

# COUNCIL COMMUNICATION

**From:** The City Manager

**Subject:** Insurance proposals for the City's Building & Personal Property Coverage, Business Income, Valuable Papers and Records, Computers, Flood, Earthquake, Animals in the Petting Zoo, Crime, Equipment, Bridges, Machinery & Equipment Breakdown and Storage Tanks

**Manager's Recommendation:**

I recommend approval of the insurance proposals with Chubb/Federal Insurance Company for Combined Building & Personal Property, Business Income and Extra Expense, Computer Coverage, Flood, Earthquake and Animals in the Petting Zoo; with The Hanover Insurance Group for Crime Coverage; with Chubb/Federal Insurance Company for Equipment Floater & Bridges Coverage; with Cincinnati Insurance Company for Machinery & Equipment Breakdown Coverage, and Illinois Union Insurance Company/ACE for Storage Tank Liability Insurance effective February 1, 2009 to February 1, 2010, for a total cost of \$281,591, with a possible 5% increase (\$395.25) in the Crime Policy; and that I, and/or my designee, be authorized to execute any and all necessary insurance documents under the plans.

I further recommend that I or my designee be allowed to make adjustments to said policies, as necessary throughout the policy term, in removing and/or adding coverage on equipment, machinery and buildings, as the City acquires and/or disposes of same.

Coverage documents, policy changes and contracts to implement the new insurance are subject to the City Manager's approval as to substance and the City Attorney's approval as to form.

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Funds are budgeted and available in the Self Insurance Fund (Other Services) Account No. 677-1762-711-80-06. (\$115,627 will be expended from the 2008-2009 budget and \$161,877 from the 2009-2010 budget.)

## **Justification:**

Recently, Saginaw Bay Underwriters received proposals for insurance coverage on City Buildings & Personal Property, Business Income and Extra Expense, Computer Coverage, Flood, Earthquake, Animals in the Petting Zoo, Crime Coverage, Equipment and Bridges, Machinery & Equipment Breakdown, Storage Tanks and Crime Coverage to be effective February 1, 2009 to February 1, 2010. Upon receipt and review of the proposals received by Saginaw Bay Underwriters, the following insurance policies are being recommended:

### **BLANKET COVERAGE**

Chubb/Federal Insurance Company policy which includes Blanket Coverage for Buildings and Personal Property, Business Income and Extra Expense, Valuable Papers and Records, Computer Coverage, Flood, Earthquake, and Animals in the Petting Zoo. Last year's premium was \$172,194 and this year's premium is \$175,442, which includes a Terrorism Coverage charge of \$7,797. This is an increase of \$3,248, over last year's premium, which is a result of increasing the value of the City buildings by 3% to stay current with inflation. (This policy carries a \$100,000 deductible with the exception of the Animals in the Petting Zoo, which has a \$500 deductible and Computer Coverage, which has a \$10,000 deductible.) It should also be noted that two locations were removed from flood coverage and several others added.

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## **CRIME COVERAGE**

The Hanover Insurance Group, policy, which includes coverage for Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction (inside and outside the premises) and Computer Fraud for an estimated annual premium of \$7,905. This is the same premium as the prior year however, Hanover has requested a new application which City staff is currently completing. It is unlikely there will be any change in premium since there have been no reported instances but it is recommended Council approve the policy with a possible 5% increase so the City's coverage will not lapse while the paperwork is being finalized.

## **EQUIPMENT FLOATER POLICY**

Chubb/Federal Insurance Company policy which includes Radio, Equipment and Machinery, Employee Tools, Rental Cost Reimbursement, Leased/Rented from others, Floating Docks, Debris Removal, Fire Department Service Charges, Inventory or Appraisals, Pollutant Clean-up, Fire Protection and Equipment Refill for a premium of \$17,549, which is the same as last year. (The deductible for this policy ranges from \$1,000-\$5,000, with the exception of the Floating Docks which carries a \$25,000 deductible.)

## **BRIDGES POLICY**

Chubb/Federal Insurance Company policy which includes coverage on the Douglas Schenck, Frank Andersen, Holland, Genesee Avenue, Johnson Street, Norman Street, C&O RR Crossing, Ojibway Island (South End) and Ojibway Island Pedestrian (North & South End) Bridges for an unaltered premium of \$59,604. (The deductible on this policy is \$50,000.)

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## **MACHINERY & EQUIPMENT BREAKDOWN**

Cincinnati Insurance Company policy which includes coverage on Electric Generators, Miscellaneous Electrical Apparatus, Recip. Eng. Internal Combustion, Transformers, Water Damage, Expediting Expenses, Water Damage, Ammonia Contamination and Hazardous Substance, for a premium of \$13,244. This is the same insurance the City carried the prior year with no cost increase. (This policy has a \$1,000-\$5,000 deductible.)

## **STORAGE TANK LIABILITY INSURANCE**

Illinois Insurance Company policy which includes coverage on 13 tanks (8-above ground and 5-underground) that are insured at 4 locations. The premium increased by \$188 from \$7,659 to \$7,847 due to the tanks being one year older. This amount includes a terrorism charge of \$265. (The policy has a \$10,000 deductible.)

### **Council Action:**

Council \_\_\_\_\_ moved that the recommendation from the City Manager be approved.