



City of Culver City

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Staff Report

File #: 15-886, **Version:** 1

Item #: C-24.

Approval of an Insurance Binder with AON Risk Insurance Services West, Inc. for the City's Insurance Programs for Fiscal Year 2016-2017

Contact Person/Dept: Serena Wright/Human Resources

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Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☒ No ☐

Public Hearing: ☐

Action Item: ☒

Attachments: Yes ☐ No ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/08/16)

Department Approval: Serena Wright (06/06/16)

RECOMMENDATION

Staff recommends the City Council approve an Insurance Binder with AON Risk Insurance Services West, Inc. for the City's Insurance Programs for Fiscal Year 2016-2017.

BACKGROUND

For over 25 years the City of Culver City was a member of the Independent Cities Risk Management Authority (ICRMA) for the purpose of participating in pooled programs for liability, workers compensation, auto physical damage, crime, and cyber insurance. Over the last few years, ICRMA began to experience a number of challenges, including significant financial strain, due to several high-value claims. Staff began exploring other options and recommended to City Council that the City withdraw from ICRMA and pursue stand-alone insurance opportunities in the commercial market. On November 16, 2015 the City Council approved a resolution to withdraw membership from ICRMA effective June 30, 2016.

DISCUSSION

In early 2015, City staff began exploring options for replacement insurance coverage, ultimately

selecting AON Risk Insurance Services West, Inc. (AON) as the broker of record. AON is a global leader in the insurance industry. They represent a number of public agencies here in southern California. As the City's broker, AON assisted the City with identifying replacement insurance, which included preparing specifications, obtaining quotes and proposals, negotiating rates, and analyzing and comparing proposals.

Under ICRMA the City paid a premium of over \$2.1 million for fiscal year 2015-2016. It is likely that the City's premium would have increased significantly if it would have remained in ICRMA. Member agencies that have continued with ICRMA insurance programs and services have seen premium increases between 5% and 81% for fiscal year 2016-2017.

AON has been able to negotiate a premium of just over \$1.3 million for all insurance coverages for fiscal year 2016-2017. On many of the insurance lines, the City now has broader coverage, with higher limits that are no longer shared with other agencies.

FISCAL ANALYSIS

Funding for the City's insurance coverages has been included in the City's Proposed Fiscal Year 2016/2017 budget.

ATTACHMENTS

None.

RECOMMENDED MOTIONS

That the City Council:

1. Approve an Insurance Binder with AON Risk Insurance Services West, Inc. for the City's Insurance Programs for Fiscal Year 2016-2017;
2. Authorize the City Attorney to review/prepare the necessary documents; and
3. Authorize the City Manager to execute such documents on behalf of the City.