

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATIONS**

CC: _____
Amend No. _____

Date prepared: May 24, 2011

Council Meeting Date: June 15, 2011

TO: Honorable Mayor and Council
FROM: Steve Kemp, City Attorney
SUBJECT: Award of General Liability Insurance Package FY2011

RECOMMENDATION:

Recommend that the Mayor and Council award the FY2011 insurance package as recommended by the City's insurance broker, Mesirow Financial, with the Self Insured Retention (SIR) to maintain the \$1,000,000 per occurrence limit and maintain the aggregate limit of all claims at \$2,500,000.

SUMMARY:

The general liability coverage package includes all of the City's property, liability, equipment, casualty and fidelity bonds. It does not include workers' compensation and employee benefits. The package must be renewed annually. The City's insurance broker, Mesirow, has sought and obtained bids to provide insurance coverage to the City in FY 2011.

The City added \$5,364,898 in property values this past year. That is a 1.11% increase. Even with the increase in value, we were able to get a \$10,000 decrease in our premium payment.

The vehicle fleet exposure maintained at the same level; however, the auto physical damage value attributable to vehicles valued over \$50,000 increased by 20% due to the purchase of new solid waste vehicles. This higher value resulted in a \$25,000 increase in the City's premium payment.

While the City did have a decrease of 9% of payroll, in today's insurance market the claims exposure associated with employment liability continues to grow rapidly, so as a result there is a slight increase of premium for employment practices coverage.

CITY CLERK USE ONLY:

- Consent Agenda
- Carry Over to Date: _____
- Approved
- Unfinished Business (Date heard previous: _____)
- New Business
- Public Hearing: No Action Taken

ORD. # _____ RES. # _____
LCON# _____ LIC. # _____
Action Date:

The City received a decrease in premiums, while maintaining the same level of insurance coverage, in the areas of Law Enforcement, Public Officials, and General Liability protections.

This year's total premium for the City has been quoted at \$969,725. This premium is a **3.74% decrease** from last year's amount of \$1,007,418.

The Risk Management Budget for FY11, Liability Insurance Account Number 3200-3600-523011, contains funding for up to \$1,083,611 for insurance premiums.

Therefore, the Office of the City Attorney recommends that the Mayor and Council award the FY2011 insurance package as recommended by the City's insurance broker, Mesirow Financial, with the Self Insured Retention (SIR) to maintain the \$1,000,000 per occurrence limit and maintain the aggregate limit of all claims at \$2,500,000.

FISCAL NOTE: (if applicable)

ATTACHMENT: Premium Summary

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SUPPORTING
DOCUMENTATION
PERTAINING TO THIS
AGENDA ITEM
IS ON FILE IN THE
CITY CLERK'S OFFICE