



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT: APPROVAL OF CITYWIDE  
INSURANCE RENEWALS**

**DATE:** August 30, 2021

Approved

Date

9/2/2021

## **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) Axis Surplus Insurance Company and RSUI Indemnity 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.

- (b) Select and purchase Additional Liability Insurance for the period of October 22, 2021 to October 22, 2022 at cost ranging from \$150,000 to \$650,000, subject to the appropriation of funds.

## **OUTCOME**

Approval of this recommendation will ensure the City maintains appropriate insurance coverage to provide financial protection from certain types of catastrophic or financial loss.

## **EXECUTIVE SUMMARY**

Commercial insurance policyholders are continuing to face challenging market conditions; however, higher rates have attracted new entrants into the marketplace and rate increases are beginning to decelerate. Policyholders are seeing the emergence of not one marketplace, but two: one for the “good” risks and another for “not so good” risks<sup>1</sup>. In addition to rate increases, commercial insurance policyholders are also facing restrictions to coverage terms and conditions on certain product lines.

The City’s exposure to natural catastrophes (flood) and its loss history also contributed to negative/unfavorable changes in the renewal pricing and terms for property and other liability insurance. Appendix A reflects the best value coverage, renewal premiums and insurance carriers presented for FY 2021-2022. The quoted renewal premiums may change with the addition or deletion of insurable properties prior to binding coverage or during the policy term. Appendix B provides a comparison of insurance premiums by fund and type of insurance. This comparison shows that the aggregate cost of insurance and broker fees is \$4,024,339 which is \$830,736 more than last year’s premium and broker fees of \$3,193,603, an 26.01% increase in total costs.

## **BACKGROUND**

Each year, the City purchases insurance to protect the City against a catastrophic event or specified perils. The decision on whether or not to purchase insurance is based on many factors including but not limited to: when the frequency of events cannot be predicted, when the severity of potential loss could seriously hamper operations, and when the cost of the insurance policy is not prohibitive.

To secure policies, the Finance Department annually reviews the City’s insurance coverage and needs with the City’s insurance broker, Alliant Insurance Services (“Alliant”). This includes analyzing the City’s risk exposures, trends in the insurance markets, insurance product line availability, and the City’s historical approach to insuring for losses. Alliant presents the City’s

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<sup>1</sup> Willis Towers Watson Marketplace Realities 2021 Spring Update

risk portfolio to insurance carriers to obtain the best value insurance coverage, solicits competitive quotations from major insurance companies for all recommended insurance product lines, and presents the results to the Finance Department for consideration.

Staff compares and evaluates the quotes based on scope of coverage, cost, the insurer's financial strength and reputation for paying claims, and the insurer's availability of resources to provide industry-related services such as property evaluations, safety training, and loss prevention engineering services. Based on the information and analysis, the Finance Department determines the appropriate insurance coverage and recommends the most advantageous insurance policies to the City Council.

## **ANALYSIS**

The Finance Department completed the annual insurance renewal process for FY 2021-2022 with Alliant and recommends the insurance coverage described below.

### **A. Insurance Coverage Recommended**

#### **1. All Risk Property including Boiler & Machinery Insurance**

Provides coverage for City-owned and leased real and personal property (including buildings, contents, business interruption, boiler and machinery, electronic data processing equipment, fine arts, loss of rents, expediting expenses, off-premises services interruption, unnamed locations, transit, animals, accounts receivable, valuable papers, data, rebuild with green upgrades, and other coverage as detailed in the policy forms subject to sub-limits as defined in the policy). This includes one property currently owned by the Successor Agency to the Redevelopment Agency ("SARA").

Property values increased by 5.98%, driven primarily by new Housing Department assets and large capital projects under construction such as the Ice Centre Expansion, Fire Department Training Center, and Emergency Operations Center that will achieve beneficial use during the policy period from October 1, 2021 to October 1, 2022. The market remains challenging, although conditions are moderating, and rate increases are decelerating; however, risks with losses or which are heavily exposed to natural catastrophe risk continue to experience difficult conditions<sup>2</sup>.

Incumbent property insurer Factory Mutual ("FM") proposed the most competitive program for this term. The property insurance limit quoted by FM is \$1.0 billion each occurrence with a \$100,000 deductible per occurrence. For locations in low hazard flood zones, the City has additional coverage for the loss peril of flood with annual aggregate limits of \$100 million and a \$100,000 per location deductible. For locations in high and

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<sup>2</sup> Aon Global Market Insights Q2, 2021

moderate hazard flood zones, the FM proposal includes annual aggregate limits of \$10 million with a \$500,000 per location deductible, with certain exceptions<sup>3</sup>. Alliant has confirmed that the option from FM is the best available to the City in terms of both cost and coverage.

A summary of key changes relative to the expiring program is provided below.

