

Council Meeting
June 28, 2011

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: \$147,718

RECOMMENDATION

Recommendation of the Acting Human Resources Director that City Council approve the renewal purchase of property insurance from Alliant Insurance Services, for the period of July 1, 2011 to July 1, 2012, at a premium not-to exceed \$147,718.

Funding

Funding is available Self-Insurance Fund and Transit Fund Operating Budget for FY 2011/12.

BACKGROUND

The City purchases property insurance covering buildings, contents, boilers & machinery, and vehicles, subject to deductibles between \$1,000 and \$100,000 depending upon the type of property. The insurance provided is “all risk” coverage, subject to exclusions. The current coverage expires on July 1, 2011.

Alliant Insurance Services, the City’s insurance broker, obtained a renewal proposal from the Public Entity Insurance Program (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 almost 1%, at a premium of \$147,718, an increase in premium of approximately 2% from the prior premium of \$144,861. There are two reasons for the slight price increase, the increase in the City’s insurable values and large property losses worldwide.

For many years the City has purchased property insurance through PEPIP. PEPIP is a joint purchase plan that includes the City of Torrance and hundreds of other governmental entities. Each of the members has its own insurance

policy and there is no sharing of risk between members. However, very competitive rates are received due to the large size of the program.

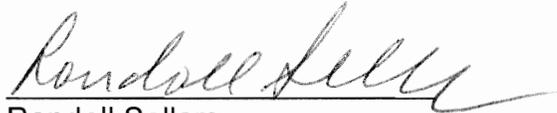
ANALYSIS

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 2006/07)

In addition to the premium proposal from PEPiP, the broker indicated premiums on stand-alone policies would be at least double the premium offered by PEPiP.

Staff recommends the renewal purchase of property insurance from PEPiP as the insurance provides high quality property coverage at reasonable cost.

Respectfully Submitted,



Randall Sellers
Human Resources Director (Acting)

CONCUR:



LeRoy J. Jackson
City Manager

ATTACHMENT: A - Summary of Property Insurance since 2006/07

ATTACHMENT A

SUMMARY OF PROPERTY INSURANCE

<i>Proposed Renewal July 1, 2011 to July 1, 2012</i>	\$147,718
July 1, 2010 to July 1, 2011 Property and Boiler & Machinery	\$144,861
July 1, 2009 to July 1, 2010 Property and Boiler & Machinery	\$146,879
July 1, 2008 to July 1, 2009 Property and Boiler & Machinery	\$121,879
July 1, 2007 to July 1, 2008 Property and Boiler & Machinery	\$123,158
July 1, 2006 to July 1, 2007 Property and Boiler & Machinery	\$113,616