



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

C-16

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

JUNE 14, 2005

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, 2005 through July 1, 2006, through Driver-Alliant Insurance Services, for a total premium not to exceed \$950,000. (Citywide)
2. Authorize the City Manager to purchase airport liability insurance for the period of July 1, 2005 through June 30, 2006, through Driver-Alliant Insurance Services, for a total premium of \$229,917. (Citywide)
3. Authorize the City Manager to purchase aircraft liability and hull insurance for police helicopters for the period of July 1, 2005 through June 30, 2006, through Driver-Alliant Insurance Services, for a total premium of \$209,832. (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 broker of record, Driver-Alliant Insurance Services.

This year's policy for excess municipal liability insurance provides coverage limits of \$20 million in excess of the City's \$3 million self-insured retention. The renewal premium is an amount not to exceed \$950,000. We anticipate the rate to be comparable to last year. Coverage for war risks or terrorist acts is excluded from this policy. Our broker will continue to explore all options and obtain other quotes to reduce premium costs up until the date of renewal.

The City maintains limits of \$100 million in airport liability coverage and \$50 million in coverage for liability resulting from terrorists acts. The renewal premium is \$229,917, which is the same amount as last year's policy. The policy includes extended coverage for international terrorist acts under the Terrorism Risk Insurance Act (TRIA).

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The City maintains limits of \$50 million in aircraft liability and hull insurance, subject to a 2.5 percent deductible for the Police Department's two Eurocopter EC-130 helicopters. The renewal premium is \$209,832, which is the same amount as last year's policy, with a lowering of the deductible from 5 percent to 2.5 percent. This policy excludes war risk coverage.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and Budget Management Officer David Wodynski on May 31, 2005.

TIMING CONSIDERATIONS

City Council action is requested on June 14, 2005, to allow the City to bind insurance coverage by the July 1, 2005 policy renewal date.

FISCAL IMPACT

The total cost of all three renewal premiums will not exceed \$1,389,749 for the period of July 1, 2005 through July 1, 2006. Sufficient funding has been budgeted in the Insurance Fund (IS 390) and in the Department of Human Resources (HR) budget for insurance renewals.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN BOYLAN
DIRECTOR OF HUMAN RESOURCES

KB:MVA

APPROVED:



GERALD R. MILLER
CITY MANAGER