



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL AND
REDEVELOPMENT AGENCY BOARD

FROM: Julia H. Cooper
Richard Keit

SUBJECT: APPROVAL OF CITYWIDE
INSURANCE RENEWALS

DATE: September 7, 2011

Approved

Date

9-14-11

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Adopt a resolution authorizing the Director of Finance to select and purchase certain City and Redevelopment Agency insurance policies (property and liability for the City; property only for the Redevelopment Agency) for the period October 1, 2011 to October 1, 2012, at a total cost not to exceed \$1,500,000 for all policies, with the following insurance carriers:

1. Lexington Insurance Company, (Boston, MA) for Property, including Boiler & Machinery
2. National Union Fire Insurance Company (New York, NY) to provide the following coverage:
 - Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (Primary and Excess)
 - Police Aircraft Hull & Liability including War Risks & Extended Perils.
3. St Paul/Travelers Insurance Company, (Hartford, CT) for Automobile Liability (Airport fleet vehicles and Shuttle Buses physical damage only/WPCP fleet vehicles), and
4. Indian Harbor Insurance Company, (Stamford, CT) for Secondary Employment Law Enforcement Professional Liability.

OUTCOME

City Council and Redevelopment Agency Board approval of the insurance renewals will ensure the City maintains appropriate insurance coverage to provide financial protection from catastrophic loss for the City.

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EXECUTIVE SUMMARY

Insurance policies provide financial protection in the event of catastrophic loss for the City of San José. Annually, the Finance Department¹, on behalf of the City and the Redevelopment Agency, analyzes the City's insurance coverage with their Insurance Broker, Marsh Risk and Insurance Services (Marsh USA). Marsh receives competitive quotes from the insurance market and presents them to the City for consideration. After reviewing the scope of coverage, cost, financial strength to pay claims and resources available to provide services, the Finance Department determines the appropriate insurance coverage and carriers for a one year term.

BACKGROUND

The City of San Jose ("City") and the Redevelopment Agency of the City of San José transfers exposures for catastrophic events via insurance policies when the frequency of events cannot be predicted, the severity of potential losses could seriously hamper operations, and where the cost of coverage is not prohibitive.

The City purchases a number of different insurance policies with annual premiums below \$100,000 and/or with different expiration dates (i.e. Fiduciary Liability, Fine Arts, and others). The insurance policies addressed in this memorandum have an annual renewal date of October 1, 2011. The premiums reflected are as of the October 1, 2011, and are subject to change during term based on additions and/or deletions to the policies as completed construction projects are added to the citywide property policy, and property values are adjusted based on current replacement values. The results for the October 1, 2011, insurance renewal are a reflection of the ever-changing market conditions. Generally the marketplace today is continuing an extended soft phase of the insurance cycle, which is favorable to buyers. This will result in the City continuing with terms and conditions that are largely unchanged from a year ago, with a possible upturn in premiums predicted prior to the next annual renewal period.

ANALYSIS

Annually, the Finance Department reviews the City's and Redevelopment Agency's risk exposures with the City's insurance broker. On June 30, 2008, Marsh Risk & Insurance Services ("Marsh") was selected through a competitive RFP process as the City's broker, and has been working diligently with the Finance Department to obtain cost effective insurance coverage.

The City, through Marsh, solicited major international insurance carriers to provide premium quotes for the aforementioned policies. The quotes were compared and evaluated with respect to scope of coverage, cost, and insurers' financial strength to pay claims, and availability of resources to provide services such as property inspections and loss control. Appendix A reflects the best value coverage, renewal premiums and insurance carriers available. The quoted renewal premiums are subject to market fluctuation prior to October 1, 2011. Additionally, further premiums may be payable based upon the addition of covered properties during the policy term. Appendix B provides a comparison of insurance premiums by fund and type of insurance. This

¹ Risk / Insurance Management Program transferred from Human Resources Department to the Finance Department in July 2011.

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comparison shows that the aggregate insurance quotes received are 3% lower than the quotes the City received last year. This incorporates a 2.7% decrease in City insured property values and a 7% decrease in the number of police officers in the secondary employment program.

