



## Annual Insurance Renewals In The Total Not To Exceed Amount Of \$2,598,000

Finance Department

City Council  
June 13, 2017

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### BACKGROUND

- The City's insurance policies are purchased through our insurance broker, HUB international.
- This arrangement allows the City to secure the best coverage at competitive premiums.



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## BACKGROUND (CONTINUED)

- The City's strategy to keep premium costs low, but provide adequate insurance coverage, includes a Self Insured Retention (SIR) of \$3M for both General Liability and Workers' Compensation claims.
- This is \$500,000 lower then what was required of us in FY 2016-17, for General Liability.
- The City's other lines of insurance coverage have much smaller deductibles or no deductible at all.



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## INSURANCE TYPES, DEDUCTIBLES AND LIMITS

INSURANCE TYPE	DEDUCTIBLE	LIMIT	FY 2017/18 PREMIUM (all not-to-exceed amounts)	FY 2016/17 PREMIUM (for comparison purposes)
Workers' Compensation	\$3M SIR	\$25M	\$425,282	\$432,253
Aviation Hull and Liability	Various based on the value of each Hull	\$50M	\$49,296	\$49,296
Airport Liability	None	\$25M	\$10,030	\$10,841
General Liability*	\$3M SIR	\$20M	\$952,024	\$475,992 (\$3.5M SIR)
Commercial Property**	\$100,000	\$1B "All-Risk"	\$952,830	\$848,093
Boiler and Machinery	\$250,000	\$100M	\$149,029	\$147,378
Excess Earthquake***	None	\$15M	\$59,509	\$69,850



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## ADDITIONAL POLICY DETAILS

NOTE: **General Liability** insurance coverage applies to bodily injury, personal injury, property damage, public officials errors & omissions and employment practices liability. This policy provides two layers of coverage.

NOTE: **Commercial Property** Insurance is underwritten by 29 separate insurance carriers with a \$1B "All Risk" limit and a \$100K deductible. Included in the policy is \$10M of primary Earthquake coverage (on 5 scheduled locations) with a 5% / \$100K minimum deductible, and \$25M of Flood coverage in all flood zones excluding A&V (high hazard) with a \$100K flood deductible. City Hall and the Convention Center are limited to \$5M in Flood coverage.

NOTE: **Excess Earthquake** insurance coverage will be purchased in three layers. This policy includes a limit of \$15M excess of the \$10M primary earthquake coverage.



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## FISCAL IMPACT

- The City is still negotiating with the various insurance carriers and will not receive final indications until July 1, 2017.
- The amount of \$2,598,000 is believed to be the maximum cost to purchase the City's various insurance policies using the same carriers we have now.
- Staff is very hopeful that this total amount can be reduced through our current negotiations with other carriers.



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## RECOMMENDATION

That the City Council authorize the City Manager, or his designee, to execute the proposal submitted by HUB, to renew the City's various insurance policies, including making minor and non-substantive changes to the insurance agreements.



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## QUESTIONS?



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