

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, Valuable Papers and Records, 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, 2010 to February 1, 2011, for a total cost of \$287,733, 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.

Funds are budgeted and available in the Self Insurance Fund (Other Services) Account No. 677-1762-711-80-06. (\$119,889 will be expended from the FY2009-2010 budget and \$167,844 from the FY2010-2011 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

COUNCIL COMMUNICATION

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 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 \$175,442 and this year's premium is \$180,229, which includes a Terrorism Coverage charge of \$8,009. This is an increase of \$4,787, 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.)

CRIME COVERAGE

The Hanover Insurance Group, policy, includes coverage for Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction (inside and outside the premises) and Computer Fraud. Last year's premium was \$6,997 and this year's premium is \$7,581. The increase of \$584.00 is a result of last year's policy having a shorter term (3/1/09-2/1/10). This year's policy is for the full 12 months. (This policy carries a \$10,000 deductible.)

EQUIPMENT FLOATER POLICY

Chubb/Federal Insurance Company policy includes Contractors Equipment, Miscellaneous Unscheduled Equipment, Employee Tools, Rental Cost Reimbursement, Equipment Leased/Rented from others, Floating Docks, Debris Removal, Fire Department Service Charges, Inventory or Appraisals, Pollutant Clean-up, Fire Protection and Equipment Refill. Last year's premium was \$17,941 and this year's premium is \$18,675. The \$734 increase is a result of additional equipment, which the City purchased in the past year, which was added to the equipment list. (The deductible for this policy ranges from \$1,000-\$5,000, with the exception of the Floating Docks which carries a \$25,000 deductible.)

COUNCIL COMMUNICATION

BRIDGES POLICY

Chubb/Federal Insurance Company policy 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. The premium for this policy is \$59,604, which has not increased in the past two (2) years. (The deductible on this policy is \$50,000.)

MACHINERY & EQUIPMENT BREAKDOWN

Cincinnati Insurance Company policy includes coverage on Electric Generators, Miscellaneous Electrical Apparatus, Recip. Eng. Internal Combustion, Transformers, Water Damage, Expediting Expenses, Water Damage, Ammonia Contamination and Hazardous Substance. The premium for this policy is \$13,244, which has not increased in the past five (5) years. (This policy has a \$1,000-\$5,000 deductible.)

STORAGE TANK LIABILITY INSURANCE

Illinois Insurance Company policy includes coverage on 13 tanks (8-above ground and 5-underground) that are insured at 4 locations. The premium increased by \$553 from \$7,847 to \$8,400 due to the tanks being one year older. (The policy carries a \$10,000 deductible.)

Council Action:

Council _____ moved that the recommendation from the City Manager be approved.