Council Meeting
July 3, 2007

Honorable Mayor and Members
Of the Torrance City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Recommendation to Renew Pollution Liability Insurance

Expenditure: Not to exceed $54,591.28

RECOMMENDATION

The Directors of Public Works and Human Resources recommend that the City Council approve the renewal purchase of Non-Owned Disposal Site Pollution Liability Insurance from Indian Harbor Insurance Company, through Driver-Alliant Insurance Services, the City's insurance broker, at a premium of $54,591.28. The policy period will be July 1, 2007 through June 30, 2008.

Funding

Funding is available in the Sanitation Enterprise Fund (AB 939 Waste Management) that is reimbursed by payments from commercial waste haulers into the City's California Environmental Response Comprehensive Liability Act (CERCLA) Indemnification Account.

BACKGROUND

In August 1998, the City Council adopted Ordinance No. 3454, related to new reporting and diversion requirements for commercial waste haulers operating in the City. As part of the ordinance and related resolution 98-88, a fee of .70 per ton of waste disposed was placed on the commercial waste haulers. This fee is placed in the CERCLA Indemnification Fund, a fund used to protect the City in the event of liability pertaining to the improper disposal of hazardous materials.

Since July 1, 1999 the City has purchased Disposal Site Pollution Liability Insurance. The premiums are, in part, based upon the number of landfills used by waste haulers to dispose of waste. The current coverage expires on July 1, 2007. Under the expiring policy 28 disposal sites were covered. The expired policy provided coverage limits of $10,000,000 per occurrence with an annual aggregate (maximum) of $10,000,000 subject to a $100,000 deductible, at a premium of $54,617.75, including taxes and fees.

The renewal policy offers identical coverage to the expiring policy, except an additional disposal site will be covered, bringing the total covered sites to 29. The renewal premium is $54,591.28, $26.47 less than the prior premium. The reduction in premium is due to a reduction in taxes and fees.

ANALYSIS

There are a limited number of insurers offering non-owned disposal site pollution liability insurance. The City's insurance broker marketed the renewal of this coverage and contacted the two primary insurers offering this type of coverage. Indian Harbor offers the best proposal.

Indian Harbor is a financially secure company with a Best's Rating of A+ (Superior) class xi.

Respectfully Submitted,

By Matthew Knapp
Sanitation Services Manager

By Randall Sellers
Risk Manager

CONCUR:

Robert Beste
Public Works Director

Elaine M. Winer
Human Resources Director

LeRoy J. Jackson
City Manager

ATTACHMENT A: Insurance Proposal

ATTACHMENT A

DRIVER SPECIALTY GROUP

CITY OF TORRANCE
NON-OWNED DISPOSAL SITE POLLUTION LIABILITY
INSURANCE PROPOSAL

	PRESENT	PROPOSED
INSURANCE COMPANY:	Indian Harbor Insurance Company	Indian Harbor Insurance Company
A.M. BEST GUIDE RATING:*	A+, Superior, Class XL, Policyholders' Surplus of $750,000,000 to $1 Billion	Same
STANDARD & POOR'S RATING:*	AA, Very Strong	Same
CALIFORNIA STATUS:	Non-Admitted	Same
COVERAGE TERM:	July 1, 2006 – July 1, 2007	July 1, 2007 – July 1, 2008
RETROACTIVE DATE:	Per List Attached	Per List Attached
COVERAGE LOCATION:	Per List Attached	Per List Attached
COVERAGE:	• Third Party bodily injury and property damage coverage, on and off-site, including off-site cleanup, as result of pollution conditions at, on or emanating from scheduled locations. • Defense costs inside Limits • **CLAIMS MADE FORM**	Same
LIMITS:	$10,000,000 Each Occurrence $10,000,000 Annual Aggregate	Same
EXCLUSIONS (Including but not limited to):	• Unknown & undisclosed conditions • Punitive, exemplary damages, fines • Workers' Compensation • Employer's Liability • Known, undisclosed underground storage tanks • Contractual liability (except an "insured contract") • Automobiles, aircraft and watercraft • Divested Property • Damage to property owned, leased or in the care of the insured • Intentional disregard of statute or ordinance	Same

