



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

C-16

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

June 19, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to purchase excess workers' compensation insurance for the period of July 1, 2007 through July 1, 2008, from the California State Association of Counties Excess Insurance Authority (CSAC-EIA), through Alliant Insurance Services, for a total premium of \$363,203. (Citywide)

DISCUSSION

Maintenance of excess workers' compensation insurance is important to protect the City from the negative financial consequences of potential catastrophes involving multiple employee injuries or deaths from occurrences such as major fires, police activities, terrorist attacks and earthquakes during work hours.

This year, CSAC-EIA has submitted a premium renewal estimation of \$363,203, with a \$4 million self-insured retention. This represents a 3 percent increase over last year's premium. Despite major workers' compensation reform, underwriters are still reluctant to make significant reductions in excess premiums for public entities because of the large police/fire and earthquake exposure. Our broker, Alliant Insurance Services, marketed the City's line of insurance to several insurers and all have declined to submit quotes because of the current concentration of insurance policies in the Los Angeles/Long Beach area and the significant earthquake exposure.

This matter was reviewed by Deputy City Attorney Lori Conway and Budget and Performance Management Bureau Manager David Wodynski on June 11, 2007.

TIMING CONSIDERATIONS

City Council action is requested on June 19, 2007, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2007.

FISCAL IMPACT

The total premium cost is \$363,203 for the period of July 1, 2007 through July 1, 2008. Funding has been budgeted in the Insurance Fund (IS 390) and in the Department of Human Resources (HR). The cost of excess workers' compensation insurance is

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allocated to all funds based upon department staffing (exposure) and workers' compensation claims experience, with approximately 65 percent allocated to the General Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

SRM:MVA

APPROVED:


for GERALD R. MILLER
CITY MANAGER