

**City of Palmer
Action Memorandum No. 15-073**

Subject: Authorize the City Manager to Enter into a Three Year Agreement to Purchase Insurance Coverage with the City's Insurance Broker, Alaska USA Insurance Brokers with a 3% Discount for Each Year

Agenda of: July 28, 2015

Council Action: Authorized

Originator Information:

Originator: Alice Williams, Risk Manager/HR
Date: July 6, 2015 **Requested agenda date:** 7-14-2015

Department Information:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Public Safety	_____	_____
_____	Public Works	_____	_____

Approved for presentation by:

	Signature:	Remarks:
City Manager	<u><i>Joseph A. Hansen</i></u>	_____
City Attorney	<u><i>[Signature]</i></u>	_____
City Clerk	<u><i>[Signature]</i></u>	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ _____

This legislation (√):

Has no fiscal impact Creates a positive impact in the amount of: \$ (6,697.68)
 Negative impact in the amount of: \$ _____

Funds are (√):

Budgeted Line item(s): Various Accounts
 Not budgeted Affected line item(s): _____

General fund assigned balance (after requested budget modification): \$ _____

Enterprise unrestricted net position (after requested budget modification): \$ _____

Director of Finance Signature: *[Signature]*

Summary statement: The City's Insurance Broker, Alaska USA, presented the attached proposal to the Administration for the renewal of the City's insurance policies for the year beginning July 1, 2015.

The Council approved the insurance policy for July 1, 2015 through June 30, 2016. If the City enters into a three year agreement with APEI, the City will receive a 3% discount each year. In the 2015/2016 insurance policy the premium it would be reduced by \$6,697.68. The policy would be reduced from \$234,588.91 to \$227,614.23. The City would also receive a 3% for the next two years. The exact amount is not available at this time.

The City has had insurance coverage with excellent service through APEI since 2008.

PREMIUM SUMMARY

COVERAGE	EXPIRING 2014-2015	PROPOSED 2015-2016	3 YEAR AGREEMENT
Property including Earthquake & Flood	\$43,889.03	\$40,841.28	\$39,616.08
Crime	Included in above	Included in above	Included in above
General Liability	\$41,429.78	\$39,953.68	\$38,755.07
Police Professional Liability	Included in GL	Included in GL	Included in GL
Auto Liability and Physical Damage	\$54,383.82	\$56,966.88	\$55,257.87
Workers' Compensation	\$108,682.97	\$94,728.46	\$91,886.60
APEI PKG TOTAL DUE AT BINDING	\$248,385.60	\$232,490.30	\$225,515.62
Credit to be issued AFTER the premium is paid in full	-\$10,953.36	-\$12,070.39	-\$12,070.39
APEI PKG TOTAL	\$237,432.24	\$220,419.91	\$213,445.23
Airport Owners/Operators Liability	\$7,700.00**	\$7,700.00**	\$7,700.00
Inland Marine	\$6,046.00***	\$6,469***	\$6,469
GRAND TOTAL	\$251,178.24	\$234,588.91	\$227,614.23

Zero Commission
Alaska USA Service Fee \$15,000, already paid

**Airport Premises – if terrorism and war coverage is requested add \$770 to above premium. Also, Airport Owners /Operators Premium is 25% Minimum Earned Premium No Flat Cancellations

*** Increase in premium is due to substantial increase in values insured. Allianz Policy doesn't include terrorism, if elected add \$281 to above quote, when policy is received there will be a terrorism rejection form to sign and return and credit will be allowed.

APEI can add the Inland Marine coverage for less cost, however there is a \$5,000 deductible and with Allianz its \$1,000

Administration recommendation: Approve Action Memorandum 15-073.