

CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-16

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 "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 \$751,000 for the period of July 1, 2015 through July 1, 2016. (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 with various insurers (Attachment A).

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 perils 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, which is addressed in a separate transmittal. The policy also provides cyber liability coverage, boiler and machinery coverage and some limited pollution coverage for the City. This is consistent with coverage provided in the current year policy. Based on the City's current insured property valuation, the premium is 2 percent lower when compared to last year's renewal premium. 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 June 1, 2015 and Budget Management Officer Victoria Bell on June 3, 2015.

TIMING CONSIDERATIONS

City Council action is requested on June 23, 2015, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2014.

FISCAL IMPACT

The total premium will not exceed \$751,000, for the period of July 1, 2015 through July 1, 2016. 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.

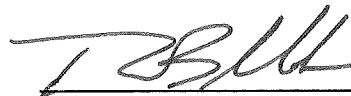
Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

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ATTACHMENT A

APPROVED:



PATRICK H. WEST
CITY MANAGER

**Alliant Property Insurance Program
2015-2016 Policy Year
Schedule of Insurers (Proposal)**

ATTACHMENT A

Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's
ACE – Illinois Union Insurance Company	003510	A++, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 4/30/15)	AA (As of 5/19/14)
ACE European Group Limited	086485	A++ , Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 4/30/15)	AA (As of 5/9/14)
Allied World Assurance Company	12525	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/16/14)	A (As of 7/7/11)
Arch Specialty Insurance Company	012523	A+, Superior; Financial Size Category 11; \$250,000,000 to \$500,000,000 (As of 3/20/14)	A+ (As of 7/29/10)
Axis Surplus Insurance Company	012515	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 1/26/15)	A+ (As of 2/2/09)
Axis Specialty Europe Ltd	083007	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 1/26/15)	A+ (As of 2/2/09)
Empire Indemnity Insurance Company	002148	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 11/26/15)	AA- (As of 6/19/07)
Endurance Worldwide Insurance Limited	083234	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 5/6/14)	A (As of 12/5/06)
Essex Insurance Company	002732	A, Excellent; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 5/15/15)	A (As of 10/14/13)

**Alliant Property Insurance Program
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Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's
Hartford Steam Boiler Inspec & Ins	000465	A++, Superior; Financial Size Category 10 \$500,000,000 to \$750,000,000 (As of 2/6/15)	A+ (As of 4/17/15)
Homeland Insurance Company of New York	010604	A, Excellent; Financial Size Category 11; \$750,000,000 to \$1,000,000,000 (As of 10/3/14)	A- (As of 7/2/10)
Interstate Fire & Casualty Company	02267	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 7/18/14)	A (As of 12/4/12)
Ironshore Indemnity Inc. (AZ only)	013847	A, Excellent; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 8/20/14)	Not Rated (As of 5/22/15)
Ironshore Specialty Insurance Company	013866	A, Excellent; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 8/20/14)	Not Rated (As of 5/22/15)
Lancashire Insurance Company (UK) Ltd.	078390	A, Excellent; Financial Size Category 13; \$1,250,000,000 to \$1,500,000,000 (As of 6/30/14)	A- (As of 5/18/10)
Lexington Ins. Company	002350	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 2/27/15)	A+ (As of 5/6/13)
Liberty Surplus Insurance Corporation	12078	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 9/24/14)	A (As of 7/17/14)
Lloyd's of London	085202	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 7/24/14)	A+ (As of 4/23/07)

**Alliant Property Insurance Program
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Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's
Maxum Indemnity Company	012563	A-, Excellent; Financial Size Category 8; \$100,000,000 to \$250,000,000 (As of 6/14/13)	Not Rated (As of 5/22/15)
National Fire & Marine Insurance Company	02428	A++, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 5/21/14)	AA+ (As of 2/4/10)
Partner Re Ireland Insurance Ltd.	78853	A+, Superior Financial Size Category 15; \$2,000,000,000 or Greater (As of 1/26/15)	A+ (As of 2/17/12)
QBE Specialty Insurance Company	012562	A, Excellent; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 1/15/15)	A+ (As of 7/22/09)
RSUI Indemnity Company	012603	A+, Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 4/24/15)	A (As of 4/13/15)
Scottsdale Surplus Lines Insurance Company	012121	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 3/19/15)	A+ (As of 6/17/13)
Swiss Reinsurance America Corporation	003263	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 11/6/14)	AA- (As of 10/28/11)
United States Fire Insurance Company	02136	A, Excellent; Financial Size Category 13; \$1,250,000,000 to \$1,500,000,000 (As of 5/30/14)	A- (As of 11/20/09)
XL Insurance America Inc.	002423	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 5/1/15)	A+ (As of 10/30/13)