- Premium increase of \$317,926, or 16.05% from the previous fiscal year renewal, excluding coverage under the Terrorism Risk Insurance Act (“TRIA”)
- Reduction in flood policy limits available for locations in high hazard flood zones that do not have a carrier-approved flood emergency response plan from \$10 million to \$2 million
- Reduction in policy limits available for property damage and related business interruption for losses caused by a Cyber Event from \$1 million to \$10,000
- Addition of a Representation of Risk clause which describes the carrier’s expectations for the reporting of total insured values

As a result of the new Representation of Risk clause that will be added to the policy effective October 1, 2022, the City will be conducting property appraisals to update the replacement cost values at two (2) of its largest insured locations, Norman Y. Mineta San José International Airport (“Airport”) and the San José-Santa Clara Regional Wastewater (“RWF”) facility by the time the City submits an updated property schedule in May 2022.

In addition to the insurance products procured last year, the City utilized risk engineering services to evaluate four (4) City-owned properties in June and July 2020. Risk engineering services help identify common risks resulting in damage or destruction of property such as fire, flood, or other operational risks, and are geared to finding solutions aimed to reduce property loss or disruption of use. Based on FM’s recommendations, the City has developed or updated seven (7) flood emergency response plans at the locations such as the Airport, RWF, Center for Performing Arts, and Roosevelt Community Center.

Insurance Carrier: Factory Mutual Insurance Company

Annual Premium (Net) <sup>4</sup> :	\$2,298,784
Broker Fees <sup>5</sup> :	<u>59,118</u>
Total Annual Costs:	\$2,357,902

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<sup>3</sup> The Airport and Convention Center are subject to a \$10 million per location flood deductible and the RWF is subject to a \$5 million per location flood deductible.

<sup>4</sup> Net refers to gross premiums less broker commissions as broker compensation is provided through a fee agreement between the City and Alliant

<sup>5</sup> Broker fees include fees for TRIA, Stand-alone Terrorism and Excess Flood coverages

## **2. Terrorism Risk Insurance Act of 2002 (TRIA) and Terrorism Insurance**

Terrorism Risk Insurance Act (“TRIA”) coverage provides an insurance mechanism (shared by private insurance carriers and the federal government) for losses arising from acts of terrorism as certified by the Secretary of Treasury and defined by the TRIA. It does not cover liability. Coverage is currently provided through a temporary federal program for 85% of total aggregate loss up to \$100 billion in aggregate losses with total losses being no less than \$5 million. FM has provided a quote for TRIA coverage for an incremental premium of \$91,854, an 86.92% increase over the expiring premium. FM indicated that their treaty reinsurance cost has gone up, and the FM has moved to a tiered rating structure where exposures perceived to be more of a terrorism target (such as the Norman Y. Mineta San José International Airport, the McEnery Convention Center, and the SAP Center) are assigned a higher rate.

The City began purchasing stand-alone terrorism insurance in 2019. Stand-alone terrorism insurance provides a broader definition of terrorism than TRIA and includes third party liability coverage. Staff is recommending continuation of a combined property and liability policy. Beazley provided a renewal quote for \$10 million in aggregate limits for premium and fees of \$18,930, a 6.74% increase over the expiring premium.

Insurance Carrier: Factory Mutual Insurance Company (TRIA)  
Annual Premium (Net): \$91,854

Insurance Carrier: Beazley Syndicate 2623/623 at Lloyd’s  
Annual Premium (Net): \$18,930

## **3. Excess Flood**

To mitigate the impact of reduction to the base flood coverage from \$25,000,000 to \$10,000,000 from the 2019 renewal<sup>6</sup>, the City obtained an excess policy for locations in high and moderate hazard flood zones. The excess policy provides \$15,000,000 in limits excess of the primary property policy on a 50/50 quota share basis, where the City and excess insurers share the financing of losses on a 50/50 basis.

Insurance Carriers: Axis Surplus Insurance Company and RSUI Indemnity Company  
Annual Premium (Net): \$249,349

## **4. Automobile Liability for Airport Fleet & Shuttle Bus Fleet Physical Damage**

Automobile liability insurance provides coverage for bodily injury, property damage, and personal injury for claims arising out of vehicle operations at the Airport. Airport Shuttle Bus Physical Damage insurance provides comprehensive physical damage (i.e., fire,

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<sup>6</sup> <http://sanjose.legistar.com/gateway.aspx?M=F&ID=900243f1-bcb3-4649-a2df-49f2bdc7921a.pdf>

theft, vandalism, malicious mischief) coverage for the owned and leased airport shuttle buses, including the ten (10) zero emissions shuttle buses purchased from Proterra in 2019.

