



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

23

2. Council Meeting Date:

June 12, 2014

TO: MAYOR & COUNCIL

3. Date Prepared: May 28, 2014

THROUGH: CITY MANAGER

4. Requesting Department:

Law

5. SUBJECT: Approve renewal of liability insurance and services for FY 2014-2015 in an amount not to exceed \$972,010.

6. RECOMMENDATION: Approve renewal of liability insurance and services to protect the City against financial loss for \$972,010.

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 2014-2015 is \$972,010.00 compared to FY 2013-2014 is \$901,641. The requested dollar amount for FY2014-2015 does not include Excess Workers' Compensation coverage. Workers' Compensation insurance renewal will come before the Council at the June 26, 2014 meeting.

Excess Liability coverage is carried at three levels:

\$10 million excess of \$2 million Self-Insured Retention – Insurance is carried through Starr Indemnity & Liability Premium for 2014-2015 is \$326,298. Premium last fiscal year was \$309,163.

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

Premium for 2014-2015 is \$107,000. Premium for last fiscal year was \$105,525.

\$20 million excess of \$32 million – Insurance is through Arch Insurance Co. Premium for 2014-2015 is \$65,768. Premium for last fiscal year was \$64,573.

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 2014-2015 is \$363,253. Premium for last fiscal year was \$351,636.

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 2014-2015 is \$25,161. Premium for last fiscal year was \$24,580.

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 2014-2015 is \$5,656. Premium for last fiscal year was \$5,656.

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 2014-2015 is \$11,471. 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 \$5,000,000 aggregate for Privacy, Network Security, Internet Media, and Network Extortion coverage plus, \$2,500,000 in breach fund. Premium for 2014-2015 is \$67,402.53. Premium for last fiscal year was \$29,036.76 but was only for \$1,000,000 coverage.

8. EVALUATION PROCESS: The City has a 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 and the 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:
737.1310.0000.5610	Insured Liability	Fire Insurance	n/a	\$ 363,253
737.1310.0000.5614	Insured Liability	Public Liability	n/a	\$ 499,066
737.1310.0000.5618	Insured Liability	Other Insurance	n/a	\$ 30,817
635.4100.0000.5614	Airport Operating	Public Liability	n/a	\$ 11,471
737.1310.0000.5618	Privacy/Security Liability	Network Liability	n/a	\$ 67,403

10. PROPOSED MOTION: Move to approve renewal of liability insurance and services to protect the City against financial loss for \$972,010.

APPROVALS

11. Requesting Department

Claudia Rohrs
 Claudia Rohrs, Risk Services Coordinator

12. Department Head

Kay Bigelow
 Kay Bigelow, City Attorney

13. Procurement Officer

Kristy Garcia for
 Kristy Garcia, CPPB

14. City Manager

Rich Dlugas
 Rich Dlugas