Alliant Insurance Services, Inc.
1301 Dove Street, Suite 200, Newport Beach CA 92660-2511 ♦ 949-756-0271
Lic #0C36861 ♦ www.alliantinsurance.com

Alliant
DRIVER SPECIALTY GROUP

CITY OF TORRANCE
NON-OWNED DISPOSAL SITE POLLUTION LIABILITY
INSURANCE PROPOSAL

EXCLUSIONS (including but not limited to) – cont.:	• Products Liability • Lead Paint & asbestos • War / hostile acts • Nuclear Hazard • Naturally occurring radioactive materials • Terrorism (unless TRIA coverage elected) • Mold, rot or other fungi	Same
SELF INSURED RETENTION:	$100,000	Same
PREMIUM:	$ 52, 937.00 – Premium $ 1,680.75 – Premium Tax & SL Fee $ 54,617.75 – Total Premium	$52,937.00 – Premium $ 1,654.28 – Premium Tax & SL Fee $54,591.28 – Total Premium
TERRORISM OPTION:	Declined	Terrorism Option can be purchased for an additional 2% of the premium
MINIMUM EARNED PREMIUM:	100%	Same
EXTENDED REPORTING PERIOD:	60 automatically provided without additional charge 36 months Supplemental Extended Reporting Period for not more than 100% of the annual premium	Same
QUOTE VALID UNTIL:	N/A	07/01/07
CONDITIONS:	N/A	None
BINDING CONDITIONS:	N/A	None

DATE PREPARED: **06/21/07**

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
1301 Dove Street, Suite 200
Newport Beach, CA 92656

Shawn Kraatz, Assistant Vice President
Matt Dunham, Account Representative

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DRIVER SPECIALTY GROUP

CITY OF TORRANCE
NON-OWNED DISPOSAL SITE POLLUTION LIABILITY
INSURANCE PROPOSAL

THIS PROPOSAL IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION.

Commissions are customarily paid by the insurance carriers to their agents and to brokers as a percentage of premiums. In addition to the commissions that Alliant Insurance Services, Inc., receives, its related entity, Alliant Underwriting Services (AUS) may receive compensation from Alliant Insurance and/or the carrier for providing underwriting services. The financial impact of the compensation received by AUS is a cost included in the premium. Additionally, the related entities of Alliant Business Services (ABS) and/or Strategic HR may receive compensation from Alliant Insurance and/or the carrier for providing designated, value-added services. Services contracted for by the client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Alliant Insurance and/or the carrier. Except as specifically directed by the client, AIS and its affiliates may also receive income as a result of contingent income agreements with insurance carriers. Further information is available upon written request directed to: Alliant Insurance Services, Attention: Chief Operating Officer, 1301 Dove Street, Suite 200, Newport Beach, CA 92660.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.

Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poors have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com

To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov

ENDORSEMENT #

This endorsement, effective 12:01 a.m., forms a part of

Policy No. issued to

by

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION LEGAL LIABILITY AND REMEDIATION LEGAL LIABILITY SCHEDULE-NON-OWNED DISPOSAL SITES - OFF-PREMISES ONLY

This endorsement modifies insurance provided under the following:

POLLUTION AND REMEDIATION LEGAL LIABILITY POLICY

In consideration of the indicated adjustment of premium, the INSURED and the Company agree to the following Policy change(s):

Premium (increase/reduction): $0

Coverage A- POLLUTION LEGAL LIABILITY and Coverage B- REMEDIATION LEGAL LIABILITY applies to POLLUTION CONDITIONS emanating from the Non-Owned Disposal site(s) below, but solely as respects liability of the INSURED, subject to the following Retroactive Date(s):

Retroactive Date

[ ] All Non-Owned Disposal Sites on file with the Company

or

[ ]	Location(s)	Retroactive Date(s)
1.	El Sobrante Sanitary Landfill (33-AA-0217) 10910 Dawson Canyon Road Corona, CA 92877	7/1/99
2.	Carson Transfer Station & MRF (19-AQ-0001) 321 W. San Francisco Street Carson, CA 90745	7/1/99
3.	Southeast Resource Recovery Facility (19-AK-0083) 4000 Seaside Blvd. Long Beach, CA 90801	7/1/99
4.	Spadra Sanitary Landfill (19-AA-0015) 4125 W. Valley Blvd. Pomona, CA 91767	7/1/99
5.	Azuza Land Reclamation Co., Inc. (19-AA-0013) 1201 W. Gladstone Azusa, CA 91702	7/1/99
6.	Bradley Landfill & Recycling Center (19-AR-0008) 9227 Tujunga Ave. Sun Valley, CA 91352	7/1/99