There is a limited commercial insurance marketplace for standalone auto liability and auto physical damage coverage, and the pricing environment in the auto liability market remains challenging as policyholders are seeing increases of at least 15%<sup>7</sup>. Despite this environment, the Airport premium and fees for auto liability and auto physical damage coverage decreased by 8.29% relative to the expiring program. Starr Surplus Lines Insurance Company (Starr) provided the City with a competitive quote for auto physical damage coverage at a total annual premium of \$58,927. However, the Starr quote contained several coverage limitations that made it less attractive than the quote from incumbent carrier Hanover Insurance Company.

Insurance Carrier: Gemini Insurance Company (Auto Liability)

Annual Premium (Net):	\$154,014
Surplus Lines Tax:	<u>5,005</u>
Total Annual Premium:	\$159,019
Broker Fees:	<u>4,987</u>
Total Annual Cost:	\$164,006

Insurance Carrier: Hanover Insurance Company (Auto Physical Damage)

Annual Premium (Net):	\$67,909
Surplus Lines Tax:	<u>2,197</u>
Total Annual Premium:	\$70,106
Broker Fees:	<u>1,735</u>
Total Annual Cost:	\$71,841

**5. Automobile Liability for Regional Wastewater Facility (RWF) Fleet**

Automobile liability provides coverage for bodily injury, property damage and personal injury for claims arising out of the operation at the RWF.

The RWF's Automobile Liability program was impacted by a \$700,000 increase in reserves to resolve a 2017 auto claim and therefore experienced a 112.44% increase in premium and fees relative to the expiring program.

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<sup>7</sup> Willis Towers Watson Marketplace Realities 2021 Spring Update

<u>Insurance Carrier:</u> Gemini Insurance Company	
Annual Premium (Net):	\$133,487
Surplus Lines Tax:	<u>4,338</u>
Total Annual Premium:	\$137,825
Broker Fees:	<u>1,721</u>
Total Annual Cost:	\$139,546

**6. Airport Owners and Operators Liability including War Risks & Extended Perils Coverage**

The Airport Owners and Operators Liability program provides coverage for damages that the City becomes legally obligated to pay because of bodily injury, property damage and personal injury resulting from airport operations. The program provides coverage for bodily injury and property damage caused by war and other perils such as strikes, riots, civil commotion and malicious mischief. Additionally, the policy provides \$5 million in excess auto liability insurance coverage beyond the Airport’s primary auto liability insurance program.

Airport liability coverage is provided by carriers that participate in the larger aviation market and policyholders are seeing rate increases of 5% to 15%<sup>8</sup>. This year, the City received competitive quotes from the incumbent carrier Old Republic Insurance Company (“Old Republic”) and National Union Fire Insurance Company of Pittsburgh, PA (“AIG”). AIG provided a competitive quote representing a 4.71% increase relative to the expiring policy and an option to increase the excess auto liability limits from \$5 million to \$25 million for an additional premium of \$6,500. Old Republic was unwilling to increase the excess auto liability limits beyond the \$5 million on the expiring program.

<u>Insurance Carrier:</u> National Union Fire Insurance Company of Pittsburgh, PA	
Annual Premium (Net):	\$65,535
War/Extended Coverage:	6,530
TRIA Coverage:	<u>13,720</u>
Total Annual Premium:	\$85,785
Additional Premium:	\$6,500
Broker Fees:	<u>2,149</u>
Total Annual Cost:	\$94,434

**7. Police Aircraft Hull and Liability including War Risks & Extended Perils Coverage**

Police aircraft hull and liability insurance provides coverage for those amounts that the City becomes legally obligated to pay as damages due to bodily injury (including bodily injury to passengers) or property damage, as well as physical damage to the scheduled aircraft. The program provides up to \$50 million in aggregate liability coverage for

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<sup>8</sup> Willis Towers Watson Insurance Marketplace Realities 2021 Spring Update

bodily injury or property damage caused by war and other perils. Presently, City aircraft consists of an Airbus H125 with a current hull value of \$5,700,000. The City also purchases liability and physical damage coverage for Unmanned Aerial Systems (“UAS” or drones) to support the San José Police and Fire Departments’ UAS programs.

The City’s renewal premium increased by 5% consistent with the pricing in the wider aviation market where policyholders are seeing rate increases of 5% to 15%<sup>9</sup>.

<u>Insurance Carrier:</u> Old Republic Insurance Company	
Total Annual Premium (Net):	\$44,458
TRIA	Included
Broker Fees:	<u>1,190</u>
Total Annual Cost:	\$45,648

**8. Life/Accidental Death and Dismemberment Policy for Police Air Support Unit**

This program provides an accidental death, accidental dismemberment, and paralysis benefit of \$250,000 per person for accident or injury of any member of the Police Air Support Unit as defined in Section 5.3.8 of the San José Police Officer’s Association (POA) Memorandum of Agreement (MOA) subject to an aggregate limit of \$1,250,000 per accident. The City added this insurance product line to its portfolio in 2016.

