



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

June 19, 2019

DEPARTMENT:

City Attorney

DIVISION:

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

TITLE:

Renewal of City's Insurance Coverage for Fiscal Year 2019-20

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, Excess Workers Compensation, Cyber Liability and Auto Physical Damage coverage for fiscal year 2019-20 in the total amount of \$951,476 (City Attorney) (Richard Files)

REPORT:

To protect the City of Yuma and its taxpayers, the City purchases insurance coverages through policies of insurance every fiscal year. The City's insurance broker, Willis Tower Watson (WTW), evaluates the City's insurance needs and obtains quotes/proposals each year for renewal of the City of Yuma's insurance coverage. For the last several years, City staff (City Risk Management and the City Attorney's Office) has identified three overarching goals when obtaining insurance for the City: (1) no reduction in coverage limits; (2) no increase in the self-insurance retention amount; and (3) a total premium that is about equal to the 2018-2019 premiums. These goals are somewhat ambitious as every year private insurance carriers leave the marketplace, leaving less competition in a litigious climate.

Based on its analysis and the City's stated goals, WTW is providing a recommendation for renewal of the City's insurance policies for fiscal year 2019-2020. 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 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 (Travelers advised they could not compete), the recommended Crime coverage carrier is American International Group (AIG), and the recommended Cyber liability coverage carrier is Beazley 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 2019-2020, there are 165 covered properties with coverage limits of \$378,241,980. 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 2019-2020, City Equipment Value limit is \$10,036,671.

City Auto Physical Damage coverage includes all City Vehicles valued over \$30,000 or 2014 and newer with a \$5,000 deductible as well as any leased vehicles. For insuring fiscal year 2019-2020, there are 508 covered vehicles for auto liability and City Auto Physical Damage Value limit is \$25,769,339.

Liability and Excess Liability Coverage: Liability and Excess Liability Coverage total \$15 million with a \$1 million base liability policy (\$2 million aggregate) and a \$14 million excess liability (umbrella) policy. Coverage examples include liquor liability, employee benefits, public entity management, employment practices, law enforcement liability and automobile liability.

For insuring fiscal year 2019-2020, 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; sewer backup liability has a \$4 million sublimit and general liability coverage contains a clear lead exclusion.

Cyber Coverage: City's Cyber Coverage for fiscal year 2019-20 is a \$3 million limit base policy with a \$25,000 deductible. Coverage examples include third-party liability coverages, regulatory defense and credit card payment liabilities and costs, as well as, first party coverages data restoration expenses, cyber extortion loss and e-storage extortion and business interruption.

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 2019-2020 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 funds transfer fraud coverage and credit, debit or charge card forgery. Crime coverages have policy limits of \$1,000,000 with a \$10,000 deductible. The policy also endorses coverage for Impersonation Fraud for a limit of \$100,000 and deductible of \$25,000.

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

Type of Coverage	Insurer	Premium
Property, Liability, Excess Liability, Vehicle Auto Damage	Travelers	\$ 782,125.00
Cyber Liability	Beazley	\$ 20,960.00
Excess Work Comp	Safety National	\$ 142,573.00
Crime and Dishonesty	AIG	\$ 5,818.00
Total Insurance Premiums		\$ 951,476.00

The total insuring premium for fiscal year 2018-2019 was \$914,366. The premium for insuring year 2019-2020 coverages presented represents a 4% increase.

STAFF RECOMMENDATION:

Recommendation is made to approve insurance coverage with the carriers and in the amounts shown above

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$951,476.00
	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:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
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 <input type="checkbox"/> Document to be codified			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	John D. Simonton		6/11/2019	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		6/11/2019	
RECOMMENDED BY (DEPT/DIV HEAD):		DATE:		
WRITTEN/SUBMITTED BY:		DATE:		
Rodney C. Short		06/04/2019		