



Legislation Text

File #: 17-0483, **Version:** 1

Recommendation to authorize City Manager, or designee, to purchase excess workers' compensation insurance with Safety National Casualty Corporation for the period of July 1, 2017 through July 1, 2018, through the City's casualty broker Aon, for a total premium not to exceed \$450,247. (Citywide)

The continued purchase of excess workers' compensation insurance is important to protect the City from the negative financial consequences of high exposure losses that may result from injuries or deaths to employees due to major accidents, fires, terrorist attacks and earthquakes, during work hours.

This year's policy for excess workers' compensation will provide \$150 million in coverage in excess of a \$5 million self-insured retention, at a premium of \$450,247, which represents an increase of \$20,636 from the expiring policy. The increase in premium is due to an increase in City payroll and a modest inflationary increase from the insurer. The policy will include coverage for terrorism, disability payments for public safety officers (Labor Code 4850 benefits), and communicable disease exposure.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on May 15, 2017 and by Revenue Management Officer Geraldine Alejo on May 25, 2017.

City Council action is requested on June 20, 2017, to allow the City to bind insurance coverage by the renewal date of July 1, 2017.

The total premium cost will not exceed \$450,247 for the period of July 1, 2017 through July 1, 2018. Funding has been budgeted in the Insurance Fund (IS 390) in the Human Resources Department (HR). The cost of excess workers' compensation insurance is recouped from all funds based upon department staffing (exposure) and workers' compensation claims experience, with 62 percent allocated to the General Fund. There is no local job impact associated with this recommendation.

Approve recommendation.

ALEJANDRINA BASQUEZ
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST
CITY MANAGER