In 2019, the City placed the policy with Hartford Life & Accident Insurance Company with a three-year rate guarantee at an annual cost of \$9,263. The current renewal policy period is the last year of the three-year rate guarantee. Alliant has verified that this remains the best available pricing and coverage.

<u>Insurance Carrier:</u> Hartford Life & Accident Insurance Company	
Annual Premium (third year of three-year rate guarantee) <sup>10</sup> :	\$9,263
Broker Fees:	<u>246</u>
Total Annual Cost:	\$9,509

**9. Secondary Employment Law Enforcement Professional Liability**

The Secondary Employment Law Enforcement Professional Liability program provides coverage for an actual or alleged error or omission, negligent act, or breach of duty that results in bodily injury, property damage, or personal injury by City police officers who have been approved to participate in the Secondary Employment program (Participating Officers) while conducting law enforcement activities on behalf of approved third party

<sup>9</sup> Willis Towers Watson Insurance Marketplace Realities 2021 Spring Update

<sup>10</sup> The recommended policy contains a rate guarantee through September 30, 2022, with an annual installment premium and the policy is subject to termination based on annual appropriation of funds and the City having the ongoing obligation to procure coverage per Section 5.3.8 of the San José Police Officer’s Association (POA) Memorandum of Agreement (MOA).



secondary employers. The number of Participating Officers increased by 2.30% from 653 to 668 officers.

The City renewal rate is \$155.42 per Participating Officer<sup>11</sup>, who contribute \$110 per year to obtain coverage.

Insurance Carrier: QBE Specialty Insurance Company

Annual Premium (Net):	\$97,815
Surplus Lines Tax:	<u>3,540</u>
Total Annual Premium:	\$101,355
Broker Fees:	<u>2,468</u>
Total Annual Cost:	\$103,823

Total City Cost:	\$30,343
Total Officer Cost:	\$73,480

#### **10. Government Crime Insurance**

Provides coverage to the City for financial losses arising from employee theft, forgery or alteration, robbery or safe burglary, computer fraud, funds transfer fraud, or money orders and counterfeit money fraud. A Government Crime policy was first procured in compliance with Section 905 of the City Charter which requires a bond for all officers and employees having custody or control of public funds. A Government Crime policy affords equal or greater scope of coverage than a bond and has the added benefit of not having to continually remove and add employees as would be required by a bond.

Crime insurance policyholders are seeing 0% to 10% rate increases<sup>12</sup>; however, the City's renewal premium increased 20% relative to the expiring program as the incumbent insurer is seeking rate increases across all government accounts. Additionally, the City is increasing its insurance limits for losses covered under the Government Fraud Deception coverage from \$100,000 to \$250,000 for an additional premium of \$1,500.

Insurance Carrier: Berkley Insurance Company

Annual Premium (Net):	\$17,850
Additional Premium:	1,500
Broker Fees:	<u>394</u>
Total Annual Cost:	\$19,744

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<sup>11</sup> Participating Officers include Sworn Officers and Reserve Officers

<sup>12</sup> Willis Towers Watson Marketplace Realities 2021 Spring Update

## **B. Insurance Coverage Not Recommended**

The insurance coverage listed below was again reviewed by staff with the assistance of Alliant. The market conditions remain consistent with last year's renewal decisions. Staff does not recommend purchasing additional coverage now. The recommendation is based on multiple factors including but not limited to: the products being cost prohibitive; the scope of coverage being too narrow considering the City's risk exposure; or that the coverage was unavailable, limits too low, or excessive in cost due to the nature of the risk. Staff, in consultation with Alliant, will continue to review the market on an annual basis and make the appropriate recommendations to Council should circumstances change.

### **1. Earthquake**

Earthquake coverage is provided through a separate insurance product line. Coverage is limited to direct damages caused by earth movement, which is excluded on the All Risk Property coverage policy. Coverage for sprinkler damage and fire resulting from an earthquake is covered by the All Risk Property policy. In previous years, staff has inquired into the total cost of earthquake insurance for the entire property schedule and found coverage to be cost prohibitive.

The City's insurance broker confirmed rates have not improved for FY 2021-2022, and market conditions have not improved since earthquake coverage was evaluated last year. The insurance markets that underwrite catastrophic coverage (flood, wind, and earthquake) have reduced available capacity and continue increasing insurance rates. Purchasing only \$25.0 million in earthquake coverage is estimated to double the City's property insurance premiums. This pricing level, the minimum deductible of 5% of the values at risk, the relatively low limits of coverage available, and potential concerns about solvency (ability to pay) of the insurers make it uneconomical to purchase coverage citywide.

## **CONCLUSION**

Approval of this recommendation will ensure the City maintains appropriate property and casualty insurance coverage to provide financial protection from certain types of catastrophic or financial losses.

