



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-34

333 WEST OCEAN BOULEVARD 13TH FLOOR - LONG BEACH, CALIFORNIA 90802 - (562) 570-6621

June 22, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Renewal of Excess Municipal Liability, Airport Liability, and Aircraft Liability and Hull Insurance (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 from the City's broker of record, Driver-Alliant Insurance Services.

This year's policy for excess municipal liability insurance provides a minimum in coverage limits of \$15 million in excess of the City's \$3 million self-insured retention. The renewal premium, not to exceed \$950,000, represents a 20 percent increase over last year's premium. While coverage for war risks or terrorist acts is excluded from this policy, an additional \$10 million in coverage for international terrorists acts will be purchased under the Terrorism Risk Insurance Act (TRIA). 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, not to exceed \$230,704, represents a 27.5 percent increase, with extended coverage for international terrorist acts under TRIA. The premium increase is primarily due to the greater exposure arising from an increase in the number of enplaned passengers and the addition of TRIA coverage.

The City maintains limits of \$50 million in aircraft liability and hull insurance, subject to a five percent deductible for the Police Department's two Eurocopter EC-130 helicopters. The coverage, with renewal premium not to exceed \$209,832, represents a 4.2 percent decrease over last year's policy. This policy excludes war risk coverage.

This matter was reviewed by Deputy City Attorney Everett Glenn and Budget Management Officer David Wodynski on June 10, 2004.

TIMING CONSIDERATIONS

City Council action is requested on June 22, 2004, to allow the City to bind insurance coverage by the July 1, 2004 policy renewal date.

FISCAL IMPACT

The total cost of all three renewal premiums will not exceed \$1,390,536, which represents an increase of approximately \$190,000 over the prior year, for the period of July 1, 2004 to July 1, 2005. Sufficient funding has been budgeted in the Insurance Fund (IS 390) and in the Department of Human Resources (HR) budget for insurance renewals. The cost of airport liability insurance is allocated entirely to the Airport Fund. The cost of general liability and aircraft liability and hull insurance is allocated to all funds, based on experience, with approximately 70% allocated to the General Fund.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Authorize the City Manager to purchase excess municipal liability insurance for the period of July 1, 2004 to July 1, 2005, through Driver-Alliant Insurance Services, for a total premium not to exceed \$950,000.
2. Authorize the City Manager to purchase airport liability insurance for the period of July 1, 2004 to July 1, 2005, through Driver-Alliant Insurance Services, for a total premium not to exceed \$230,704.
3. Authorize the City Manager to purchase aircraft liability and hull insurance for police helicopters for the period of July 1, 2004 to July 1, 2005, through Driver-Alliant Insurance Services, for a total premium not to exceed \$209,832.

Respectfully submitted,



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DIRECTOR OF HUMAN RESOURCES

APPROVED:


for Christine J. Shipp
GERALD R. MILLER
CITY MANAGER