



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-28

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

September 7, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase difference in conditions (earthquake insurance), covering City Hall and the Convention Center, for the period of July 1, 2010 through July 1, 2011, through Alliant Insurance Services, Inc., for a total premium not to exceed \$235,000. (Citywide)

DISCUSSION

The City has not purchased earthquake coverage since 2002 because of exorbitant pricing. In prior years, the City has purchased \$10 million worth of earthquake coverage because of bond requirements for City Hall and the Convention Center. Under terms of the bonds, earthquake insurance is required only if it is obtainable from financially secure markets at a reasonable cost.

After a lengthy negotiation, the City has procured a quote for earthquake insurance at a reasonable cost. The insurance will grant the City \$7.5 million/occurrence in coverage after the City exhausts a \$5 million self-insured retention, covering both City Hall and the Convention Center in the event of an earthquake. The annual aggregate of the policy is also \$7.5 million. The insurance will cover the buildings, personal property within the buildings, and actual loss of income because of a building closure. The premium will be prorated based on the policy period.

This matter was reviewed by Deputy City Attorney Amy R. Burton on August 19, 2010 and by Budget Management Officer Victoria Bell on August 20, 2010.

TIMING CONSIDERATIONS

City Council action is requested on September 7, 2010, to allow the City to officially bind insurance coverage.

FISCAL IMPACT

The total premium cost will not exceed \$235,000 for the period of July 1, 2010 through July 1, 2011. Funding has been budgeted in the Insurance Fund (IS 390) within the Department of Human Resources (HR) and is allocated to all funds, with approximately 18 percent 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

DRM:MVA

APPROVED:



PATRICK H. WEST
CITY MANAGER