



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 10/17/06  
AGENDA ITEM 4  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council

**FROM:** City Attorney

**SUBJECT:** Extension of Liability Insurance Coverage from June 30, 2007 to October 1, 2007

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolutions authorizing extension of the City's General Liability Insurance Coverage from June of 2007 to October of 2007 and appropriate the necessary funds to accomplish such extension.

**BACKGROUND:**

Annually, the City of Hayward purchases general liability insurance coverage through Exclusive Risk Management Authority of California (ERMAC). ERMAC is a joint powers authority created by a number of California cities to purchase insurance as a group thereby increasing the individual city's purchasing power. Historically, Hayward's policy period ran from July 1<sup>st</sup> to June 30<sup>th</sup>. ERMAC recently received notice from one of the program's reinsurers that they were in the process of changing their coverage period from July 1<sup>st</sup> to October 1<sup>st</sup> and that extension of all the participating cities coverage would be contingent on moving to the October 1<sup>st</sup> renewal date. The net effect of this requirement is that the City needs to purchase an additional three months of coverage. The cost of the coverage is anticipated to be approximately \$130,000, one quarter of the City's annual premium. As a result of extending its coverage, the City's annual premium will not be due until October of 2007.

On September 27<sup>th</sup>, the ERMAC Board of Directors voted unanimously to extend the above-discussed coverage. The Board is comprised of members from each of the participating cities. It is recommended that the City Council authorize the extension of the City's general liability coverage and provide the necessary funding.

Prepared by:

  
Michael J. O'Toole, City Attorney

Approved by:

  
\_\_\_\_\_  
Jesús Armas, City Manager

**DRAFT**

HAYWARD CITY COUNCIL

RESOLUTION NO. 04-

Introduced by Council Member \_\_\_\_\_

**RESOLUTION AUTHORIZING THE EXTENSION OF THE  
CITY'S GENERAL LIABILITY INSURANCE COVERAGE  
AND APPROPRIATION OF FUNDS**

WHEREAS, the City of Hayward purchases its general liability insurance annually through Exclusive Risk Management Authority of California (ERMAC) which is a joint powers authority created by a number of California cities; and

WHEREAS, ERMAC recently received notice from one of the program's reinsurers that they were in the process of changing their coverage period from July 1 to October 1, thereby requiring an extension of its current coverage and the necessity to purchase an additional three months of coverage at one quarter of the City's annual premium or approximately \$130,758.53; the City's annual premium will not be due again until October of 2007; and

WHEREAS, the ERMAC Board of Directors voted unanimously to extend the coverage at its board meeting on September 27, 2006.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the Council hereby authorizes and directs the extension of the City's general liability insurance to October 1, 2007.

BE IT FURTHER RESOLVED, by the City Council of the City of Hayward by the City Council of the City of Hayward that Resolution No. 06-080 as amended, the Budget Resolution for Fiscal Year 2006-07, is hereby amended by approving an appropriation of \$130,758.53 from the General Fund, Fund 100 to the Risk Insurance Fund, Fund 7260.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward