



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

C-4

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

Alejandrina Basquez
DIRECTOR

June 21, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase Earthquake (Difference in Conditions) Insurance with Insurance Company of the West, covering City Hall and the Convention Center, for the period of July 1, 2016 through July 1, 2017, through Alliant Insurance Services, Inc., for a premium not to exceed \$162,200. (Citywide)

DISCUSSION

For many years, the City did not purchase earthquake insurance because of exorbitant pricing. In recent years the City began to purchase such coverage on a limited basis, as premiums have declined. This year, the City has again procured earthquake insurance at a reasonable cost. The total premium quoted of \$162,200 is a reduction of 9.4 percent from the premium charged for the expiring policy. The City is able to procure a total of \$10 million 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 \$10 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. Webber on May 25, 2016 and by Assistant Finance Director Lea Eriksen on June 3, 2016.

TIMING CONSIDERATIONS

City Council action is requested on June 21, 2016, to allow the City to officially bind insurance coverage.

FISCAL IMPACT

The total premium cost will not exceed \$162,200 for the period of July 1, 2016 through July 1, 2017. Funding has been budgeted in the Insurance Fund (IS 390) in the Human Resources Department (HR). The cost of the earthquake insurance is allocated to all funds, with approximately 16 percent allocated to the General Fund. There is no local job impact associated with this recommendation.

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June 21, 2016
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SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



ALEJANDRINA BASQUEZ
DIRECTOR OF HUMAN RESOURCES

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APPROVED:



PATRICK H. WEST
CITY MANAGER