Consistent with the City's annual insurance renewal process, staff, working with our insurance broker, examined the City's existing insurance program along with alternative coverage that could be considered. Staff also worked with the Agency and the affected departments listed under the coordination section below to determine their insurance needs for City property and facilities. The coverage examined for this renewal period is described below in two categories; (A) insurance coverages recommended and (B) insurance coverages which are not cost effective and therefore not recommended for purchase.

A. Insurance Coverage Recommended

1. All Risk including Boiler & Machinery Property Insurance

Provides coverage for City and Agency owned and leased real and personal property (including buildings, contents, business interruption, boiler and machinery, EDP equipment and media, fine arts, loss of rents, expediting expenses, off premises services interruption, unnamed locations, transit, accounts receivable, valuable papers, and other coverage as detailed in the policy forms subject to sub-limits as defined in the policy). The City is in the second year of a two-year rate guarantee, subject to terms and conditions of its "Successive Renewal Agreement". The property insurance limit is \$1 billion with a \$100,000 deductible per occurrence. The annual rate per \$100 of insured value remained the same for the 10/1/2011 renewal at 0.0336 per \$100; based on the two-year rate guarantee secured by the City last year.

Insurance Carrier: Lexington Insurance Company

2. Airport Owners and Operators Liability including War Risks & Extended Perils Coverage

Provides coverage for those sums that the City becomes legally obligated to pay as damages because of bodily injury, property damage and personal injury resulting from airport operations. Additionally, program provides coverage for bodily injury or property damage caused by war and other perils.

Insurance Carrier: National Union Fire Insurance Company

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3. Secondary Employment Law Enforcement Professional Liability

Provides coverage for an actual or alleged error or omission, negligent act, neglect or breach of duty by the City's police officers who have been approved to participate in the Secondary Employment program by the City's Secondary Employment Unit (SEU) while conducting law enforcement activities on behalf of an approved third party secondary employer, which result in bodily injury, property damage or personal injury.

Insurance Carrier: Indian Harbor Insurance Company

4. Auto Liability

Provides coverage for bodily injury, property damage and personal injury for claims arising out of the operation of the Airport and Water Pollution Control Plant auto fleets.

Insurance Carrier: St. Paul / Travelers Insurance Company

5. Airport Shuttle Bus –Physical Damage

Provides comprehensive physical damage (i.e. fire, theft, vandalism, malicious mischief) and collision damage subject to a \$25,000 deductible.

Insurance Carrier: St. Paul / Travelers Insurance Company

6. Police Aircraft Hull and Liability~ including War Risks & Extended Perils Coverage

Provides coverage for those sums that the City becomes legally obligated to pay as damages because of bodily injury (including passengers), property damage and hull coverage for the Cessna 182 and American Eurocopter EC 120B. Additionally, program provides coverage for bodily injury or property damage caused by war and other perils resulting from aviation operations. Provides coverage for two (2) aircraft, N408DC and N2705 with current hull values of \$1,750,000 and \$257,000 respectively and limit of liability of \$50,000,000. War coverage was included within this policy. Insurers who previously declined to quote this renewal include Starr Aviation, Global Aerospace and Allianz.

Insurance Carrier: National Union Fire Insurance Company

Appendix A provides a detailed table comparing the current insurance program by coverage levels, carrier(s) and premiums to the recommended renewal program.

B. Insurance Coverage Not Recommended

While the insurance coverages described below are not cost effective to the City today, Finance Department staff in consultation with our insurance broker will continue to review the cost and make recommendations to purchase insurance coverage to the extent the purchase of any or all of these coverages become cost effective in the future.

1. Terrorism Risk Insurance Act of 2002 (TRIA)

Provides coverage for insured losses resulting from certified acts of terrorism as defined by TRIA. For those participating, coverage is currently provided through a temporary Federal program. TRIA was extended by Congress on December 31, 2005 for an additional two years to expire on December 31, 2007, and has since been extended again and amended, as explained below.

