



Legislation Text

File #: 17-346, Version: 1

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SUBJECT: Property, Boiler and Machinery Insurance Renewal

REPORT IN BRIEF

Consider approving the renewal of the City's policy through Alliant Property Insurance Programs (APIP) at 8.70% premium increase, amounting to \$193,426.15 for program year 2017/2018.

RECOMMENDATION

City Council - Adopt a motion 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, 2017 through June 30, 2018; and authorizing the City Manager or Assistant 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 2017-18 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 8,000 members with a total insurance value of \$400 billion. The advantage of being a member of a purchasing group is that we are able to capitalize on lower premium rates based on the volume and value (per hundred dollars) of insured property.

The property market has been in a soft cycle for the last two years with underwriters giving decreases based on the lack of catastrophe losses worldwide and a record capacity and surplus in the marketplace. The City of Merced has experienced an increase of 9.11% of total insured values amounting to \$237,641,185. However, due to the soft cycle marketplace, the City experienced a

reduction of 0.37% in account rate per hundred dollars of insured property value. The increased insurable values along with a decrease in account rate (per hundred dollars) results in an overall premium increase of 8.70% in the amount of \$193,426.15 for program year 2017/2018.

There are no changes to deductibles or levels of coverage to the property and boiler and machinery program for fiscal year 2017/2018.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.