



Legislation Text

File #: 18-0529, **Version:** 1

Recommendation to authorize City Manager, or designee, to purchase property insurance for City buildings, contents, and vehicles through the Alliant Insurance Services' Property Insurance Program, for a total premium not to exceed \$1,508,000, for the period of July 1, 2018 to July 1, 2019.

The Human Resources Department requests City Council authorization to renew "all risk" property insurance coverage.

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 damage to City buildings, contents, and vehicles. This insurance provides coverage for all risks, subject to exclusions and limitations. The proposed property insurance policy provides replacement cost coverage with limits of up to \$1 billion, subject to a \$50,000 per occurrence deductible, and a limit of \$10 million in coverage for flood. The deductible will vary depending on the nature of the property insured.

The policy also provides some limited cyber liability, boiler and machinery, and pollution coverage. Of the \$1,508,000 premium, approximately \$650,000 will be fully reimbursed by Urban Commons, the lessee, for coverage on the Queen Mary, as required by the master lease. The remaining property insurance premium will not exceed \$858,000. The new premium represents an increase of approximately 12.5 percent from the prior premium, due to an increase in the value of City property, an increase due to inflation, and two storm-related losses in 2017. In mid-2019 the City plans to fully vacate the current City Hall. As the new City Hall will be insured by the owner/landlord, the City will not need to insure the new City Hall structure, which should result in a decrease in values insured and a reduction in premium.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson and by Revenue Management Officer Rhutu Amin Gharib on May 24, 2018.

City Council action is requested on June 19, 2018, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2018.

The total premium will not exceed \$1,508,000, for the period of July 1, 2018 through July 1, 2019. Sufficient appropriation has been budgeted in the Insurance Fund (IS 390) in the Human Resources Department (HR). The cost of the property insurance is recouped from all funds based upon the total insured value of property, with an estimated 17.3 percent to the

General Fund. Premium costs of \$650,000 associated with the Queen Mary will be reimbursed in-full from Urban Commons. There is no local job impact associated with this recommendation.

Approve recommendation.

ALEJANDRINA BASQUEZ
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST
CITY MANAGER