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2007 to expire on December 31, 2014, requires that insurers advise clients, prior to the renewal date of their current policy of their option to elect or reject terrorism coverage under the act as part of their property renewal policy. It also requires insurers to disclose the cost of such coverage for the policy term. The act provides licensed, admitted carriers with a substantial federal reinsurance backstop for terrorism acts that are certified by the Secretary of the Treasury of the United States as covered events (known as certified losses). Generally speaking, the act responds strictly to events that take place within the United States, its protectorates, territories, and possessions. The City first considered purchase of TRIA coverage on January 28, 2003 (item #3.6), after it was first offered following enactment of the legislation and again in June 2003 and September 2004 in conjunction with the renewal of the City's policies. The City continues to decline to purchase this coverage based on the assessment of the risk and the cost and coverage limitations.

The coverage under TRIA is very specific and somewhat limited. There are several very specific requirements for TRIA coverage to apply, as briefly summarized below:

- The Secretary of the Treasury must certify an event as an "Act of Terrorism". To qualify as an "act of terrorism", the event must be committed by an individual or individuals acting on behalf of any person or interest to coerce the civilian population of the U.S. or influence U.S. policy or conduct by coercion. Originally limited to "foreign" acts of terrorism, note that "domestic terrorism" like the Oklahoma City bombing is now considered an "Act of Terrorism" under the renewed TRIA.
- An "Act of Terrorism" is defined as any violent act or act that is dangerous to life or property that results in damage totaling at least \$5 million in the United States. Acts committed as part of a war declared by Congress are excluded from the scope of the definition.

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- The terms and conditions of coverage (limit, deductible, etc.) are governed by the specific policy.
- Under TRIA, there is a \$5 million aggregate requirement. Total damages suffered by all insureds from an "Act of Terrorism" as defined by TRIA must be at least \$5 million. If the \$5 million threshold is met, coverage applies subject to specific policy terms and conditions. In the case of the property insurance program, a \$100,000 per occurrence deductible would apply.

The cost of purchasing TRIA coverage is summarized below:

All Risk and Boiler & Machinery Property Insurance	\$ 146,779
Airport Owners and Operators Liability	\$ 4,732
Police Aircraft Hull & Liability	<u>\$434</u>
Total estimated TRIA Premium	\$ 151,945

See Appendix A for detailed description on costs associated with TRIA.

2. Excess Workers' Compensation

This excess insurance indemnifies the City for Workers' Compensation Claims. In the spring of 2004, the City's previous insurance broker evaluated the benefits and costs of obtaining Excess Workers' Compensation insurance. The cost of purchasing Worker's Compensation insurance was determined to be prohibitive at that time. At that time, the Finance Department in conjunction with the City's insurance broker explored several options associated with managing the costs and transferring the risk associated with the City's Worker's Compensation program. These options included:

- Excess Workers' Compensation Coverage
- Guaranteed Cost/First Dollar Workers' Compensation Coverage
- Loss Portfolio Transfer (selling the City's outstanding liabilities associated with Worker's Compensation claims to an insurance company)

In each instance, the cost was determined to be prohibitive. Over the next twelve (12) months, Marsh will continue to explore whether the costs associated with these options have become any more financially viable.

3. Excess Liability

Indemnifies the City for third-party claims alleging Bodily Injury, Property Damage, and Personal Injury arising from City premises, operations and vehicles.

The City has historically been self-insured for its exposures to third-party liability claims, with the exception of the Airport Owners and Operators Liability Insurance program.

The Finance Department in conjunction with Marsh analyzed the excess liability

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commercial insurance market and concluded with a recommendation that such coverage not be purchased. Principal findings of that review are summarized as follows:

- Lowest Self Insured Retention (SIR) the commercial marketplace offered is \$2 million/occurrence.
- City's 10-year loss history includes no single liability loss that exceeded \$2 million.

