



Legislation Text

File #: 16-0568, **Version:** 1

Recommendation to authorize City Manager to purchase excess workers' compensation insurance with Safety National Casualty Corporation for the period of July 1, 2016 through July 1, 2017, through the City's casualty broker Aon, for a total premium not to exceed \$429,311. (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 \$429,311, a 1 percent increase over the expiring policy. The expiring policy provided limits of \$100,000,000 in excess of a \$4 million self-insured retention. Staff recommends the purchase of the new policy with an additional \$50 million in limits for a total of \$150 million, even though the self-insured retention will be higher, as it will provide significantly greater coverage limits.

The policy will include coverage for terrorism, Labor Code 4850 benefits, and communicable disease exposure.

This matter was reviewed by Deputy City Attorney Anne Lattime on May 25, 2016 and by Assistant Finance Director Lea Eriksen on June 3, 2016.

City Council action is requested on June 21, 2016, to allow the City to bind insurance coverage by the renewal date of July 1, 2016.

The total premium cost will not exceed \$429,311 for the period of July 1, 2016 through July 1, 2017. Funding has been budgeted in the Insurance Fund (IS 390) in the Human Resources Department (HR). The cost of excess workers' compensation insurance is allocated to all funds based upon department staffing (exposure) and workers' compensation claims experience, with 62 percent allocated to the General Fund (GF). There is no local job impact associated with this recommendation.

Approve recommendation.

ALEJANDRINA BASQUEZ
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST
CITY MANAGER