



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

C-9

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

June 17, 2008

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, 2008 through July 1, 2009, through Alliant Insurance Services, for a total premium not to exceed \$780,000. (Citywide)
2. Authorize the City Manager to purchase airport liability insurance for the period of June 30, 2008 through June 30, 2009, through Alliant Insurance Services, for a total premium not to exceed \$185,000. (Citywide)
3. Authorize the City Manager to purchase aircraft liability and hull insurance for police helicopters for the period of June 30, 2008 through June 30, 2009, through Driver-Alliant Insurance Services, for a total premium not to exceed \$85,000. (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 broker of record, Alliant Insurance Services.

This year's policy for excess municipal liability insurance is expected to provide coverage limits of \$25 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 coverage for unfair employment practices and public officials errors and omissions. The renewal premium will not exceed \$780,000, which is an approximate decrease of 10% when compared to last year's premium. Policy limits and coverage is the same as last year's policy.

The City also maintains limits of \$100 million in airport liability coverage and \$50 million in coverage for liability resulting from terrorists 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 employers liability. The renewal premium will not exceed \$185,000, which is an approximate decrease of 10% when compared to last year's premium. Policy limits and coverage is the same as last year's policy.

The City maintains limits of \$50 million in aircraft liability and hull insurance, subject to a \$63,000 deductible when the helicopter is in motion for the Police Department's two Eurocopter EC-130 helicopters. The renewal premium will not exceed \$85,000, which is an approximate decrease of 44% over last year's premium and a direct savings to the General Fund.

This matter was reviewed by Principal Deputy City Attorney Charles Parkin, May 29, 2008 and Budget Management Officer Victoria Bell on June 2, 2008.

TIMING CONSIDERATIONS

City Council action is requested on June 17, 2008, to allow the City to bind insurance coverage by the July 1, 2008 policy renewal date.

FISCAL IMPACT

The total cost of all three renewal premiums will not exceed \$1,050,000 for the period of July 1, 2008 through July 1, 2009. 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 the municipal liability policy is allocated to all funds based upon departmental risk and claims experience, with approximately 60% of the premium allocated to the General Fund. The Airport Liability insurance is 100% allocated to the Airport Fund, while the Aircraft Liability insurance is 100% allocated to the General Fund in the Police Department's budget.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

SRM:MVA

APPROVED:



PATRICK H. WEST
CITY MANAGER