



CITY OF LONG BEACH **R-14**

DEPARTMENT OF HUMAN RESOURCES

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

DEBORAH R. MILLS
DIRECTOR

June 17, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase difference in conditions (earthquake insurance) with Great Lakes Reinsurance, covering City Hall and the Convention Center, for the period of July 1, 2014 through July 1, 2015, through Alliant Insurance Services, Inc., for a total premium not to exceed \$240,000. (Citywide)

DISCUSSION

For many years, the City did not purchase earthquake insurance because of exorbitant pricing. This year, the City has again procured earthquake insurance at a reasonable cost, with a 2 percent decrease from last fiscal year for a total premium of \$240,000, while still allowing the City to procure an additional \$10 million in coverage over last fiscal year. The insurance will grant the City \$17.5 million/occurrence in coverage after the City exhausts a \$5 million self-insured retention, covering both City Hall and the Convention Center, in the event of an earthquake. The annual aggregate of the policy is also \$17.5 million. The insurance will cover the buildings, personal property within the buildings, and actual loss of income because of a building closure.

This matter was reviewed by Deputy City Attorney Amy Webber on May 27, 2014 and by Budget Management Officer Victoria Bell on May 30, 2014.

TIMING CONSIDERATIONS

City Council action is requested on June 17, 2014, to allow the City to officially bind insurance coverage.

HONORABLE MAYOR AND CITY COUNCIL

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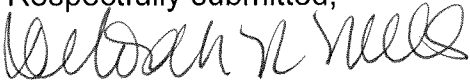
FISCAL IMPACT

The total premium cost will not exceed \$240,000 for the period of July 1, 2014 through July 1, 2015. Funding has been budgeted in the Insurance Fund (IS 390) within the Department of Human Resources (HR). The cost of difference in conditions (earthquake) insurance is allocated to all funds, with approximately 16 percent allocated to the General Fund (GP). There is no local job impact associated with this request.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

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APPROVED:



PATRICK H. WEST
CITY MANAGER