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7.	Commerce Refuse-To-Energy Facility (19-AA-0506) 5926 Shelia St. Commerce, CA 90040	7/1/99
8.	Nu-Way Live Oak Landfill (19-AA-0849) 13620 Like Oak Lane Irwindale, CA 91010	7/1/99
9.	Peck Road Gravel Pit (19-AA-0838) 128 E. Live Oak Ave. Montrovia, CA 91016	7/1/99
10.	Puente Hills Landfill (19-AA-0053) 2800 S. Workman Mill Rd. Whittier, CA 90601	7/1/99
11.	Olinda Alpha Sanitary Landfill (30-AB-0035) ½ NE Valencia Ave. & Carbon Canyon Rd. Brea, CA 92821	7/1/99
12.	Frank R. Bowerman Sanitary Landfill (30-AB-0360) Bee Canyon Access Rd. Irvine, CA 92602	7/1/99
13.	Simi Valley Landfill & Recycling Center (56-AA-0007) 111 W. Los Angeles Ave. Simi Valley, CA 93062	7/1/99
14.	Calmat Reliance Pit No. 2 (19-AA-0854) S. Side of Foothill Blvd. Irwindale, CA 91010	7/1/99
15.	Toland Road Sanitary Landfill (56-AA-0005) 3500 N. Toland Rd. Santa Paula, CA 93060	7/1/00
16.	Arvin Sanitary Landfill (15-AA-0050) Wheeler Ridge Rd. Arvin, CA 93203	7/1/00
17.	Chandler's Palos Verdes Sand & Gravel Co. (19-AE-0004) 26311 Palos Verde Drive East Rolling Hills Estates, CA 90274	7/1/00
18.	Chiquita Canyon Sanitary Landfill (19-AA-0052) 29201 Henry Mayo Drive Valencia, CA 91354	7/1/00
19.	Sunshine Canyon Landfill (19-AA-0853) 14747 San Fernando Rd. Sylmar, CA 91342	7/1/00
20.	CWMI Kettleman Hills Facility (16-AA-0021) 35251 Old Skyline Rd. Kettleman, CA 93239	7/1/03
21.	Prima Deshecha Sanitary Landfill (30-AB-0019) 32250 La Pata Ave. San Juan Capistrano, CA 92675	7/1/03
22.	Scholl Canyon Sanitary Landfill (19-AA-0012) 3001 Scholl Canyon Rd. Glendale, CA 91206	7/1/04
23.	Calabasas Sanitary Landfill (19-AA-0056) 5300 Lost Hills Rd. Agoura, CA 91301	7/1/04
24.	Burbank Landfill Site No. 3 (19-AA-0040)	7/1/04

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25.	Lancaster Landfill & Recycling Center (19-AA-0050) 600 E. Avenue "F" Lancaster, CA 93535	7/1/04
26.	San Clemente Island Landfill (19-AA-0063) San Clemente Island San Clemente, CA 92674	7/1/04
27.	Savage Canyon Landfill (19-AH-0001) 13919 E. Penn St. Whittier, CA 90602	7/1/04
28.	Brand Park Landfill (19-AA-0006) 1601 W. Mountain St. Glendale, CA 91206	7/1/04
29.	Antelope Valley Public Landfill I (110002845583) 1200 W. City Ranch Rd. Palmdale, CA 93551	7/1/06

This endorsement does not apply to1) POLLUTION CONDITIONS existing prior to the Retroactive Date(s) listed above including any subsequent POLLUTION CONDITIONS resulting from POLLUTION CONDITIONS existing prior to that date; and 2) Non-Owned Disposal site(s) listed on a proposed or final State Superfund List and/or Federal National Priorities List prior to 7/1/05.

All other terms and conditions remain the same.

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