



Legislation Text

File #: 05-2794, **Version:** 1

Recommendation to authorize City Manager to purchase excess workers' compensation insurance for the period of July 1, 2005 through July 1, 2006, from the California State Association of Counties and California Public Entities Excess Insurance Authority (CSAC-CPEIA), through Driver-Alliant Insurance Services, for a total premium not to exceed \$325,000. (Citywide)

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.

In 2002, in order to receive the lowest rates available, the City entered into a Joint Powers Agreement with California Public Entity Insurance Authority (CPEIA-JPA) to purchase excess workers' compensation insurance under the California State Association of Counties' (CSAC's) insurance program for California public entities. This year, CSAC-CPEIA has submitted a premium renewal estimation not to exceed \$325,000, with a \$5 million self-insured retention. This represents a slight increase over last year's premium of \$311,836. Despite major workers' compensation reform, underwriters are still reluctant to make significant reductions in premiums since they do not know the real financial impact that will result from recent legislative changes. Our broker, Driver-Alliant Insurance Services, will continue to explore all options and obtain other quotes to reduce premium costs up until the date of renewal.

This matter was reviewed by Principal Deputy City Attorney Barbara de Jong and Budget Management Officer David Wodynski on May 31, 2005.

City Council action is requested on June 14, 2005, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2005.

The total premium cost will not exceed \$325,000 for the period of July 1, 2005 through July 1, 2006. Sufficient funding has been budgeted in the Insurance Fund (IS 390) and in the Department of Human Resources (HR). The costs of workers' compensation insurance are allocated to all funds based upon department staffing and experience, with approximately 70 percent allocated to the General Fund.

Approve recommendation.

KEVIN BOYLAN
DIRECTOR HUMAN RESOURCES

[Respectfully Submitted,]