



CITY OF LONG BEACH **R-21**

DEPARTMENT OF HUMAN RESOURCES

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

June 21, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase difference in conditions (earthquake insurance), covering City Hall and the Convention Center, for the period of July 1, 2011 through July 1, 2012, through Alliant Insurance Services, Inc., for a total premium not to exceed \$256,438. (Citywide)

DISCUSSION

For many years, the City did not purchase earthquake insurance because of exorbitant pricing. Last year, after lengthy negotiation, the City was able to procure a policy for earthquake insurance for a total premium not to exceed \$235,000. This year, the City has again procured earthquake insurance at a reasonable cost. The total premium of \$256,438 is an increase of 9 percent, which was expected because of large loss events in the catastrophe market. The insurance will grant the City \$7.5 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 \$7.5 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 R. Burton May 31, 2011 and Budget Management Officer Victoria Bell on June 3, 2011.

TIMING CONSIDERATIONS

City Council action is requested on June 21, 2011, to allow the City to officially bind insurance coverage.

FISCAL IMPACT

The total premium cost will not exceed \$256,438 for the period of July 1, 2010 through July 1, 2011. 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 18 percent allocated to the General Fund. There is no local job impact associated with this request.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

APPROVED:

DRM:MVA



PATRICK H. WEST
CITY MANAGER