



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: June 15, 2016

DEPARTMENT: City Attorney

DIVISION: Risk Management

- ☒ Motion
- ☐ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☐ Public Hearing

TITLE:

Renewal of City's Insurance Coverage for Fiscal Year 2016-17

SUMMARY RECOMMENDATION:

Authorize insurance coverage for Property, Public Liability (including Employee Benefits, Public Officials, Employment Practices, Liquor, Law Enforcement and Auto), Excess Liability, Crime/Dishonesty, Underground Storage Tanks, Excess Workers Compensation, Cyber Liability and Auto Physical Damage coverage for fiscal year 2016-2017 in the total amount of \$874,211.64.

REPORT:

Willis Towers Watson, the City's insurance broker, obtained a comprehensive proposal from underwriters with various options for renewal of the City of Yuma's insurance coverage. All insurance companies recommended have A.M. Best's rating of A (Excellent) or A+ or A++ (Superior) and a minimum of \$50 million in Policyholders' Surplus. The City's current primary insurance carrier is Travelers Insurance Company, which also provided the recommended quote for Property Coverage (including Equipment and Auto coverage), General Liability and Excess Liability Coverage. The recommended Excess Workers' Compensation carrier is Safety National Casualty Company, the recommended Crime coverage carrier is American International Group (AIG), and the recommended Underground Storage Tank Liability coverage carrier is Great Divide Insurance Company.

SUMMARY OF COVERAGE:

Property Coverage: Property coverage includes City-owned real property, City-owned leased property, and real properties operated by the independent Housing Authority of the City of Yuma (HACY). For insuring fiscal year 2016-2017, there are 162 covered properties with coverage limits of \$353,936,684. Under this insuring agreement, the Property coverage deductible remains \$5,000. The insuring agreement also provides for flood and earthquake coverage, subject to a \$100,000 deductible. The City Property coverage is Blanket Coverage at replacement cost.

City Equipment coverage includes all (non-auto) City Equipment valued over \$15,000 with a \$5,000 deductible. For insuring fiscal year 2016-2017, City Equipment Value limit is \$9,335,432.

City Auto Physical Damage coverage includes all City Vehicles valued over \$30,000 with a \$5,000 deductible. For insuring fiscal year 2016-2017, City Auto Physical Damage Value limit is \$20,185,965.

Liability and Excess Liability Coverage: Liability and Excess Liability Coverage total \$15 million with a \$1 million base liability policy and a \$14 million excess liability (umbrella) policy. Coverage examples include liquor liability, employee benefits, public entity management, employment practices, law enforcement liability, automobile liability, and cyber liability.

For insuring fiscal year 2016-2017, the City's self-insured retention (SIR) for Liability coverage remains \$300,000 per occurrence. The base coverage and excess umbrella coverage limits apply to all insured perils with two exceptions: emergency medical technician (EMT) liability has a \$4 million limit; and sewer back up liability has a \$4 million sublimit. The sewer back up liability limit is new to the fiscal year 2016-2017 insurance proposal and is part of a nationwide limit on such perils. Additionally, the general liability coverage contains a clear lead exclusion. These new limits and exclusions have been reviewed and accepted by City Staff.

Excess Workers Comp: The City is self-funded through an SIR for its statutorily-mandated workers compensation insurance. Excess insurance will limit the City exposure to workers compensation claims above the SIR. The 2016-2017 fiscal year excess workers compensation coverages remain the same, with a City SIR of \$700,000 for fire and police employees, and \$600,000 for all other City employees.

Crime/Dishonesty: Crime insurance coverage provides for situations such as employee theft, depositor forgery and alteration, theft, disappearance and destruction (money, securities and other property), computer and fund transfer fraud and impersonation fraud coverage. The impersonation fraud coverage has a policy limit of \$100,000 while the remaining perils in the Crime coverages have policy limits of \$1,000,000 with a \$10,000 deductible.

Underground Storage Tanks (UST): The UST coverage is for three underground storage tanks located in the City Shop Yard. This coverage is for third party liability, corrective action and clean-up costs that may be incurred due to any leaks. The UST coverage has policy limits of \$1,000,000 per occurrence, \$1,000,000 aggregate and a \$25,000 deductible.

For reference, the table below summarizes the total premium costs.

Type of Coverage	Insurer	Premium
Property, Liability, Excess Liability, Vehicle Auto Damage	Travelers	\$ 736,884.00
Excess Work Comp	Safety National	\$ 126,917.00
Crime and Dishonesty	AIG	\$ 5,875.00
Underground Storage Tanks	Great Divide	\$ 4,535.64
Total Insurance Premiums		\$ 874,211.64

The total insuring premium for fiscal year 2015-2016 was \$841,145.13. The premium for insuring year 2016-2017 coverages presented represents a 3.4% increase.

Staff's recommendation is to approve insurance coverage with the carriers and in the amounts shown above

FISCAL REQUIREMENTS	CITY FUNDS:	\$874,211.64	BUDGETED:	\$874,211.64
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP: 502-2010.6301 & 531-9010.6301	
	TOTAL:	\$874,211.64		
	FISCAL IMPACT STATEMENT: The budgeted amount represented above includes both the insurance premium budgeted by the City of Yuma and the workers' compensation premium budgeted by Human Resources.			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK: 1. 2. 3. 4. 5.			
	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input type="radio"/> Department <input type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	Gregory K. Wilkinson		6/7/2016	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Steven W. Moore		6/7/2016	
RECOMMENDED BY (DEPT/DIV HEAD):		DATE:		
WRITTEN/SUBMITTED BY:		DATE:		