

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL

COUNCIL MEETING DATE

FROM: THE CITY MANAGER'S OFFICE

June 17, 1987

NO.

SUBJECT:

APPROVE PURCHASE OF EXCESS WORKERS' COMPENSATION INSURANCE AND PROPERTY INSURANCE THROUGH CALIFORNIA JOINT POWER INSURANCE AUTHORITY (CJPIA)

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: The City Council authorize the City Manager to place workers' compensation excess coverage and the City's property insurance through the California Joint Power Insurance (CJPIA).

BACKGROUND INFORMATION:

WORKERS' COMPENSATION INSURANCE

The CJPIA has put together a pooling arrangement for placement of excess workers' compensation insurance.

Our present coverage is \$150,000 self insured retention (SIR) with \$5,000,000 limit at a rate of \$.3118 per one hundred dollars of payroll. We have not received a quotation for renewal. However, those cities who have renewed in 1987 have had their SIR increased to \$200,000 and have had premium increases from 15 to 35 percent, depending upon their SIRs. We should, therefore, expect a 15 to 20 percent increase in premium.

By purchasing our insurance through CJPIA, our premium will be reduced to \$.2962, a 5% reduction. Our SIR will increase to \$200,000 and our limit to \$10,000,000.

The policy purchased by CJPIA will be a \$250,000 SIR. The quoted premiums will generate sufficient revenue to produce a pool of \$235,000 to pay claims above \$200,000. In subsequent years we can increase the SIR on the policy and further reduce premiums.

The trend in the market place is for premiums to increase rather than decrease. With this co-operative we can expect to see no premium increases and quite possibly reductions in the future.

PROPERTY INSURANCE

The CJPIA is placing a broad form property insurance policy for its members. This policy is for near one billion dollars at a cost of \$.07 per hundred dollars of coverage.

Our present policy is a broad form policy with extended coverage. The proposed policy has all the same coverages plus the following:

- . non-moving autos and vehicles
- . business interruptions and associated extra expenses
- . loss of rents
- . all new construction up to \$2,500,000 during the policy year
- . no exclusion on vacant buildings.

By purchasing our coverage through CJPIA our premiums will be reduced 42%. Our SIR will increase from \$1,000 to \$5,000 per occurrence.

In reviewing our present policies, I discovered we have not insured ourselves for perils at any of our electric substations. Nor do we have any coverage on equipment at the wastewater treatment plant if equipment failure starts a fire. With the savings in premiums the City should then purchase a machinery and boiler policy to cover the White Slough Facility and our electric system.

Respectfully submitted,


Jerry L. Glenn
Assistant City Manager

JLG:br

AMENDED

RESOLUTION NO. 87-68

RESOLUTION APPROVING PURCHASE OF EXCESS PROPERTY INSURANCE
THROUGH THE CALIFORNIA JOINT POWER ASSOCIATION

RESOLVED, that the City Council of the City of Lodi does hereby approve the purchase of Excess Property Insurance through the California Joint Power Association.

BE IT FURTHER RESOLVED that the City Manager and City Clerk are hereby authorized to execute on behalf of the City of Lodi all necessary documentation required to place this coverage.

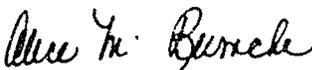
Dated: June 17, 1987

I hereby certify that Resolution No. 87-68 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 17, 1987 by the following vote:

Ayes: Council Members - Hinchman, Reid, and Olson (Mayor)

Noes: Council Members - Pinkerton and Snider

Absent: Council Members - None


Alice M. Reimche
City Clerk

RESOLUTION NO. 87-69

RESOLUTION APPROVING PURCHASE
OF EXCESS WORKERS COMPENSATION INSURANCE
THROUGH THE CALIFORNIA JOINT POWER ASSOCIATION

RESOLVED, that the City Council of the City of Lodi does hereby approve the purchase of Excess Workers Compensation Insurance through the California Joint Power Association.

BE IT FURTHER RESOLVED that the City Manager and City Clerk are hereby authorized to execute on behalf of the City of Lodi all necessary documentation required to place this coverage.

Dated: June 17, 1987

I hereby certify that Resolution No. 87-69 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 17, 1987 by the following vote:

Ayes: Council Members - Hinchman, Pinkerton, Reid,
Snider and Olson (Mayor)

Noes: Council Members - None

Absent: Council Members - None

Alice M. Reimche
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City Clerk