## **EVALUATION AND FOLLOW-UP**

The memorandum will not require any follow-up from staff.

## **CLIMATE SMART SAN JOSE**

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

## **COORDINATION**

This memo has been coordinated with the Airport Department, the Department of Transportation, the Police Department, the Housing Department, the Environmental Services Department, the City Manager's Office of Economic Development, as well as the City Manager's Budget Office and the City Attorney's Office.

## **COMMISSION RECOMMENDATION/INPUT**

This item is scheduled to be heard at the September 9, 2021 Treatment Plant Advisory Committee meeting.

## **COST SUMMARY/IMPLICATIONS**

The estimated funding to pay for various insurance premiums in 2021-2022 was included in the 2021-2022 Adopted Operating Budget approved by the City Council on June 15, 2021 and adopted on June 22, 2021. Accordingly, the Administration will recommend future minor budget adjustments to the General Fund and Convention Center Fund appropriations in the amounts of \$300,000 and \$44,000 respectively as part of the 2020-2021 Annual Report scheduled for City Council review and approval on October 19, 2021. The recommend action also includes authorization for an additional 18.0% contingency to schedule additional property or assets as required, subject to the appropriation of funds.

## **BUDGET REFERENCE**

The table below identifies the fund and appropriations recommended to fund the insurance premiums identified. In addition, costs associated with insuring the remaining SARA asset is estimated to be \$707 in FY 2021-2022. The anticipated payment of these costs associated with asset management for the SARA is reflected on line 85 of the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation to maintain and protect the assets of the SARA allowed under the dissolution law.

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Fund #	Appn #	Appn. Name	Total Appn.	Recommended Amount for Premium and Broker Fees <sup>1</sup>	2021-2022 Adopted Budget Page <sup>2</sup>	Last Budget Action (Date, Ord. No.)
001	2001	Insurance Premiums <sup>3</sup>	\$1,523,675	\$1,811,481	IX-20	06/22/2021 30621
001	2864	Police Officers' Professional Liability Insurance	\$105,791	\$103,823	IX-20	06/22/2021 30621
001	0502	Non-Personal/Equipment (Police Department)	\$31,087,914	\$45,648	VIII-308	06/22/2021 30621
523	0802	Non-Personal/Equipment (Airport Department)	\$48,865,944	\$1,056,329	X-4	06/22/2021 30621
536	3405	Insurance Expenses <sup>3</sup> (Convention Center)	\$406,000	\$449,812	X-31	06/22/2021 30621
533	0512	Non-Personal/Equipment (Department of Transportation)	\$7,415,897	\$123,013	X-47	06/22/2021 30621
513	0762	Non-Personal/Equipment (Environmental Services Department)	\$34,343,701	\$380,253	X-90	06/22/2021 30621
515	0762	Non-Personal/Equipment (Environmental Services Department)	\$39,935,087	\$10,778	X-103	06/22/2021 30621
423	0762	Non-Personal/Equipment (Environmental Services Department)	\$3,604,304	\$9,521	X-58	06/22/2021 30621
346	0109	Asset Management Services (Housing Department)	\$1,100,000	\$32,974	X-60	06/22/2021 30621

<sup>1</sup> The amount for premium is subject to change up until the beginning date of the new insurance policy. SARA is billed separately for its share of broker fees and premium costs.

<sup>2</sup> The 2021-2022 Adopted Operating Budget was approved by City Council on June 15, 2021 and the Annual Appropriation Ordinance and Funding Sources Resolution implementing the 2021-2022 Operating and Capital Budgets was adopted on June 22, 2021.

<sup>3</sup> Administration will recommend an increase to the General Fund appropriation of \$300,000 and an increase to the Convention Center appropriation of \$44,000 as part of the 2020-2021 Annual Report scheduled for City Council review and approval on October 19, 2021. Insurance premiums are paid within 30 days of the policy effective date.

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**CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/  
JULIA H. COOPER  
Director of Finance

For questions, please contact Miguel Bernal, Risk Manager, at [miguel.bernal@sanjoseca.gov](mailto:miguel.bernal@sanjoseca.gov).

