



## Legislation Text

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**File #:** 19-0918, **Version:** 1

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Recommendation to authorize City Manager, or designee, to purchase, through Alliant Insurance Services, two layers of excess liability insurance at a premium not to exceed \$292,241, inclusive of taxes and administrative fees, for the period of September 1, 2019 to July 1, 2020. (Citywide)

The City annually purchases excess municipal liability insurance to provide financial protection for high exposure liability losses. This coverage is to be obtained through the City's casualty broker-of-record, Alliant Insurance Services (Alliant). At its June 18, 2019 meeting, the City Council approved a two-month extension of our July 1, 2018 to July 1, 2019 excess insurance policies. The reason for the extension was due to the extremely difficult excess insurance market, particularly for entities with police departments. This enabled our broker to aggressively explore the excess liability marketplace.

At its August 20, 2019 meeting, the City Council approved the purchase of \$45,000,000 in excess coverage, at a premium of \$1,605,000. On August 24, 2019, Alliant advised the City that the cost of coverage would be \$1,868,338.40, for coverage limits of \$30,000,000 instead of \$45,000,000. Alliant advises that excess insurance for above \$30,000,000 is now not certain and would likely be at an additional \$500,000 or more in premiums. City Council authority is requested for an additional \$292,241 to secure excess liability coverage limits of \$30,000,000.

The City did bind coverage of \$20,000,000 within the \$1,605,000 previously approved, effective September 1, 2019, to avoid a gap in coverage.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on September 3, 2019 and by Budget Analysis Officer Julissa José-Murray on September 5, 2019.

City Council action is requested on September 17, 2019, to allow the City to bind insurance coverage for the period of September 1, 2019 to July 1, 2020.

The total cost of the excess renewal premiums will not exceed \$1,868,338, for coverage limits of \$30,000,000 for the period of September 1, 2019 to July 1, 2020. This amount is \$292,241 above the previously approved amount. There is sufficient appropriation within the Insurance Fund Group in the Human Resources Department to complete the purchase and pay the revised premiums. Excess liability renewal costs are charged out to departments by the Human Resources Department Memorandum of Understanding (MOU). The cost of the excess municipal liability policy is allocated to all funds based upon departmental risks and claims experience, with 55 percent of the premium allocated to the General Fund Group. This

recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

ALEJANDRINA BASQUEZ, DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST  
CITY MANAGER