



Legislation Text

File #: 18-0528, **Version:** 1

Recommendation to authorize City Manager, or designee, to purchase, through Aon, the following insurance policies: Excess Municipal Liability insurance, at a total premium not to exceed \$1,196,690, with Allied Insurance Company, Berkeley National Insurance Company, Allied World National Assurance Company, and Navigator's Insurance Company; Airport Liability insurance at a premium not to exceed \$74,951, with National Union Insurance Company; and Aircraft Liability and Hull insurance for police helicopters at a premium not to exceed \$36,500 with National Union Insurance Company, for a total aggregate cost of the liability renewal premiums not to exceed \$1,308,141, for the period of July 1, 2018 through July 1, 2019. (Citywide)

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

This year's policy for excess municipal liability insurance will provide coverage limits of \$50 million, excess of a \$5 million self-insured retention (SIR) for all City departments, other than the Police Department, which will have a \$7 million SIR. This is the same coverage as provided in the expiring policy. Coverage for eminent domain, medical malpractice, and pollution contamination is excluded from this policy. However, the policy does include \$50 million in coverage for unfair employment practices, employee benefits liability, and public officials' errors and omissions. The renewal excess municipal liability premium will not exceed \$1,196,690, which is an increase of approximately 3 percent from the expiring policies, due to an increase in City personnel expenses and vehicles.

The City also purchases airport liability coverage. The City received a quote from the current insurance carrier offering limits of \$300 million at a premium of \$74,951, approximately a 3 percent increase from the expiring policy. 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 employer's liability.

The City maintains limits of \$50 million in aircraft liability and hull insurance, subject to a \$36,000 deductible when the helicopter is in motion on the Police Department's two Euro-Copter AS-350 helicopters. The renewal premium will not exceed \$36,500, approximately a 2 percent decrease from the expiring policy.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on May 21,

2018 and by Budget Management Officer Rhutu Amin Gharib on May 23, 2018.

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

The total cost of all renewal premiums will not exceed \$1,308,141, for the period of July 1, 2018 to July 1, 2019. Sufficient funding is budgeted in the Insurance Fund (IS 390) in the Human Resources Department (HR). The cost of the excess municipal liability policy is recouped from 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). The Aircraft Liability insurance is 100 percent allocated in the General Fund (GF) in the Police Department (PD). There is no local job impact associated with this recommendation.

Approve recommendation.

ALEJANDRINA BASQUEZ
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST
CITY MANAGER