



Legislation Text

File #: 19-365, Version: 1

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SUBJECT: Approval of the Property, Boiler and Machinery Insurance Renewal Through Alliant Property Insurance Programs in the Amount of \$336,652.81 for Program Year 2019/2020

REPORT IN BRIEF

Consider approving the renewal of the City's policy through Alliant Property Insurance Programs (APIP) at 35.44% premium increase, amounting to \$336,652.81 for program year 2019/2020.

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, 2019 through June 30, 2020; and authorizing the City Manager or the 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 FY2019-20 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 past few years. Late in 2017, the market started to firm due to an increase in catastrophe losses primarily originating from Hurricanes Harvey, Irma and Maria (HIM). Most every insured experienced rate increase in 2018, and now moving into 2019,

coupled with the real wildfire risk that has become apparent, the aforementioned catastrophes have effectively changed the market with carriers now pushing meaningful rate increase across the board. The City of Merced has experienced an increase of 18.23% in total insured values amounting to \$317,386,428. Due to the correction taking place in the marketplace, the City experienced an increase of 14.55% in account rate per hundred dollars of insured property value. The increased insurable values along with an increase in account rate (per hundred dollars) results in an overall premium increase of 35.44% in the amount of \$336,652.81 for program year 2019/2020.

There are no changes to deductibles or levels of coverage to the property and boiler and machinery program for fiscal year 2019/2020.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed. Funding is available within the Fiscal Year 2019-20 Adopted Budget.

ATTACHMENTS

1. 2019-2020 City of Merced Proposal Package