



CITY OF SACRAMENTO

7
37

DEPARTMENT OF FINANCE

915 I STREET
ROOM 112

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5738

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

March 28, 1980

Budget and Finance Committee
City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LIABILITY INSURANCE REQUIREMENTS FOR
PRIVATELY OWNED VEHICLES OPERATED ON
CITY BUSINESS.

APPROVED
BY THE CITY COUNCIL

APR 8 1980

OFFICE OF THE
CITY CLERK

SUMMARY

This report recommends that the City amend its current insurance requirements for elected officials and employees receiving automobile allowances or mileage reimbursement for use of privately owned vehicles on City business.

BACKGROUND

Traditionally the City has required that elected City officials and employees receiving automobile allowance or mileage reimbursement carry limits of liability insurance in excess of minimum State of California Vehicle Code minimum requirements of Bodily Injury (BI) \$15,000/\$30,000 and Property Damage (PD) \$5,000; and that the City of Sacramento be named as co-insured on said policy. This policy was dictated by our former Primary Comprehensive Automobile and General Liability Carriers, since the policies excluded the extension of coverage of employees using their own personal vehicles for City Business.

The difference of cost to an employee of maintaining a \$300,000 single limit per occurrence and naming the City of Sacramento as a co-insured compared to minimum State of California requirements averages approximately \$80.00 annually. In addition to the added cost of the coverage, staff time is consumed requesting certificates of insurance, maintaining said certificates and following up on renewals upon expiration.

Since the City has eliminated the need of purchasing Primary Comprehensive Automobile and General Liability through its \$1 million Self-Insured Retention (SIR) program the decision to amend the subject requirements rests with the City Council.



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE
915 I STREET
ROOM 112

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5738

CITY MANAGER'S OFFICE
RECEIVED
APR 2 1980

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

March 28, 1980

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LIABILITY INSURANCE REQUIREMENTS FOR
PRIVATELY OWNED VEHICLES OPERATED ON
CITY BUSINESS.

SUMMARY

The attached report recommends that the City amend its current insurance requirements for elected officials and employees receiving automobile allowances or mileage reimbursement for use of privately owned vehicles on City Business.

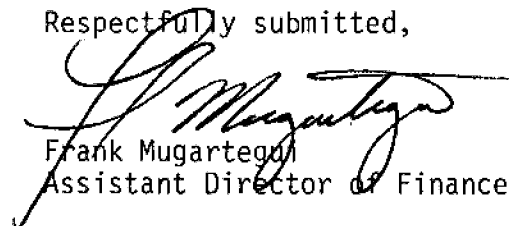
BACKGROUND

At the April 8, 1980 meeting of the Budget and Finance Committee, the Committee approved the report and directed staff to forward it to the City Council for adoption.


RECOMMENDATION

It is recommended that the City Council adopt the attached resolution.

Respectfully submitted,


Frank Mugartegui
Assistant Director of Finance

RECOMMENDATION APPROVED:


Walter J. Slive
City Manager

April 8, 1980

FM:m1
FA:80145
Attachment
cc: Ora Scheel
Risk Management & Insurance Committee

LOSS EXPERIENCE

A review of the City's loss experience records for the past 10 years indicates that no claims have been made against the City resulting from use of privately owned vehicles used on City business.

FINANCIAL IMPACT AND CONCLUSION

Based on the past 10 years experience it seems that the City would not pickup any additional liability exposure by amending its current insurance requirements down to State of California minimum required coverage for elected officials and employees receiving automobile allowance and mileage reimbursement; together with the savings of staff time involved in handling certificate of insurance and savings of insurance premiums by the employees; the City should reduce the limits of liability insurance requirements for privately owned vehicles operated on City business.

With the City no longer requiring evidence of insurance, individuals receiving automobile allowance or mileage reimbursements must be cognizant that they must be carrying insurance. Therefore, the following statement will appear on the back of checks issued by the City for automobile allowances or mileage reimbursements:

IMPORTANTALL PAYEES MUST ENDORSE THIS CHECK

Your endorsement of this check for automobile allowance or mileage reimbursement acknowledges that 1) you are carrying no less than the minimum automobile Liability Insurance required by the State of California; 2) your carrier is aware you are using your vehicle on City Business, and 3) that your insurance will operate as primary insurance and that no other insurance effected by the City will be called upon to contribute to a loss covered thereunder.

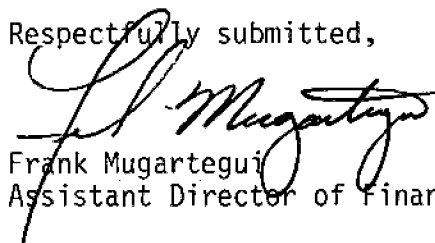
RECOMMENDATION

It is the recommendation of the City's Risk Management and Insurance Committee that the Budget and Finance Committee approve amending the current liability insurance requirements for privately owned vehicles operated on City business to require that individuals receiving automobile or mileage reimbursement carry no less than minimum State of California required

March 28, 1980

coverage (currently BI \$15,000/\$30,000 and PD \$5,000) and direct staff to forward this report to the City Council for adoption of the attached resolution.

Respectfully submitted,



Frank Mugartegui
Assistant Director of Finance

RECOMMENDATION APPROVED:



William H. Edgar
Assistant City Manager

April 8, 1980

FM/ml
FA:80146

cc: Ora Scheel
Risk Management &
Insurance Committee

RESOLUTION NO. 80-219

Adopted by The Sacramento City Council on date of

Resolution amending Liability Insurance requirements for privately owned vehicles operated on City business.

WHEREAS, Paragraph 5 of Resolution No.79-831, adopted December 4, 1979 provides that ---

"Any automobile operated on City business by any of the officials mentioned for use of the automobile allowance shall be insured against liability to persons and property, including wrongful death, in an amount not less than \$300,000 single limit per occurrence. The City of Sacramento shall be named as co-insured on said policy, and a certificate of the insurer certifying to the coverage shall be filed with the Director of Finance."

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That elected City officials/employees receiving automobile allowance or mileage reimbursement for operating privately owned vehicles on City business carry no less than the minimum State of California required automobile coverage for Bodily Injury (currently \$15,000/\$30,000 and Property Damage of \$5,000);
2. That no evidence of insurance coverage will be required by the City;
3. That Paragraph 5 of Resolution No. 79-831, adopted December 4, 1979, is hereby repealed; and
4. That all checks issued for automobile allowance or mileage reimbursement shall contain the following language on the back of the check agreed to by the elected City official or employee by their endorsement on the said check.

IMPORTANT

ALL PAYEES MUST ENDORSE THIS CHECK

Your endorsement of this check for automobile allowance or mileage reimbursement acknowledges that 1) you are carrying no less than the minimum automobile Liability Insurance required by the State of California; 2) your carrier is aware you are using your vehicle on City Business, and 3) that your insurance will operate as primary insurance and that no other insurance effected by the City will be called upon to contribute to a loss covered thereunder.

Phillip L. Isenberg, Mayor

ATTEST:

Lorraine Magana, City Clerk

APPROVED
BY THE CITY COUNCIL

APR 8 1980

OFFICE OF THE
CITY CLERK