



Legislation Text

File #: 24-597, **Version:** 1

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SUBJECT: Approval of Property, Boiler and Machinery Insurance Renewal Through Alliant Property Insurance Program in the Amount of \$1,204,290.47 for Program Year 2024/2025

REPORT IN BRIEF

Considers approving the renewal of the City's policy through Alliant Property Insurance Programs (APIP) at 14.80% premium increase, amounting to \$1,204,290.47 for program year 2024/2025.

RECOMMENDATION

City Council - Adopt a motion:

- A. Ratifying the renewal of the property and boiler and machinery insurance through the Alliant Property Insurance Programs (APIP), administered by Alliant Insurance Services for the period of July 1, 2024, through June 30, 2025; and,
- B. Authorizing the City Manager to execute the necessary documents.

ALTERNATIVES

- 1. Approve, as recommended by staff; or,
- 2. Refer to staff for further study; or,
- 3. Take no action.

AUTHORITY

Charter of the City of Merced, Article XI, Fiscal Administration.

CITY COUNCIL PRIORITIES

As provided for in the 2024-25 Adopted Budget.

DISCUSSION

The City of Merced joined the Public Entity Property Insurance Program (PEPIP), a group purchasing program, as authorized by the City Council in 1993. The PEPIP program changed its name to Alliant Property Insurance Programs (APIP) after having merged with two other large Alliant Insurance purchasing pools. APIP now insures approximately 10,000 members with a total insurance value of \$500 billion. The advantage of being a member of a purchasing group is that we can capitalize on lower premium rates based on the volume and value (per hundred dollars) of insured property.

After multiple years of a difficult property market with double digit rate increases, the property market is significantly improving as we approach the 7/1/2024 APIP renewal. While the market is much

better this year, we do expect most insureds in the APIP program to have single digit rate increases at renewal. Generally, Insured's that are loss free and/or non-Catastrophe (CAT) exposed will have lower than average rate increases while insured's that are loss challenged and/or CAT exposed will have higher than average rate increases.

The City experienced an increase in account rate (per hundred dollars) of 14.80% in the amount of \$1,204,290.47 for all premiums (based on today's total insured values of \$437,265,220 which increased 12.58%), the total account rate of \$0.2754142 for program year 2024/2025. Last year the rate was \$0.2013782.

The City experienced an increase in Property annual premium of 15.11% in the amount of \$1,183,854.64. There was also an increase in Pollution Liability annual premium of 29.47% in the amount of \$4,460.47, but a decrease in Cyber Liability annual premium of -6.96% in the amount of \$15,975.36.

The City maintained a per occurrence; all Perils, Coverages of \$500,000,000. The City maintained an all-risk deductible of \$25,000. Vehicle physical damage deductible \$25,000, except \$50,000 for police vehicles under \$250,000, \$100,000 for all vehicles with RCV of \$250,000 to \$750,000, \$250,000 for all vehicles with RCV more than \$750,000.

IMPACT ON CITY RESOURCES

Actual cost for property insurance came in below the estimated increase for Fiscal Year 2024-25 budget. The proposed budget estimated property insurance at a 25% increase, actual increase is 14.80%. Funding is available within the proposed Fiscal Year 2024-2025 Budget.

ATTACHMENTS

1. City of Merced APIP Proposal 2024/2025