Appendix A  
Appendix B

**APPENDIX A**

**1. ALL RISK PROPERTY AND BOILER & MACHINERY INSURANCE**

	<b>CURRENT PROGRAM</b>	<b>RENEWAL PROGRAM</b>
	<b>10/01/2020-10/01/2021</b>	<b>10/01/2021-10/01/2022</b>
Carrier	Factory Mutual Insurance Company (FM)	Factory Mutual Insurance Company (FM)
Total Insurable Values	\$4,255,683,282	\$4,510,242,904
Limit of Liability	\$1,000,000,000 Property Damage and \$300,000,000 Business Interruption subject to a	\$1,000,000,000 Property Damage and \$300,000,000 Business Interruption subject to a
	\$100,000 Deductible Per Occurrence	\$100,000 Deductible Per Occurrence
Boiler & Machinery	Included	Included
Earthquake	Excluded. Relatively low limits available 5% deductible, high premium-not recommended.	Excluded. Relatively low limits available 5% deductible, high premium-not recommended.
Flood	\$100,000,000 but not to exceed \$10,000,000 in high and moderate exposed hazard flood zones, deductible is \$100,000 per location of loss except for locations in high and moderate exposure flood zones. Deductible is \$500,000 per location for locations in high and moderate exposed flood zones except the Airport, Convention Center, and RWF are given a flat \$10M (Airport & Convention Center) and \$5M (RWF) per location flood deductible.	\$100,000,000 but not to exceed \$10,000,000 in high and moderate exposed hazard flood zones, and not to exceed \$2,000,000 in high hazard flood zones without flood emergency response plans. Deductible is \$100,000 per location of loss except for locations in high and moderate exposure flood zones. Deductible is \$500,000 per location for locations in high and moderate exposed flood zones except the Airport, Convention Center, and RWF are given a flat \$10M (Airport & Convention Center) and \$5M (RWF) per location flood deductible.
Other Sub-limits	Other sub-limits as outlined in the insurance policy on file in Risk Management	Other sub-limits as outlined in the insurance policy on file in Risk Management

	<b>CURRENT PROGRAM</b>	<b>RENEWAL PROGRAM</b>
	<b>10/01/2020-10/01/2021</b>	<b>10/01/2021-10/01/2022</b>
Carrier	Factory Mutual Insurance Company (FM)	Factory Mutual Insurance Company (FM)
Terrorism and Non-Certified Act of Terrorism	Included for additional premium	Included for additional premium
Annual Premium for City	\$1,980,858 <sup>1</sup> Estimated Annual Premium	2,298,784 <sup>2</sup> Estimated Annual Premium
	\$49,142 Optional TRIA	\$91,854 Optional TRIA
	\$17,734 Optional Standalone Terrorism	\$18,930 Optional Standalone Terrorism
	\$181,720 Excess Flood	\$249,349 Excess Flood
	\$72,515 Arthur J. Gallagher Broker Fee	\$59,118 Alliant Broker Fee
	<b>\$2,301,969 Total Annual Premium</b> (exclusive of Broker Fee)	<b>\$2,658,917 Total Annual Premium</b> (exclusive of Broker Fee)
Engineering Services	Included in coverage	Included in coverage
Multiyear	Not Available	Not Available

<sup>1</sup> This includes premium and broker fees of \$625 which was directly invoiced to the City and charged to SARA.

<sup>2</sup> This includes premium and broker fees of \$707 which will be directly invoiced to the City and charged to SARA.

## 2. AIRPORT OWNERS AND OPERATORS LIABILITY

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carrier	Old Republic Insurance Company	National Union Fire Insurance Company of Pittsburgh, PA (AIG)
Coverage and Deductible	Airport Liability - \$200,000,000 each occurrence combined single limit for bodily injury and property damage with a \$50,000,000 each occurrence limit for personal injury, war risk liability at \$200,000,000 each occurrence and in the annual aggregate and \$5,000,000 Excess Automobile, Excess Employers Liability, and Garage-keepers Liability.  Deductible: \$0 each occurrence	Airport Liability - \$200,000,000 each occurrence combined single limit for bodily injury and property damage with a \$50,000,000 each occurrence limit for personal injury, war risk liability at \$200,000,000 each occurrence and in the annual aggregate and \$25,000,000 Excess Automobile, and \$5,000,000 Excess Employers Liability, and \$5,000,000 Garage-keepers Liability.  Deductible: \$0 each occurrence
Annual Premium	\$67,534	\$65,535
Optional TRIA and war premium (recommended for purchase)	\$13,506	\$20,250
Additional Premium	\$0	\$6,500
Broker Fees	\$2,920	\$2,149
<b>Total (Including Taxes/Fees)</b>	<b>\$83,960</b>	<b>\$94,434</b>

## 3. SECONDARY EMPLOYMENT LAW ENFORCEMENT PROFESSIONAL LIABILITY

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carrier	QBE Specialty Insurance Co. New York, New York	QBE Specialty Insurance Co. New York, New York
Limits of Insurance and Deductibles	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate \$100,000 Annual Aggregate Line of Duty Death Coverage Subject to a \$100,000 Deductible including Loss Adjustment Expense (LAE)	\$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate \$250,000 Annual Aggregate Line of Duty Death Coverage Subject to a \$100,000 Deductible including Loss Adjustment Expense (LAE) <sup>3</sup>
Average Rate per Officer	\$147.88 (653 Participating Officers at policy inception)	\$155.42 (668 Participating Officers at policy inception)
Annual Premium	\$93,527	\$97,815
Surplus Lines Taxes and Fees	\$3,040	\$3,540
Broker Fees	\$3,857	\$2,468
<b>Total (Including Taxes/Fees)<sup>4</sup></b>	<b>\$100,424</b>	<b>\$103,823</b>

