

**CITY OF SAN ANTONIO  
DEPARTMENT OF HUMAN RESOURCES  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Sheryl Sculley, City Manager  
**FROM:** Sharon De La Garza, Director, Human Resources Department  
**SUBJECT:** Request to Purchase Aircraft Hull and Liability Insurance  
**DATE:** March 23, 2006

**SUMMARY AND RECOMMENDATIONS**

This ordinance authorizes the purchase of Aircraft Hull and Liability Insurance on the City-owned helicopters operated by the San Antonio Police department, with ACE Property and Casualty Insurance Company, through McGriff, Seibels & Williams of Texas, Inc., the City's Broker of Record. The policy coverage is for a one (1) year period beginning March 31, 2006 through March 31, 2007 for an annual premium not to exceed \$209,403.

Staff recommends approval of this Ordinance.

**BACKGROUND INFORMATION**

The City advertised a Request for Insurance Quotes in the San Antonio Express News on February 5, 2006 and February 12, 2006, which solicited for Aircraft Hull and Liability Insurance. The City's Broker of Record also began marketing activities for this renewal coverage in January 2006 and approached ten insurance markets. Eight companies declined to quote and one was considered non-responsive. One quote was received from ACE Property and Casualty Insurance Company, our current insurer for this coverage.

The premium quote from ACE Property and Casualty Insurance Company provides for physical damage and liability coverage. Third party claims arising from the operation of the City's helicopters is also included in the policy with a single limit for both bodily injury and property damage of \$10,000,000 per occurrence. A sublimit of \$5,000 per person per seat in each aircraft is provided for medical payments to passengers and crew members.

The deductibles under the proposed coverage differ depending upon whether the rotors are engaged (in motion), in flight, or not in motion or in flight. A \$500 deductible applies if the helicopter hull is not in flight and also not in motion. For accidents occurring while in motion or in flight, the deductible equates to 5% of the aircraft's insured value.

Additional coverages in the ACE Property and Casualty Insurance Company's proposal include cargo legal liability up to \$150,000 and \$300,000 coverage for spare parts and extra expense. Non-owned Aircraft Liability coverage, subject to specific terms and conditions, is also included. The "FLIR" Equipment (Forward Looking Infra Red System) is insured up to \$250,000 with a \$500 per-occurrence deductible if the loss occurs when the aircraft is not in motion and \$5,000 per-occurrence deductible if the aircraft is in motion.

Last year the City spent \$164,430 in premiums for insuring three helicopters. Prior to last year's policy renewal, on January 18, 2005, a 1997 N296RL helicopter was involved in a training exercise involving hovering maneuvers. An accident resulted from this training exercise and the craft was damaged beyond repair. The amount recovered from this loss was \$522,936. On February 19, 2004, the City sustained another total loss to an aircraft, due to a hard landing after complete engine failure. The insurer paid \$864,158 for the replacement aircraft plus equipment, which the City acquired on December 30, 2004.

The Police Department is considering the purchase of two additional helicopters within this policy period. When the City takes possession of these aircrafts, they will be added to this policy for a pro-rata premium through the end of the policy term.

McGriff, Seibels & Williams of Texas, Inc., the City's Broker of Record, recommends placing the City's Aircraft Hull and Liability insurance coverage with ACE Property and Casualty Insurance Company for the next renewal year. The annual premium cost for the three (3) insured helicopters is \$164,430 which is the same compared to last year. The premium for the two additional helicopters is estimated at \$44,973, for a total annual premium not to exceed \$209,403 for all 5 aircraft.

### **POLICY ANALYSIS**

This action is in keeping with the City's past practice of purchasing Aircraft Hull and Liability Insurance to provide coverage for City-owned helicopters operated by the San Antonio Police Department. The Risk Management Division concurs with McGriff, Seibels, & Williams of Texas' recommendation.

### **FINANCIAL IMPACT**

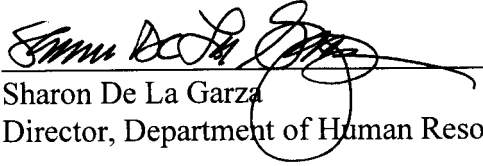
Sufficient funds have been budgeted in the Liability Self-Insurance Fund for the purchase of this insurance policy.

### **COORDINATION**

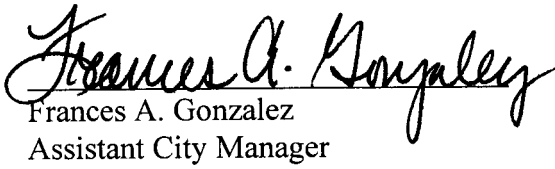
This item has been coordinated with Finance, San Antonio Police Department, Office of Management and Budget, and the City Attorney's Office.

**SUPPLEMENTAL COMMENTS:**

The required Discretionary Contracts Disclosure Forms are attached.

