



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: June 16, 2016

Staff Contact: Nancy Paulson, Chief Financial Officer

Agenda Title: For Possible Action: Action to enter into insurance agreements with Public Entity Property Insurance Program (PEPIP) for property insurance (including automobile physical damage) at a total premium of \$337,479, Travelers Indemnity Company for excess liability coverage at a total premium of \$440,092, Great American for government crime insurance at a total premium of \$12,278, and with Illinois Union for Landfill Pollution Legal Liability insurance at a total premium of \$12,518 for a grand total of \$802,367 for FY 2017. (NPaulson@Carson.org)

Staff Summary: We are planning on renewing Property Insurance, Excess Liability including General Liability, Automobile and Umbrella coverages, Crime Insurance and Pollution Liability with the same insurance companies as last year. All of the insurance companies have at least an A- rating by AM Best Services and have adjusted policyholder surplus of at least \$100,000,000.

Agenda Action: Formal Action/Motion

Time Requested: 5 Minutes

Proposed Motion

I move to enter into insurance agreements with Public Entity Property Insurance Program (PEPIP) for property insurance (including automobile physical damage) at a total premium of \$337,479, Travelers Insurance Company for excess liability coverage at a total premium of \$440,092, Great American for government crime insurance at a total premium of \$12,278, and with Illinois Union for Landfill Pollution Legal Liability insurance at a total premium of \$12,518 for a grand total of \$802,367 for FY 2017.

Board's Strategic Goal

Efficient Government

Previous Action

FY 2016 insurance agreements were approved by the Board of Supervisors on June 18, 2015.

Background/Issues & Analysis

The current Property Insurance Program and Vehicle Physical Damage Program are purchased on a year to year basis.

Currently, PEPIP provides property coverage for the City's buildings, contents, vehicles and mobile equipment with coverage including terrorism.

PEPIP is a property insurance program which has more than 8,700 members in 45 states. The Program was started in 1993 and includes Cities, Schools, Universities, Airports, Seaports, States, Districts and Hospitals. This Program is the largest property placement in the world with approximately \$350 Billion in insured values. The Program is administered by Alliant Insurance Services, Inc.

The program is designed to provide flexibility for each of the separate Entities to be able to elect various coverages and various deductibles. The placement of this coverage is provided by a combination of layering and quota sharing with various Domestic, Bermuda, and London insurance companies.

The program is divided into towers which includes various other public entities. Carson City will be in a tower with other entities from other states. The insureds in a given tower share a \$1 billion each occurrence limit for the all-risk coverage (i.e. fire). The Earthquake and Flood limits are dedicated specifically to Carson City.

The Program provides a broad manuscript form which includes All Risk property coverage, Boiler and Machinery coverage, Terrorism coverage and Vehicle physical damage coverage. Earthquake and Flood coverage is included with dedicated limits to the City. Cyber Liability and Pollution Liability have also been included as recommended coverage. All buildings over \$5,000,000 in replacement value will be appraised once every 5 years with no additional cost to the City. Claims are paid by Alliant Insurance Services, Inc. in San Francisco, California.

The following are the limits and deductibles that Staff is suggesting the City purchase:

- \$210,000,000 for All Risk coverage subject to a deductible of \$25,000 and Vehicle Physical Damage subject to a \$25,000 deductible.
- \$100,000,000 for Boiler and Machinery coverage subject to various deductibles depending on size of Equipment.
- \$50,000,000 Aggregate for Earthquake coverage subject to 2% of Replacement values per unit.
- \$50,000,000 Aggregate for Flood coverage subject to \$100,000 per occurrence deductible except for High Hazard Flood Zones.
- \$5,000,000 Aggregate for High Hazard Flood locations in A and V Zones subject to a \$250,000 per occurrence deductible.
- \$2,000,000 Aggregate limit of Cyber Liability for the City and a \$25,000,000 aggregate limit.

Applicable Statute, Code, Policy, Rule or Regulation

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Insurance Fund - 590- 0745-415-05-12.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: \$802,367 in insurance premiums for Fy 2017. \$982,328 is budgeted in this account for FY 2017.

Alternatives

Elect not to enter into the agreements noted above and pursue other options for insurance.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Expiring Program 2015/2016					Renewal Program 2016/2017			
Coverage	Carrier A.M. Best Rating	Limits of Insurance	Deductible/SIR	Annual Premium	Carrier A.M. Best Rating	Limits of Insurance	Deductible/SIR	Annual Premium
<u>Property</u>	Public Entity Property Insurance Program (Various Carriers)	\$218,897,683 \$50M EQ \$50M Flood \$5M Flood A/V	\$25,000 2%/\$100,000 \$100,000 \$250,000	\$336,698	Public Entity Property Insurance Program (Various Carriers)	\$227,741,358 \$50M EQ \$50M Flood \$5M Flood A/V	\$25,000 2%/\$100,000 \$100,000 \$250,000	\$337,479
<u>Automobile Physical Damage</u>	Public Entity Property Insurance Program	Included	\$25,000	Included Above	Public Entity Property Insurance Program	Included	\$25,000	Included Above
<u>Government Crime</u>	Great American A XIV	\$1,000,000	\$50,000	\$12,278	Great American A+ XIV	\$1,000,000	\$50,000	\$12,278
<u>Public Entity Liability, Automobile, Umbrella</u>	Travelers A+ XV	\$11,000,000	\$100,000 SIR	\$431,249	Travelers A++ XV	\$11,000,000	\$100,000 SIR	\$440,092
<u>Pollution Liability</u>	Illinois Union A+ XV	\$2,000,000	\$25,000	\$12,518	Illinois Union A++ XV	\$2,000,000	\$25,000	\$12,518
Total				\$792,743	Total			\$802,367

- Property and pollution liability premiums include surplus lines taxes and fees.
- Property premiums include a combination of broker commission and fees.

This summary neither amends nor alters the insurance contract. Specific questions on all policy terms and conditions should be referred to your Wells Fargo Insurance Services representative and the policy itself should be reviewed.