



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-26

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

DEBORAH R. MILLS
DIRECTOR

June 19, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase "all risk" property insurance for City buildings, contents, and vehicles through the Alliant Insurance Service's Public Entity Property Insurance Program, for a total premium not to exceed \$663,000 for the period of July 1, 2012 through July 1, 2013. (Citywide)

DISCUSSION

The Department of Human Resources requests City Council authorization to renew and extend "all risk" property insurance coverage for City buildings and contents.

Through its property insurance broker, Alliant Insurance Services, the City annually purchases "all risk" property insurance to cover perils such as fire, vandalism and wind on all City buildings, contents, and vehicles. The proposed "all risk" property insurance policy provides replacement cost coverage with limits of up to \$1 billion, subject to a \$50,000 per occurrence deductible for named perils, and a limit of \$10 million in coverage for flood; it does not include coverage for the peril of earthquake. This is consistent with coverage provided in the current year policy. Based on the City's current insured property valuation, the premium is increasing by 10 percent when compared to last year's premium. The increase is due to underwriting losses from the earthquake in New Zealand, the tsunami in Japan, the Joplin tornado, flooding in Bangkok, Hurricane Irene and the wind & hail losses in the United States. It also appears that industry capital and surplus will dip by \$40 billion because of these losses, which are making their way slowly onto insurer's balance sheets. The property insurance for the Queen Mary makes up approximately 35 percent of the total premium. The premium portion for the Queen Mary is billed directly to the current lessee.

This matter was reviewed by Deputy City Attorney Amy Webber May 30, 2012 and Budget Management Officer Victoria Bell on May 31, 2012.

TIMING CONSIDERATIONS

City Council action is requested on June 19, 2012, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2012.

FISCAL IMPACT

The total premium will not exceed \$663,000, for the period of July 1, 2012 through July 1, 2013, which is a 10 percent increase. Funding has been budgeted in the Insurance Fund (IS 390) within the Department of Human Resources (HR) for all risk property insurance renewals. Premium costs associated with the Queen Mary will be reimbursed in full. The cost of the property insurance is allocated to all funds based upon total insured value of property, with approximately 16 percent of the premium allocated to the General Fund. There is no local job impact associated with this request.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

DRM:MVA
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APPROVED:



PATRICK H. WEST
CITY MANAGER