



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julia H. Cooper

**SUBJECT: APPROVAL OF CITYWIDE
INSURANCE RENEWALS**

DATE: September 13, 2021

Approved

Date

9/13/2021

SUPPLEMENTAL

REASON FOR THE SUPPLEMENTAL

The purpose of this memorandum is to provide additional information on a recent insurance quote the City received for excess flood insurance in high and moderate hazard flood zones which revises the insurance carriers in Recommendation (a)(3) in the memorandum dated August 30, 2021.

RECOMMENDATION

Adopt a resolution authorizing the Director of Finance to:

- (a) Select and purchase City property and liability insurance policies for the period of October 1, 2021 to October 1, 2022, at a total cost not to exceed \$4,024,339 as well as an 18.0% contingency for additional property or assets scheduled, subject to the appropriation of funds, with the following insurance carriers:
 - (1) Factory Mutual Insurance Company for Property Insurance, including Boiler & Machinery and Terrorism Risk Insurance Act Coverage;
 - (2) Beazley Syndicate 2623/623 at Lloyd's for Terrorism Insurance;
 - (3) The Princeton Excess and Surplus Lines Insurance Company and Arch Specialty Insurance Company for \$15 million in excess flood insurance for locations in high and moderate hazard flood zones on a 50/50 quota share basis;
 - (4) National Union Fire Insurance Company of Pittsburgh, PA, for Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (including Excess Automobile);
 - (5) Old Republic Insurance Company, for Police Aircraft Hull & Liability including War Risks & Extended Perils Coverage;

- (6) Gemini Insurance Company for Auto Liability Insurance for the vehicle fleets at the Airport and Regional Wastewater Facility;
- (7) Hanover Insurance Company for Auto Physical Damage for the Airport shuttle buses;
- (8) QBE Specialty Insurance Company for Secondary Employment Law Enforcement Professional Liability;
- (9) Hartford Life and Accident Insurance Company for Accidental Death, Accidental Dismemberment, and Paralysis Policy for the Police Air Support Unit; and
- (10) Berkley Insurance Company for Government Fidelity/Crime Coverage.

There is no change to recommendation (b).

ANALYSIS

In the original memorandum, the City received an insurance proposal for \$15.0 million in excess flood insurance for locations in high and moderate hazard flood zones on a 50/50 quota share basis at a total cost of \$249,349. The City has received an alternative proposal for \$15.0 million in excess flood insurance for locations in high and moderate hazard flood zones on a 50/50 quota share basis that reduces the overall premium, taxes, and fees by \$65,735. As a result of the new proposal, staff is revising the recommendation by modifying Recommendation (a)(3) to replace Axis Surplus Insurance Company and RSUI Indemnity Company with The Princeton Excess and Surplus Lines Insurance Company and Arch Specialty Insurance Company, as set forth below. The \$65,375 represents a savings from the total not-to-exceed cost in Recommendation (a) and will be spread to the various funds in a pro-rated manner based on insurable values.

/s/

JULIA H. COOPER
Director of Finance

For questions, please contact Miguel Bernal, Risk Manager, at miguel.bernal@sanjoseca.gov.