National Union Fire Insurance Co of Pittsburgh, PA. Coverage included state required bonds for Management Services Director and Accounting Manager. Further, this policy provides coverage for members of the City's boards and commissions.

Premium for 2012-2013 is \$5,671. Premium for last fiscal year was \$4,630.

Airport Liability insurance is carried through ACE Property & Casualty. Airport Owners and Operators Liability policy provides \$50,000,000 in coverage per occurrence.

Premium for 2012-2013 is \$11,216. Premium for last fiscal year was \$11,471.

Privacy/Security Liability insurance also known as Cyber insurance is carried through Ace Group – Illinois Union Insurance Co. Privacy and Network Liability policy provides \$1,000,000 aggregate for Privacy, Network Security, Internet Media, and Network Extortion coverage. Premium for 2012-2013 is \$20,538. Premium for last fiscal year was \$0.0 as this is a new coverage.

**8. EVALUATION PROCESS:** The City has a new contract with Arthur J. Gallagher which acts as an Insurance Broker of Record for the City's casualty/liability, property, and automobile insurance coverage. Arthur J. Gallagher advises and coordinates with the Risk Services Coordinator/City Attorney to obtain bids from insurers and negotiates the best terms and coverage for the various exposure areas.

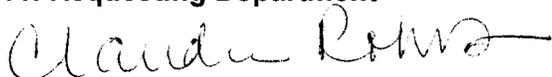
**9. FINANCIAL IMPLICATIONS:** Funds for premiums are budgeted for payment from the following accounts:

Acct No.	Fund Name:	Program Name:	CIP Funded:	Funds:
736.1250.0000.5621	Workers' Compensation	Excess Insurance	n/a	\$ 131,776
737.1310.0000.5610	Insured Liability	Fire Insurance	n/a	\$ 334,177
737.1310.0000.5614	Insured Liability	Public Liability	n/a	\$ 386,100
737.1310.0000.5618	Insured Liability	Other Insurance	n/a	\$ 29,302
635.4100.0000.5614	Airport Operating	Public Liability	n/a	\$ 11,216
737.1310.0000.5618	Privacy/Security Liability	Network Liability	n/a	\$ 20,538

**10. PROPOSED MOTION: AUTHORIZE** the purchase of insurance and services through Arthur J. Gallagher for FY 2012-13 for protection against financial loss in the amount of \$913,109.00 utilizing service providers: Starr Indemnity & Liability, Travelers Indemnity, Safety National, Ace American Insurance Co., National Union Fire Insurance Co of Pittsburg, Pa, ACE Property & Causality, and Ace Group – Illinois Union Insurance Co

### APPROVALS

**11. Requesting Department**



Claudia Rohrs, Risk Services Coordinator

**12. Department Head**

Mary Wade, City Attorney



**13. Procurement Officer**



Kristy Garcia, CPPB

**14. City Manager**



Rich Dlugas