Recap of commercial insurance premium indications included the following²:

- \$50M limit/\$2M SIR \$723,418 annual premium
- \$50M limit/\$5M SIR \$542,000 annual premium
- \$50M limit/\$10M SIR \$240,000 annual premium

The City also obtained coverage indications from the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a large statewide joint powers authority of California public entities, including cities, summarized as follows³:

- \$15M limit/\$1M SIR \$1,848,473 annual premium
- \$15M limit/\$2M SIR \$945,072 annual premium
- \$15M limit/\$3M SIR \$698,834 annual premium
- \$15M limit/\$5M SIR \$312,640 annual premium

Even at the much lower limit of \$15 million, premiums are higher than the commercial insurance costs of comparable SIRs. Given that no recent City losses exceed the minimum SIR offered by either the commercial insurance market or joint powers authorities; the commercial insurance marketplace is largely unchanged from last year; and, the City's finances continue to be constrained, it is not recommended that commercial excess liability insurance be purchased at this time.

In the event the City experiences a catastrophic loss. Options exist for payment of claim(s). Options include the issuance of so-called judgment bonds (no greater than 40 year term), as well as court-ordered installment payments (no greater than 10 year period). It should be noted that these options require either a successful validation action for the first option, and court approval is required for the second option.

4. Earthquake

Provides coverage for damage caused by the peril of earthquake or volcanic action. The coverage is limited to direct damage caused by an earthquake.

Earthquake insurance is another type of coverage that has become cost prohibitive. During last year's marketing efforts, we found that the cost for \$5 Million in coverage

² These premium quotes were obtained in advance of renewal last October and have not been refreshed; however, Marsh has indicated that they remain representative.

³ These premium quotes were also obtained in advance of renewal last October on an informal basis; in order to obtain new quotes, City is required to file a formal application.

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was in excess of \$500,000 annually. The insurance markets that write catastrophic covers (flood, wind, and earthquake) have reduced available capacity along with increasing insurance rates. This pricing level, the minimum deductible of 5% of the values at risk, and the relatively low limits of coverage available, make it uneconomical to purchase coverage citywide.

Appendix B provides a comparison of the allocation of insurance premiums by fund and insurance type between October 2010 renewal and the proposed October 2011 renewal.

EVALUATION AND FOLLOW-UP

The City Council will be informed as to the status of these policies as part of the annual renewal process each September or by Supplemental Memorandum if necessary.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1M or greater.
(Required: Website Posting)

- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
(Required: E-mail and Website Posting)

- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.
(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

COORDINATION

This memo has been coordinated with the following departments: Airport, Transportation, Police, Housing, Environmental Services, City Manager's Budget Office, and the City Attorney's Office.

BUDGET REFERENCE

The insurance policies are funded by appropriations in the 2011-2012 Operating Budget.

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract(1)	2011-12 Proposed Oper. Budget Page*
001	2001	Insurance Premiums	549,000	471,259	IX-24
001	2864	Police Officers Professional Liability	190,000	157,887	IX-21
001	0502	Non-Personal (Police)	22,038,073	36,805	VIII-287
523	0802	Non-Personal (Airport)	37,581,440	489,503	XI-3
536	3405	Insurance Expense	98,000	93,857	XI-24
518	0642	Non-Personal (PRNS)	25,000	623	XI-69
533	0512	Non-Personal (DOT)	4,437,683	41,962	XI-39
513	0762	Non-Personal (ESD)	25,548,275	125,694	XI-77
443	0109	Loan Management (Housing)	250,000	3,014	XI-53
Total			90,717,471	1,420,604	

* The 2011-2012 Proposed Budget was adopted by the City Council on June 21, 2011.

In addition, cost not to exceed \$10,000 will be charged to the Redevelopment Agency to provide insurance coverage for the Agency's properties. Funding for the proposed insurance policies is included in the Agency Adopted FY 2011-12 Capital Budget.

- (1) The Amount for Contract is subject to change up until the beginning date of the contract therefore, current estimates are lower than the recommended contract amount not to exceed \$1.5 million.
- (2) Allocated premium for Housing will be invoiced directly to Housing for payment.

CEQA

Not a Project, File No. PP 10-066 (a)~ Agreements and Contracts for purchase of insurance.

/s/

JULIA H. COOPER
 Acting Director of Finance

/s/

RICHARD KEIT
 Managing Director, Redevelopment Agency

If you have questions, please contact John Dam, Deputy Director, at 975-1438.