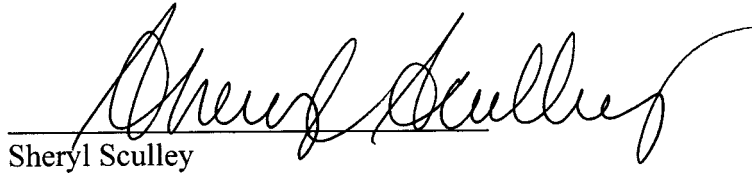


Sharon De La Garza  
Director, Department of Human Resources



Frances A. Gonzalez  
Assistant City Manager

**Approved for Council Consideration:**



Sheryl Sculley  
City Manager

## City of San Antonio Discretionary Contracts Disclosure

*For use of this form, see City of San Antonio Ethics Code, Part D, Section 1&2*

### Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract;

None

(2) the identity of any business entity that would be a party to the discretionary contract (**ACE Property and Casualty Insurance Company and Westchester Fire Insurance Company**) and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract;

Not Applicable

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract;

Please see the attached list of ACE USA – Insurance Companies with licensing information.

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

### Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any member of City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, or registered lobbyists of the entity.

None

**City of San Antonio**  
**Discretionary Contracts Disclosure**

*For use of this form, see City of San Antonio Ethics Code, Part D, Section 1&2*

**Disclosures in Proposals**

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood<sup>2</sup>, raise a question as to whether any city official would violate Section 1 of Part B by participating in official action relating to the discretionary contract.

Not Applicable

**Signature:**



**Jerry J. Ruth**

**Assistant Vice President – ACE USA**

**Date:**

*2/15/06*

**February 15, 2005**

**ACE Group U.S. Insurance Company License Information**

As of July 27, 2005

Company Name	Principal Office	State of Domicile	Main Telephone Contact	NAIC Company Code	Licensed in the following states
ACE American Insurance Company	1601 Chestnut Street Philadelphia, PA 19101	PA	215.640.1000	22667	All*
ACE Employers Insurance Company	1601 Chestnut Street Philadelphia, PA 19101	PA	215.640.1000	38741	NJ*
ACE Fire Underwriters Insurance Company	1601 Chestnut Street Philadelphia, PA 19101	PA	215.640.1000	20702	All*
ACE Indemnity Insurance Company	1601 Chestnut Street Philadelphia, PA 19101	PA	215.640.1000	10030	All* except: AL, ME, NV, NH, NC, and TN
ACE Insurance Company of Illinois	525 W. Monroe Street Suite 400 Chicago, Illinois 60661	IL	215.640.1000	22691	IL*
ACE Insurance Company of Ohio	400 Metro Place North Suite 225	OH	215.640.1000	22764	OH*

	Dublin, Ohio 43017				
ACE Insurance Company of Texas	6600 Campus Circle Drive  Suite 300  Irving, Texas 75015	TX	215.640.1000	22721	*NM, OK, TX
ACE Insurance Company of the Midwest	120 N. 9 <sup>th</sup> Street  Richmond, Indiana 47374	IN	215.640.1000	26417	IN*
ACE Property and Casualty Insurance Company	1601 Chestnut Street  Philadelphia, PA 19101	PA	215.640.1000	20699	All*
Atlantic Employers Insurance Company	55 Haddonfield Road  Suite 210  Cherry Hill, New Jersey 08002	NJ	215.640.1000	38938	NJ*
Bankers Standard Fire and Marine Company	1601 Chestnut Street  Philadelphia, PA 19101	PA	215.640.1000	20591	*AL, AR, CO, DE, DC, FL, GA, ID, IA, LA, MD, MN, MS, MO, MT, NE, NV, NM, ND, OK, OR, PA, SD, TN, TX, UT, and VT
Bankers Standard Insurance	1601 Chestnut Street	PA	215.640.1000	18279	All* except ME

Company	Philadelphia, PA 19101				
Illinois Union Insurance Company	525 W. Monroe Street  Suite 400  Chicago, Illinois 60661	IL	215.640.1000	27960	All** except IL, MN
INA Surplus Insurance Company	1601 Chestnut Street  Philadelphia, PA 19101	PA	215.640.1000	42072	PA*  AK**, IL, NE
Indemnity Insurance Company of North America	1601 Chestnut Street  Philadelphia, PA 19101	PA	215.640.1000	43575	All*
Insurance Company of North America	1601 Chestnut Street  Philadelphia, PA 19101	PA	215.640.1000	22713	All*
Pacific Employers Insurance Company	1601 Chestnut Street  Philadelphia, PA 19101	PA	215.640.1000	22748	All*
Westchester Fire Insurance Company	1133 Avenue of the Americas  New York, New York 10036	NY	215.640.1000	21121	All*
Westchester Surplus Lines Insurance Company	500 Colonial Center Parkway  Suite 200  Roswell, Georgia 30076	GA	215.640.1000	10172	GA*  All** except:  AK, GA, MA, MN, NH, RI



\* Admitted company. If designated "All" then licenses include all 50 states and the District of Columbia

\*\* Eligible Surplus Lines company