

Council Meeting
June 24, 2008

Honorable Mayor and Members
of the Torrance City Council
City Hall
Torrance, CA

Members of the City Council

SUBJECT: Human Resources – Approve the purchase of Property Insurance

Expenditures: \$121,879

RECOMMENDATION

Recommendation of the Human Resources Director that the City Council approve the renewal purchase of property insurance at a premium of \$121,879.

Funding

Funds are available in the Fiscal Year 2008/09 Self-Insurance Fund Budget and the Fiscal Year 2008/09 Transit Operations Budget.

BACKGROUND

The City purchases property insurance covering buildings, contents, boilers and machinery, all vehicles valued over \$100,000 and buses and vans. The insurance provided is “all risk” coverage, subject to exclusions. The current coverage expires on July 1, 2008.

Alliant Insurance Services, The City’s insurance broker, obtained a price proposal from PEPiP, the program that insures the City. As compared with the expiring coverage, PEPiP is offering coverage with an increase in values of City property of over 9%, at a premium of \$121,879, a decrease in premium of \$1,279 (1%).

Since Fiscal Year 1993/94 the City purchased property insurance through the Public Entity Public Insurance Program (PEPiP). PEPiP is a joint purchase plan that includes the City of Torrance and hundreds of other governmental entities within. Each of the members has its own insurance policy and there is no sharing of risk between members.

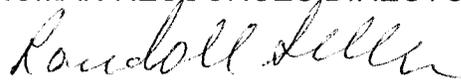
ANALYSIS

In recent years the property insurance market has fluctuated significantly. In order to mitigate cost increases, starting in FY 2001/02 the City elected to forego costly earthquake coverage, and in FY 2002/03 the City increased its deductible. ATTACHMENT A provides a summary of property insurance since FY 2002/03.

Staff recommends the renewal purchase of property insurance from PEP/IP as the insurance provides high quality property coverage at a reasonable cost.

Respectfully Submitted,

ELAINE M. WINER
HUMAN RESOURCES DIRECTOR

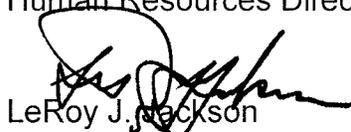


By Randall Sellers
Risk Manager

CONCUR:



Elaine M. Winer
Human Resources Director



LeRoy J. Jackson
City Manager

ATTACHMENT A: Summary of Property Insurance Premiums

ATTACHMENT A

SUMMARY OF PROPERTY AND BOILER AND MACHINERY PREMIUMS

Proposed July 1, 2008 to June 30, 2009	\$121,879
July 1, 2007 to June 30, 2008 Property and Boiler and machinery	\$123,158*
July 1, 2006 to June 30, 2007 Property and Boiler and machinery	\$113,616*
July 1, 2005 to June 30, 2006 Property and Boiler & Machinery	\$ 94,023*
July 1, 2004 to June 30, 2005 Property and Boiler & Machinery	\$111,025*
May 15, 2003 to June 30, 2004 Property	\$121,930*
Boiler & Machinery	\$ 7,235
May 15, 2002 to May 15, 2003 Property	\$144,606**
Boiler & Machinery	\$ 9,247

*Deductible \$100,000 and no earthquake coverage

**Deductible increased from \$25,000 to \$100,000, and no earthquake coverage