

Council Meeting of
June 24, 2008

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

Members of the City Council:

**SUBJECT: Human Resources and Public Works – Approve the Purchase of Non-Owned Disposal Site Pollution Liability Insurance.
Expenditure: Not to exceed \$50,858.16**

RECOMMENDATION

Recommendation of the Public Works and Human Resources Directors that City Council approve the renewal purchase of Non-Owned Disposal Site Pollution Liability Insurance from Indian Harbor Insurance Company, through Alliant Insurance Services, the City's insurance broker, at a premium of \$50,858.16. The policy period will be July 1, 2008 through June 30, 2009.

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 Non-Owned Disposal Site Pollution Liability Insurance. ATTACHMENT A provides a summary of this coverage since FY 2003/04. The current coverage expires on July 1, 2008. The expiring policy provides 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 \$54,591.28, including taxes and fees.

The renewal policy offers identical coverage to the expiring policy at a premium of \$50,858.16, which is approximately 7% less than the prior premium. The reduction in premium is due to a softening of the commercial insurance market as well as the City's good loss history.

ANALYSIS

Indian Harbor is offering coverage at a premium reduction of 7%. Indian Harbor is a financially secure company with a Best's Rating of A+ (Superior) class xi. Staff recommends renewal of this coverage with Indian Harbor.

Respectfully Submitted,



By Matthew Knapp
Sanitation Services Manager



By Randall Sellers
Risk Manager

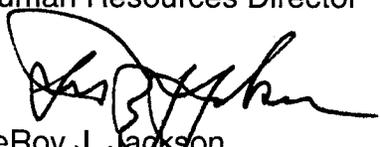
CONCUR:



Robert Beste
Public Works Director



Elaine M. Winer
Human Resources Director



LeRoy J. Jackson
City Manager

ATTACHMENT A: INSURANCE SUMMARY

NON-OWNED DISPOSAL SITE POLLUTION LIABILITY COVERAGE HISTORY

POLICY PERIOD	INSURER	RETENTION	LIMITS	PREMIUM
2008/09	Indian Harbor	\$100,000	\$10,000,000	\$50,858.16
2007/08	Indian Harbor	\$100,000	\$10,000,000	\$54,591.28
2006/07	Indian Harbor	\$100,000	\$10,000,000	\$54,617.75
2005/06	Indian Harbor	\$100,000	\$10,000,000	\$59,971.66
2004/05	Gulf Insurance	\$100,000	\$10,000,000	\$70,573.90
2003/04	Gulf Insurance	\$100,000	\$10,000,000	\$53,486.81