



June 17, 2008

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, 2008 through July 1, 2009, from the California State Association of Counties Excess Insurance Authority (CSAC-EIA), through Alliant Insurance Services, for a total premium not to exceed \$325,000. (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 \$325,000, with a \$4 million self-insured retention. 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, port, and earthquake exposure.

This matter was reviewed by Principal Deputy City Attorney Charles Parkin on May 29, 2008 and Budget Management Officer Victoria Bell on May 30, 2008.

TIMING CONSIDERATIONS

City Council action is requested on June 17, 2008, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2008.

HONORABLE MAYOR AND CITY COUNCIL

JUNE 17, 2008

Page 2

FISCAL IMPACT

The total premium cost will not exceed \$325,000 for the period of July 1, 2008 through July 1, 2009, which is an approximate decrease of 12% when compared to last fiscal year. 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 allocated to all funds based upon department staffing (exposure) and workers' compensation claims experience, with approximately 60% allocated to the General Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

SRM:MVA

APPROVED:


PATRICK H. WEST
CITY MANAGER