



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Renewal of Excess Liability & Law Enforcement Liability Insurance for Fiscal Year 2022-23

1. Motion authorizing the annual renewal of excess liability and law enforcement liability insurance policies for the City's 2022-23 fiscal year, in an amount not to exceed \$4,478,993.
2. Resolution of Appropriation to appropriate \$1,218,921 for the annual renewal of the Excess Liability policy.

COUNCIL ACTION

Item Type: Consent Calendar

Approved for July 12, 2022 **calendar**

EXECUTIVE SUMMARY

The City obtains excess insurance policies for Excess Liability and Law Enforcement. Due in large part to market conditions, there was an unexpectedly high increase in Excess Liability policy premiums this fiscal year. Staff requests approval of the Excess Liability and Law Enforcement policies for FY 2022-23 and adoption of a Resolution of Appropriation in the amount of \$1,218,921 to fund the increase in the Excess Liability policy over the amount budgeted.

COUNCIL PRIORITIES

N/A.

RECOMMENDATION

Authorize the renewal of the Excess Liability and Law Enforcement Liability insurance policies for a total amount of \$4,478,993, and adopt a Resolution of Appropriation in the amount of \$1,218,921.

BACKGROUND

On June 28, 2022, City Council authorized renewals of several lines of insurance including excess workers' compensation, crime, and cyber liability in a "not-to-exceed" amount of \$2,134,162.

The renewal premium quotes for the City's Excess liability and Law Enforcement Liability coverages were received on June 30, 2022. The City is currently self-insured for general liability with a self-insured retention (SIR) amount of \$5,000,000. In order to protect against additional losses, the City purchases excess insurance policies up to \$25 million. In addition, in order to "buy down" the City's self-insured retention for law enforcement matters from \$5 million to \$2 million, the City purchases additional policies.

The following is a brief description of the two insurance coverages.

Excess Liability

The Excess Liability policy provides coverage for damages that occur as a result of the negligence of City employees or injuries sustained as the result of alleged dangerous conditions of public property. Examples of the types of losses covered are automobile accidents, injuries due to dangerous intersections, or civil rights matters.

Law Enforcement Liability

The Law Enforcement Liability policies provide \$3 million in total coverage for any claims relating to law enforcement claims (false arrest, excessive force) to "buy down" our \$5 million self-insured retention.

ANALYSIS

This year the City explored the possibility of joining an insurance pool in an effort to reduce and stabilize the City's liability insurance costs. Due to various issues, it was determined that the insurance pool was not an option for the City this year. The City will continue to explore joining the insurance pool for the 2023-24 fiscal year. Thus, the City's broker continued negotiations with various carriers for excess liability and law enforcement liability coverage for 2022-23, receiving final quotes on June 30, 2022. Due to the need to lock-in the rates by July 1 (and not incur extension fees) the City bound the policies subject to Council approval.

The significant premium increase for the Excess Liability policy is mainly due the

nationwide increase in claims and jury verdicts relating to law enforcement, transit and employment matters. In addition, numerous carriers have left the marketplace or have declined to cover law enforcement putting the remaining insurance companies in a position of advantage.

The following table summarizes the renewal premiums for Excess Liability and Law Enforcement. The amounts shown under the “Proposed Premium” are the final amounts provided by the brokers.

Broker	Coverage	Current Carrier NEW Carrier	SIR Amount	Policy Limit	Existing Premium	Proposed Premium
Alliant	Excess Liability	Banta Pro, HDI & Gemini	\$5 Million	Combined \$25 Million	\$2,328,396.00	\$4,237,593.10
		Safety National				
	Law Enforcement Liability SIR Buy-down	QBE	\$2 Million	\$3 Million	\$227,674.51	\$241,399.54
Total Cost					\$2,556,070.51	\$4,478,992.64

STAKEHOLDERS/OUTREACH

N/A

FISCAL IMPACT

The insurance renewals for Excess Liability and Law Enforcement will cost \$4,478,993. The total cost of the premiums the Council authorized on June 28, 2022 is \$2,007,243 resulting in a total insurance premium cost of \$6,486,236, of which \$5,267,315 was approved as a part of the FY 2022-23 budget. Therefore, staff is requesting an appropriation of \$1,218,921 from the Liability Insurance Fund’s Net Position. The appropriation request is outlined below:

Existing Appropriation			
Amount	Account String		Funding Source
\$4,493,000	45630-6120-CAD-1004-P0000		Liability Insurance Fund
\$77,272	46012-6020-GPD-7004-P0000		Joint Air Support Fund
\$697,043	45630-6140-HRD-5004-P0000		Workers Compensation Insurance Fund
Requesting Appropriation			
Amount	From (Account String)	To (Account String)	Funding Source
\$1,218,921	27900-6120-CAD-0000	45630-6120-CAD-1004-P0000	Liability Insurance Fund

ENVIRONMENTAL REVIEW (CEQA/NEPA)

Renewal of insurance coverage will not have a significant effect on the environment.

CAMPAIGN DISCLOSURE

This item is exempt from campaign disclosure requirements.

ALTERNATIVES

1. Authorize the annual renewal of the City’s Excess Liability and Law Enforcement Liability insurance.
2. Choose not to authorize renewals, in which case the City would be uninsured for those liabilities.
3. The Council can choose an alternative not identified by staff.

ADMINISTRATIVE ACTION

Prepared by:

Veronika Padron, Risk & Insurance Service Analyst

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS/ATTACHMENTS

N/A.