



Legislation Text

File #: 22-495, Version: 1

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SUBJECT: Approval of Property, Boiler and Machinery Insurance Renewal Through Alliant Property Insurance Program in the Amount of \$672,997.85 for Program Year 2022/2023

REPORT IN BRIEF

Considers approving the renewal of the City's policy through Alliant Property Insurance Programs (APIP) at 22.11% premium increase, amounting to \$672,997.85 for program year 2022/2023.

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, 2022 through June 30, 2023; and authorizing the City Manager or Deputy 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 2022-23 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.

The property market volatility has decreased when compared to the more challenging property market from 2018 to 2021. However, we are now seeing higher than normal value increases to adjust for inflation, supply chain issues, and increased construction costs. The City experienced an increase in account rate (per hundred dollars) of 14.87% in the amount of \$672,997.85 for all premiums (based on today's total insured values of \$334,195,918), the total account rate of \$0.2013782 for

program year 2022/2023. Last year the rate was \$0.1753048.

The City experienced an increase in Property annual premium of 20.24% in the amount of \$652,918.82. The City experienced an increase in Pollution Liability annual premium of 14.80% in the amount of \$2,546.15. The City experienced an increase in Cyber Liability annual premium of 196.92% in the amount of \$17,532.88.

The total Annual Cost is up a net of 22.11%. The City maintained an all-risk deductible of \$25,000 (APIP program as a whole deductible increased to \$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

Funding is available within the proposed Fiscal Year 2022-2023 Budget.

ATTACHMENTS

1. City of Merced APIP Proposal 2022/2023