<sup>3</sup> LAE includes costs for investigation and defense of claims

<sup>4</sup> Participating Officers all contribute \$110 per year to obtain coverage



**4. AUTOMOBILE LIABILITY FOR THE AIRPORT FLEET & AIRPORT SHUTTLE BUS FLEET  
PHYSICAL DAMAGE**

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carriers	Gemini Insurance Company (Auto Liability) Hanover Insurance Company (Physical Damage)	Gemini Insurance Company (Auto Liability) Hanover Insurance Company (Physical Damage)
Coverage and Deductibles	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident  Physical Damage-Buses Only Per Schedule Subject to \$10,000 Comp/\$10,000 Coll. except New Flyer Buses \$5,000 Com/\$5,000 Coll.	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident  Physical Damage-Buses Only Per Schedule Subject to \$10,000 Comp/\$10,000 Coll. except New Flyer Buses \$5,000 Com/\$5,000 Coll.
Exposure	Number of Vehicles: 88	Number of Vehicles: 87
Average Rate Per Unit	\$3,012.05	\$2,710.89
Annual Premium <sup>5</sup>	\$247,571	\$221,923
Surplus Lines Taxes & Fees	\$5,920	\$7,202
Broker Fees	\$11,569	\$6,722
<b>Total (Including Taxes/Fees)</b>	<b>\$265,060</b>	<b>\$235,847</b>

**5. AUTOMOBILE LIABILITY-RWF FLEET**

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carrier	Gemini Insurance Company (Auto Liability)	Gemini Insurance Company (Auto Liability)
Coverage	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident	Auto Liability-Fleet Only \$1,000,000 Combined Single Limit (Any Auto) Retention \$250,000 each Accident
Exposure	Number of Units: 62	Number of Units: 57
Average Rate Per Unit	\$1,086.19	\$2,448.18
Annual Premium	\$62,843	\$133,487
Surplus Lines Taxes & Fees	\$2,042	\$4,338
Broker Fees	\$2,459	\$1,721
<b>Total (Including Taxes/Fees)</b>	<b>\$67,344</b>	<b>\$139,546</b>

<sup>5</sup> Includes coverage for ten (10) Zero Emissions Buses as of April 19, 2019

## 6. POLICE AIRCRAFT HULL AND LIABILITY

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carrier	Old Republic Insurance Company	Old Republic Insurance Company
Coverage	Aircraft Hull and Liability-\$50,000,000 each occurrence for liability. Hull coverage: Airbus H125 \$5,700,000  Deductibles: Liability – NIL Hull - NIL Extended Engine Physical Damage: \$10,000 per occurrence	Aircraft Hull and Liability-\$50,000,000 each occurrence for liability. Hull coverage: Airbus H125 \$5,700,000  Deductibles: Liability – NIL Hull - NIL Extended Engine Physical Damage: \$10,000 per occurrence
Annual Premium	\$40,440	\$44,458
War Liability & Hull--both aircraft	Included	Included
TRIA & War	Included on Both Hull & Liability	Included on Both Hull & Liability
Broker Fees	\$1,922	\$1,190
<b>Total (Including Taxes/Fees)</b>	<b>\$42,362</b>	<b>\$45,648</b>

## 7. GOVERNMENT CRIME

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carrier	Berkley Insurance Company	Berkley Insurance Company
Limits of Insurance and Deductibles	Employee Theft, Forgery, or Alteration and Inside the Premises- Theft of Money and Securities-\$5,000,000 per occurrence subject to a \$100,000 deductible per occurrence.	Employee Theft, Forgery, or Alteration and Inside the Premises- Theft of Money and Securities-\$5,000,000 per occurrence subject to a \$100,000 deductible per occurrence.
Sublimits of Insurance	Computer Fraud, Funds Transfer Fraud, and Money Orders and Counterfeit Money-\$1,000,000 per occurrence subject to a \$100,000 deductible per occurrence.  Government Deception Fraud-\$100,000 per occurrence subject to a \$100,000 deductible per occurrence.	Computer Fraud, Funds Transfer Fraud, and Money Orders and Counterfeit Money-\$1,000,000 per occurrence subject to a \$100,000 deductible per occurrence.  Government Deception Fraud-\$250,000 per occurrence subject to a \$100,000 deductible per occurrence.
Annual Premium	\$14,870	\$17,850
Surplus Lines Taxes & Fees	\$0	\$0
Additional Premium	\$0	\$1,500
Broker Fees	\$599	\$394
<b>Total</b>	<b>\$15,469</b>	<b>\$19,744</b>

