

ORDINANCE NO. 06-06 AC CMS

AN ORDINANCE ACCEPTING THE RENEWAL PROPOSAL OF INDIANA INSURANCE COMPANY OF INDIANAPOLIS, INDIANA, FOR PROPERTY INSURANCE COVERAGE FOR THE CITY OF OBERLIN AND DECLARING AN EMERGENCY

BE IT ORDAINED by the Council of the City of Oberlin, County of Lorain, State of Ohio, five-sevenths (5/7ths) of all members elected thereto concurring:

SECTION 1. That the renewal proposal of Indiana Insurance Company of Indianapolis, Indiana, and its agent Custis Insurance Service, of Sheffield Lake, Ohio, received for supplying property insurance, including property, valuable papers and records, accounts receivable, contractor's equipment, computers, radios and communication systems, broad form money and securities, earthquake coverage, terrorism, and extra expense blanket coverage for the City of Oberlin, be and the same is hereby accepted, and the City Manager is authorized to enter into a contract in accordance with their renewal contract for an annual premium of \$62,030.

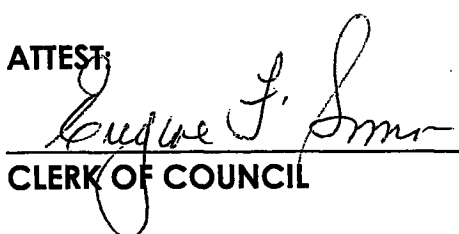
SECTION 2. It is hereby found and determined that all formal actions of this Council concerning or relating to the adoption of this ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

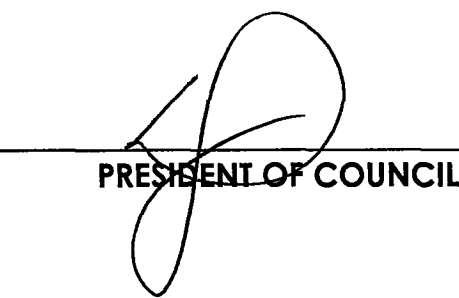
SECTION 3. That this ordinance is hereby declared to be an emergency measure necessary for the preservation of public peace, health, and safety of the citizens of the City of Oberlin, Ohio, or to provide for the usual daily operation of a municipal department, to wit:

"to obtain the necessary insurance coverage for the City of Oberlin at the earliest possible date and to provide for the usual daily operation of a municipal department" and shall take effect immediately upon passage.

PASSED: 1st Reading - January 17, 2006 (E)
 2nd Reading -
 3rd Reading -

ATTEST:


CLERK OF COUNCIL


PRESIDENT OF COUNCIL

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POSTED: January 18, 2006

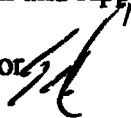
EFFECTIVE DATE: January 18, 2006

a:/ORD06-06.PropertyInsurance

City of *Oberlin*

69 South Main Street Oberlin Ohio 44074

To Honorable President Council and Appointees

From Sal Talarico Finance Director 

Subject Public Entities Pool (PEP) Liability Insurance Renewal – Ord 06 05
Boiler and Machinery – Travelers – Ord 06 07
Property – Indiana Insurance – Ord 06 06

Date January 11 2006

Public Entities Pool (PEP) Liability Insurance Renewal – Ord 06 05

The City has been in the Public Entities Pool (PEP) since 1988 for various types of insurance coverage including Legal Liability for Third Party Claims (formerly known as General Liability) Law Enforcement Liability Wrongful Acts (formerly known as Public Officials Errors & Omissions) and Automobile Liability The pool consists of many government units within the State and operates as a non profit pool

Insurance through PEP is unique from most other insurance policies in that coverage ends when the policy expires With most traditional insurance policies if a claim is filed during the policy period the policy would cover that event even if a new policy with a different carrier was in place With PEP coverage ends and the City would have to purchase additional coverage to cover any pending claims Due to this uniqueness it is very difficult for the City to leave the pool if there are any potentially significant claims outstanding I will continue to keep all options open but only if we can economically obtain coverage for pending claims

The types of coverage liability limits and deductibles are noted in the ordinance Last year our premium was \$122 388 our new premium is \$124 054

Boiler and Machinery – Travelers – Ord 06 07 and
Property – Indiana Insurance – Ord 06 06

Both of these are renewals of our current policies The Boiler & Machinery coverage was \$52 720 last year and now \$54 209 and mainly insures our electric generators The Property coverage was \$61 273 last year and now \$62 030 and mainly insures our buildings and contents

"Ohio's Best College Town"

The PEP policy premium has increased minimally (1.4% or \$1,666). The boiler and machinery insurance has gone up by \$1,489 (or 2.8%), due to the increased value of the insured equipment. Although the property insurance has only increased by \$757 (or 1.24%), the carrier will no longer provide the \$5 Million coverage for earthquake damage, as in our current policy expiring next month, instead they are only offering \$1 Million in coverage. The agent explained that all underwriters have become much more conservative with coverage related to natural disasters as a result of the recent hurricanes in the U.S. and tsunami overseas. She will continue to see if another carrier is willing to underwrite the additional \$4 Million and will provide the premium rates when she gets them. In addition, since flood insurance is not typically covered by most insurance policies, including our current policy, I asked our agent to also provide us with an estimate on flood insurance. She has only been able to obtain one underwriter's quote so far: \$500,000 in coverage would cost \$6,776 and \$1 Million in coverage would cost \$9,035 with \$25,000 and \$50,000 deductibles respectively.

The current coverage period expires February 15, 2006 therefore I request first reading on emergency on January 17, 2006 so the policies can be in place. Once I have the costs for the additional coverages, earthquake and flood, I will bring them to Council for further consideration

If you have any questions please call.

c. File