Appendix A
 Appendix B

APPENDIX A

1.) ALL RISK AND BOILER & MACHINERY PROPERTY INSURANCE

	Current Program 10/1/2010– 10/1/2011	Renewal Program 10/1/2011 – 10/1/2012
Carrier	Lexington Insurance Company Boston, MA	Lexington Insurance Company Boston, MA
Total Insurable Values	2,970,612,003	\$ 2,890,588,227
Limit of Liability	\$1,000,000,000 subject to a \$100,000 Deductible Per Occurrence – Option 1 \$250,000 Deductible Per Occurrence – Option 2	\$1,000,000,000 subject to a \$100,000 Deductible Per Occurrence
Boiler & Machinery	Included	Included
Earthquake	Excluded. Relatively low limits available, 5% deductible, high premium – not recommended	Excluded. Relatively low limits available, 5% deductible, high premium – not recommended
Flood	\$100,000,000 but not to exceed \$25,000,000 in Zone B and \$15,000,000 in Zone A. Locations Specified in the insurance policy on file in Risk Management	\$100,000,000 but not to exceed \$25,000,000 in Zone B and \$15,000,000 in Zone A. Locations Specified in the insurance policy on file in Risk Management
Other Sub-limits	Other sub-limits as outlined in the insurance policy on file in Risk Management	Other sub-limits as outlined in the insurance policy on file in Risk Management
Terrorism and Non Certified Act of Terrorism	Excluded	Excluded
Average Rate Per \$100 of Values	.0336 (account rate per two-year rate guarantee)	.0336 (account rate per two-year rate guarantee)
Annual Premium	\$ 998,673 Annual Premium \$ 32,457 surplus lines taxes, fees (3.25%) \$1,031,130 Total Annual	\$ 971,238 Annual Premium \$ 31,565 surplus lines taxes, fees (3.25%) \$ 14,226 contracted broker fee \$ 1,017,029 Total Annual
Engineering Services	Included	Included
Multiyear Agreement	Offers a two year rate guarantee – Refer to policy for terms and conditions.	2nd year of two year rate guarantee – Refer to policy for terms and conditions.
Optional TRIA Premium (not recommended for purchase)	\$150,306 Additional	\$ 146,779 Additional

2.) AIRPORT OWNERS AND OPERATORS LIABILITY – ACE USA QUOTE

	Current Program 10/1/2010 – 10/1/2011	Renewal Program 10/1/2011 – 10/1/2012
Carrier	National Union Fire Insurance Company, New York, NY	National Union Fire Insurance Company, New York, NY
Coverage and Deductible	Airport Liability - \$200,000,000 each occurrence combined single limit for bodily injury and property damage, with a \$50,000,000 each occurrence limit for personal injury, war risk liability at \$100,000,000 each occurrence and in the annual aggregate and \$50,000,000 Excess Automobile and Excess Employers Liability. Deductible: \$25,000 each occurrence, excluding all loss adjusting and litigation defense costs	Airport Liability - \$200,000,000 each occurrence combined single limit for bodily injury and property damage, with a \$50,000,000 each occurrence limit for personal injury, war risk liability at \$100,000,000 each occurrence and in the annual aggregate and \$50,000,000 Excess Automobile and Excess Employers Liability. Deductible: \$ 0 each occurrence
Annual Premium	\$111,577	\$114,723
Current War Risk & Extended Perils, Terrorism	\$ 13,948	\$ 7,170 \$ 2,667 Contracted broker fee
Total (Including Taxes/Fees)	\$125,525	\$ 124,560
Optional TRIA premium (not recommended for purchase)	\$ 9,205	\$ 4,732

