

CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-14

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

DEBORAH R. MILLS
DIRECTOR

June 23, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase, through Aon, the following policies: excess municipal liability insurance for the period of July 1, 2015 through July 1, 2016, for a total premium not to exceed \$1,250,000 with Lexington Insurance Company, Berkeley National Insurance Company, Allied World National Assurance Company, and Navigator's Insurance Company; airport liability insurance for the period of June 30, 2015 through June 30, 2016, for a total premium not to exceed \$86,000 with National Union Insurance Company; and, aircraft liability and hull insurance for police helicopters for the period of June 30, 2015 through June 30, 2016, for a total premium not to exceed \$42,000 with National Union Insurance Company. The total cost of all renewal premiums will not exceed \$1,378,000. (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 casualty broker of record, Aon.

This year's policy for excess municipal liability insurance will provide coverage limits of \$50 million in excess of the City's \$3 million self-insured retention. 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 premium will not exceed \$1,250,000, which is flat from last year's renewal. Policy limits and coverage are the same as last year's policy.

The City also maintains limits of \$200 million in airport liability coverage and \$50 million in coverage for liability resulting from terrorist acts. 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 renewal premium will not exceed \$86,000, which is a 12 percent increase compared to last year's renewal.

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 for the Police Department's two Eurocopter AS-350 helicopters. The renewal premium will not exceed \$42,000 and is a 7 percent decrease when compared to last fiscal year.

This matter was reviewed by Deputy City Attorney Amy Webber on May 20, 2015 and Budget Management Officer Victoria Bell on May 22, 2015.

TIMING CONSIDERATIONS

City Council action is requested on June 23, 2015, to allow the City to bind insurance coverage by the policy renewal dates.

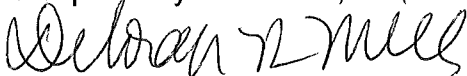
FISCAL IMPACT

The total cost of all renewal premiums will not exceed \$1,378,000 for the period of July 1, 2015 through July 1, 2016. Sufficient funding has been budgeted in the Insurance Fund (IS 390) within the Department of Human Resources (HR) for the excess municipal liability and aircraft insurance renewals. The cost of the excess municipal liability policy is allocated to all funds based upon departmental risk and claims experience, with fifty-five (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) and is not allocated. The Aircraft Liability insurance is 100 percent allocated to the General Fund (GF) in the Police Department (PD) budget. There is no local job impact associated with this request.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

APPROVED:



PATRICK H. WEST
CITY MANAGER