



CITY OF LONG BEACH **R-19**

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:

1. Authorize the City Manager to purchase excess municipal liability insurance for the period of July 1, 2011 through July 1, 2012, through Marsh USA, Inc., for a total premium not to exceed \$575,000;
2. Authorize the City Manager to purchase airport liability insurance for the period of June 30, 2011 through June 30, 2012, through Marsh USA, Inc., for a total premium not to exceed \$60,000; and
3. Authorize the City Manager to purchase aircraft liability and hull insurance for police helicopters for the period of June 30, 2011 through June 30, 2012, through Marsh USA, Inc., for a total premium not to exceed \$105,000. (Citywide)

DISCUSSION

The City annually purchases excess municipal liability, airport liability, and aircraft liability and hull insurance to cover catastrophic exposures arising from general city operations. This coverage is obtained through the City's casualty broker of record, Marsh USA, Inc.

This year's policy for excess municipal liability insurance is expected to provide coverage limits of \$25 million in excess of the City's \$3 million self-insured retention. Coverage for eminent domain, medical malpractice, and pollution contamination is excluded from this policy. However, the policy does include \$25 million in coverage for unfair employment practices, employee benefits liability, and public officials' errors and omissions. The renewal premium will not exceed \$575,000, which is a small reduction from last fiscal year. Policy limits and coverage are the same as last year's policy.

The City also maintains limits of \$100 million in airport liability coverage and \$50 million in coverage for liability resulting from terrorists acts. This policy does not have a deductible and the City does not self-insure any of the airport risks covered under this policy. The policy includes extended coverage for international/domestic terrorist acts under the Terrorism Risk Insurance Act (TRIA). The policy also covers personal injury, malpractice, auto and employers liability. The renewal premium will not exceed

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\$60,000, which is an approximate decrease of 24 percent when compared to last year's premium. Policy limits and coverage are the same as last year's policy.

The City maintains limits of \$50 million in aircraft liability and hull insurance, subject to a \$50,589 deductible when the helicopter is in motion for the Police Department's two Eurocopter AS-350 helicopters. The premium also includes coverage for the two EC-130 helicopters, which would be prorated once they are sold. The renewal premium will not exceed \$105,000.

This matter was reviewed by Deputy City Attorney Amy R. Burton June 1, 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 bind insurance coverage by the policy renewal dates.

FISCAL IMPACT

The total cost of all renewal premiums will not exceed \$740,000 for the period of July 1, 2011 through July 1, 2012. Sufficient funding has been budgeted in the Insurance Fund (IS 390) within the Department of Human Resources (HR) budget for the excess municipal liability and aircraft insurance renewals. The cost of the excess municipal liability policy is allocated to all funds based upon departmental risk and claims experience, with 55 percent of the premium allocated to the General Fund. Airport liability insurance is paid directly from the Airport Fund (EF 320) in the Airport Department (AP) and is not allocated. The Aircraft Liability insurance is 100 percent allocated to the General Fund in the Police Department's budget. There is no local job impact associated with this request.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

APPROVED:

DRM:MVA



PATRICK H. WEST
CITY MANAGER