3.) SECONDARY EMPLOYMENT LAW ENFORCEMENT PROFESSIONAL LIABILITY

	Current Program 10/1/2010– 10/1/2011	Renewal Program 10/1/2011 – 10/1/2012
Carrier	Indian Harbor Insurance Company Stamford, CT	Indian Harbor Insurance Company Stamford, CT
Limits of Insurance and Deductibles	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate Subject to a \$100,000 Deductible Each Claim	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate Subject to a \$100,000 Deductible Each Claim
Average Rate per Officer	\$165 (per 1,010 officers at policy inception)	\$171 (872 officers at policy inception)
Annual Premium	\$166,650	\$151,074
Surplus Lines Taxes and Fees	\$ 5,416	\$ 4,910 \$ 1,653 Contracted broker fee
Fees (if any)	\$ 250	\$ 250
Total Annual Premium	\$187,578	\$ 157,887

4.) AUTOMOBILE LIABILITY FOR THE AIRPORT FLEET & AIRPORT SHUTTLE BUS FLEET
PHYSICAL DAMAGE

	Current Program 10/1/2010 – 10/1/2011	Renewal Program 10/1/2011 – 10/1/2012
Carrier	St. Paul/Travelers Hartford, CT	St. Paul/Travelers Hartford, CT
Coverage and Deductibles	Auto Liability – Fleet Only \$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto – No Buses) Physical Damage – Buses Only Per Schedule Subject to \$25,000 Comp/Coll Deductible \$500 Comp/Coll Deductible for Hired Physical Damage	Auto Liability – Fleet Only \$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto – No Buses) Physical Damage – Buses Only Per Schedule Subject to \$25,000 Comp/Coll Deductible \$500 Comp/Coll Deductible for Hired Physical Damage
Exposure	Number of Units 112	Number of Units 106
Average Rate Per Unit	\$610	\$641
Annual Premium	\$68,318	\$67,893 \$ 1,238 Contracted broker fee \$69,131

5.) AUTOMOBILE LIABILITY - WATER POLLUTION CONTROL PLANT FLEET

	Current Program 10/1/2010– 10/1/2011	Renewal Program 10/1/2011– 10/1/2012
Carrier	St. Paul/Travelers Hartford, CT	St. Paul/Travelers Hartford, CT
Coverage	\$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto) \$ 3,500 Property Damage UM	\$1,000,000 Combined Single Limit (Any Auto) \$1,000,000 UM/UIM (Owned Autos) \$ 5,000 Medical Payments (Any Auto) \$ 3,500 Property Damage UM
Exposure	Number of Units 39	Number of Units 41
Average Rate Per Unit	\$561	\$589
Annual Premium	\$21,891	\$24,164 \$ 441 Contracted broker fee \$24,605

6.) POLICE AIRCRAFT HULL AND LIABILITY

	Current Program 10/1/2010 – 10/1/2011	Renewal Program 10/1/2011– 10/1/2012
Carrier	National Union Fire Insurance Company New York, NY	National Union Fire Insurance Company New York, NY
Coverage	Aircraft Hull and Liability - \$50,000,000 each occurrence for liability. Hull coverage: Cessna \$257,000 Eurocopter \$1,750,000 Deductible: Liability – NIL <ul style="list-style-type: none"> • Hull/Cessna - \$500 per occurrence (in-motion) • Hull/Cessna - \$100 per occurrence (not in-motion) • Hull/Eurocopter – \$25,000 per occurrence (rotors in-motion) • Hull/Eurocopter - \$ 500 per occurrence (rotors not in motion) 	Aircraft Hull and Liability - \$50,000,000 each occurrence for liability. Hull coverage: Cessna \$250,000 Eurocopter \$1,750,000 Deductible: Liability – NIL <ul style="list-style-type: none"> • Hull/Cessna - \$500 per occurrence (in-motion) • Hull/Cessna - \$100 per occurrence (not in-motion) • Hull/Eurocopter –\$25,000 per occurrence (rotors in-motion) • Hull/Eurocopter - \$500 per occurrence (rotors not in-motion)
Annual Premium	\$34,534	\$ 34,544
Surplus Lines Taxes and Fees	N/A	N/A
War Liability & Hull – both aircraft	\$ 1,474	\$ 1,473 \$ 788 Contracted broker fee
Total	\$36,008	\$ 36,805
TRIA (if purchased with War	\$ 434	\$ 434

APPENDIX B

Insurance Policies with October 1 Renewal Date
Allocation of Insurance Premiums by Fund & Type of Insurance

