



Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memo

DATE: July 2, 2015
TO: Buckman Direct Diversion Board
FROM: Mackie Romero, BDD Financial Manager *MR*

ITEM AND ISSUE:

Request approval to accept a policy with American Alternative Insurance, Corp. for insurance coverage including real property for a premium of \$135,599.

BACKGROUND AND SUMMARY:

Under the *Joint Power's Agreement, Section 23*, the Board is required to carry coverage separate and apart from the partner's respective policies:

"The BDD Board shall obtain and carry public liability insurance coverage (including directors and officers coverage) consistent with the responsibilities of a public entity under the New Mexico Torts Claims Act, NMSA 1978...the BDD Board shall carry and maintain fire and extended coverage on all of the BDD Project buildings, structures and improvements, and upon all of the contents and other personal property..."

In 2011, the Board retained Daniels Insurance, Inc. to serve as its **Agent/Broker of Record** for the purpose of providing insurance services.

Daniels currently has the following policies in place with American Alternative Insurance, with a premium of \$137,061 and effective date of July 1, 2014 to July 1, 2015.

- Auto Policy (placed under the name of the Board)
- Property insurance for real property, boiler and machinery, personal property & mobile equipment.
- Commercial General Liability & Directors & Officers Liability (placed in the name of the Board).
- Excess Liability (placed under BDD Board)



Daniels has re-marketed the account for the next policy period, effective July 1, 2015 to July 1, 2016.

EVALUATION:

Daniels approached 6 companies; however only 1 of those companies was able to provide a competitive bid based on expiring premiums.

American Alternative Insurance Company provides coverage for over 3,900 water utilities nationally, including numerous joint power agreements, such as Shoshone Municipal Water Joint Powers Board (WY), Water Quality Improvement JPA of the Dos Palos Area (CA), Central Wyoming Regional Water System Joint Powers Board (WY) and others as listed in the proposal.

Coverage	American Alternative
	2015-2016
	AM Best Rating A+XV
Property/Boiler Premium	incl
Equipment	incl
Commercial Crime	incl
Cyber Liability	incl
General Liability	incl
Automobile	incl
Public Officials	incl
Umbrella	incl
Total Annual Premium	\$ 135,599

Daniels Insurance negotiated coverage and deductibles with American Alternative, as shown below, without any premium increase.

Coverage	American Alternative
Real Property, amount of coverage	\$172,226,080
Deductible	\$75,000
Equipment Breakdown (Boiler & Machinery)	\$100,000,000
Software	\$500,000
General Liability	\$1,000,000/\$3,000,000 (\$5,000 deductible)
Cyber Liability	\$1,000,000 (no deductible)
Professional Liability	\$1,000,000/\$3,000,000 (\$5,000 deductible)
Flood Earthquake Coverage	\$1,000,000
Flood Deductibles	\$75,000
Earthquake Deductibles	\$75,000
Failure to Supply	\$1,000,000/\$3,000,000
Excess Liability	\$5,000,000 Including "Failure to Supply"
Business Auto	\$1,000,000
Auto Comprehensive Deductible	\$100
Auto Collision Deductible	\$1,000

RECOMMENDATION:

Based on the proposal provided by American Alternative Insurance, staff recommends the BDD Board accept and place insurance coverage with this company at an annual premium rate of \$135,599.

Our approved FY15/16 budget request included sufficient funding for this policy.

<u>Fund Source</u>	<u>Business Unit/Line Item/Description</u>	<u>Amount</u>
FY 2015/2016	7280000.555250 Gen Liability Assessment	\$135,599

ATTACHMENTS

- Acceptance of Proposal

Approved by BDDB July 2, 2015

Liz Stefanics, BDDB Chair

PAYMENT OPTIONS

BILLING: The insured will be billed by Daniels Insurance for the premium. Please choose your billing option:

- Boiler is Prepaid/Full Pay
- Package - Monthly (25% down and 9 monthly installments)

CONTINGENCIES: Each of the following items is needed in order for Daniels Insurance to order the proposed insurance coverages.

- Advise any additional coverage to be quoted at this time.
- Compliance with Loss Control recommendations.

ACCEPTANCE OF PROPOSAL and any modifications to the proposal, Payment Terms and Contingencies:

Signature: **Insured: Buckman Direct Diversion Board**

By: _____

Date: _____

Your preferred method of delivery of Policies by Daniels Insurance, Inc.

_____ **Email** _____ **Mail** _____ **In Person**

Your preferred method of delivery of all other items by Daniels Insurance, Inc.

_____ **Email** _____ **Mail** _____ **In Person**