**8. LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT**

	<b>CURRENT PROGRAM 10/01/2020-10/01/2021</b>	<b>RENEWAL PROGRAM 10/01/2021-10/01/2022</b>
Carrier	Hartford Life and Accident Insurance Company	Hartford Life and Accident Insurance Company
Limits of Insurance and Deductibles	Blanket Accident & Health Policy (Accident Only; Injury Only) Principal Sum (loss of Life): \$250,000; subject to an aggregate limit of \$1,250,000 per accident	Blanket Accident & Health Policy (Accident Only; Injury Only) Principal Sum (loss of Life): \$250,000; subject to an aggregate limit of \$1,250,000 per accident
Annual Premium	\$9,263	\$9,263
Broker Fees	\$384	\$246
<b>Total (Including Taxes/Fees)</b>	<b>\$9,647 (year 2 of three-year fixed rate)</b>	<b>\$9,509 (year 3 of three-year fixed rate)</b>

**APPENDIX B**

**Allocation of Insurance Premiums by Fund & Type of Insurance**

	<b>2020-21 Premiums</b>	<b>2021-22 Premiums Est.</b>	<b>Percentage Increase / Decrease</b>
	<b>12 Month</b>	<b>12 Month</b>	
<b><u>General Fund-Fund 001</u></b>			
Property Insurance <sup>1</sup>	\$903,135	\$1,100,526	21.86%
Government Crime	14,870	19,350	30.13%
Other Liability	292,383	650,000	122.31%
AD&D	9,263	9,263	0.00%
Police Secondary <sup>2</sup>	96,567	101,355	4.96%
Police Air Support (Hull & Liability)	40,440	44,458	9.94%
Broker Fee	51,410	36,000	-29.98%
<b>Subtotal</b>	<b>\$1,408,068</b>	<b>\$1,960,952</b>	<b>39.27%</b>
<b><u>Airport-Fund 523</u></b>			
Property Insurance	\$598,697	\$710,172	18.62%
Liability Insurance	81,040	92,285	13.88%
Auto Liability / Physical Damage	253,492	229,125	-9.61%
Broker Fee	34,359	24,746	-27.98%
<b>Subtotal</b>	<b>\$967,588</b>	<b>\$1,056,329</b>	<b>9.17%</b>
<b><u>ESD-Fund 513 (RWF)</u></b>			
Property Insurance	\$199,685	\$235,412	17.89%
Auto Liability Insurance	64,885	137,825	112.41%
Broker Fee	7,988	7,016	-12.17%
<b>Subtotal</b>	<b>\$272,558</b>	<b>\$380,253</b>	<b>39.51%</b>
<b><u>ESD-Fund 515 (Municipal Water)</u></b>			
Property Insurance	\$8,331	\$10,557	
Broker Fee	313	221	-29.42%
<b>Subtotal</b>	<b>\$8,644</b>	<b>\$10,778</b>	<b>24.68%</b>
<b><u>ESD-Fund 423</u></b>			
Property Insurance	\$9,362	\$9,273	-0.95%
Broker Fee	326	248	-23.85%
<b>Subtotal</b>	<b>\$9,688</b>	<b>\$9,521</b>	<b>-1.72%</b>
<b><u>Convention &amp; Cultural Affairs-Fund 536</u></b>			
Property Insurance	\$385,718	\$439,584	13.97%
Broker Fee	13,268	10,228	-22.91%
<b>Subtotal</b>	<b>\$398,986</b>	<b>\$449,812</b>	<b>12.74%</b>
<b><u>General Purpose Parking-Fund 533</u></b>			
Property Insurance	\$98,694	\$120,396	21.99%
Broker Fee	3,371	2,617	-22.37%
<b>Subtotal</b>	<b>\$102,065</b>	<b>\$123,013</b>	<b>20.52%</b>
<b><u>Successor Agency (SARA) <sup>3</sup></u></b>			
Property Insurance	\$597	\$692	15.91%
Broker Fee	26	16	-39.16%
<b>Subtotal</b>	<b>\$623</b>	<b>\$707</b>	<b>13.61%</b>
<b><u>Housing-Fund 346</u></b>			
Property Insurance	\$25,236	\$32,305	28.01%
Broker Fees	147	669	355.23%
<b>Subtotal</b>	<b>\$25,383</b>	<b>\$32,974</b>	<b>29.91%</b>
<b>Total</b>	<b>\$3,193,603</b>	<b>\$4,024,339</b>	<b>26.01%</b>

<sup>1</sup> TRIA/Terrorism and excess flood costs are included in the total costs in Appendix B

<sup>2</sup> Each Police Officer participating in secondary employment program pays \$110 towards the premium cost

<sup>3</sup> Allocated premium will be directly invoiced by the City to the Successor Agency (SARA)