	<u>FY 2010-11 Premiums 12 Months</u>	<u>FY 2011-12 Premiums 12 Months</u>	<u>Percentage Increase/ Decrease</u>
General Fund - Fund 001			
Property Insurance	\$ 476,112	\$ 471,259	-1%
Police Secondary (1)	\$ 187,578	\$ 157,887	-16%
Police Air Support (Hull & Liab.)	\$ 36,008	\$ 36,805	2%
Subtotal	\$ 699,698	\$ 665,951	-5%
Airport - Fund 523			
Property Insurance	\$ 217,581	\$ 295,812	36%
Liability Insurance	\$ 125,525	\$ 124,560	-1%
Auto Liability Insurance	\$ 68,318	\$ 69,131	1%
Subtotal	\$ 411,424	\$ 489,503	19%
ESD - Fund 513			
Property Insurance	\$ 137,833	\$ 101,089	-27%
Auto Insurance	\$ 21,891	\$ 24,605	12%
Subtotal	\$ 159,724	\$ 125,694	-21%
Convention and Cultural Affairs - Fund 536			
Property Insurance	\$ 124,842	\$ 93,857	-25%
Subtotal	\$ 124,842	\$ 93,857	-25%
Municipal Golf Course - Fund 518			
Property Insurance	\$ 867	\$ 623	-28%
Subtotal	\$ 867	\$ 623	-28%
General Purpose Parking - Fund 533			
Property Insurance	\$ 58,377	\$ 41,962	-28%
Subtotal	\$ 58,377	\$ 41,962	-28%
Redevelopment Agency			
Property Insurance (2)	\$ 15,518	\$ 9,412	-39%
Subtotal	\$ 15,548	\$ 9,412	-39%
Housing			
Property Insurance (3)		\$ 3,014	
Subtotal		\$ 3,014	
TOTAL	\$ 1,470,480	\$ 1,430,017	-2.8%

(1) Each Police Officer participating in the secondary employment program pays \$110 toward the premium cost. Renewal premium is based on 872 officers at policy inception.

(2) Allocated premium for RDA will be invoiced directly to RDA for payment.

(3) Allocated premium for Housing will be invoiced directly to Housing for payment.

PROPERTY PREMIUM ALLOCATION

Fund #	LOCATION	TOTAL INSURED VALUE	% of TIV	Total Annual Cost Allocation	Fund Allocation
1	Main Buildings	\$ 507,714,583	17.56%	178,635.06	
1	Charged Back Properties	\$ 252,540,041	8.74%	88,854.06	
1	Community Centers	\$ 138,769,415	4.80%	48,824.84	
1	Libraries	\$ 176,874,420	6.12%	62,231.76	
1	Police Buildings	\$ 116,277,615	4.02%	40,911.29	
1	Fire Stations	\$ 147,231,498	5.09%	51,802.15	\$ 471,259
523/519	Airport	\$ 840,754,166	29.09%	295,812.20	\$ 295,812
513	ESD	\$ 287,313,721	9.94%	101,088.89	\$ 101,089
536	Convention Properties	\$ 266,759,265	9.23%	93,856.98	\$ 93,857
518	Municipal Golf Course	\$ 1,771,547	0.06%	623.30	\$ 623
533	Parking Garages	\$ 119,263,845	4.13%	41,961.97	\$ 41,962
	Housing	\$ 8,567,110	0.30%	3,014.26	\$ 3,014
	Redevelopment Agency	\$ 26,751,000	0.93%	9,412.11	\$ 9,412
		\$ 2,890,588,227	100.00%	\$ 1,017,029	\$ 1,017,029

Premium rate per \$100 of TIV	\$	0.0336	
Total Premium	\$	971,238	
Surplus Lines Taxes	\$	31,565	(3.25% of total premium)
Broker's fee	\$	14,226	
Total Annual Cost	\$	1,017,029	

TIV - FY 2010-11	\$	2,970,612,003
Net Change vs. FY 2011-12	\$	(80,023,776)
% Change vs. FY 2011-12		-2.7%