



# CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-33

333 WEST OCEAN BOULEVARD 13<sup>TH</sup> FLOOR - LONG BEACH, CALIFORNIA 90802 - (562) 570-6621

June 22, 2004

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

SUBJECT: Renewal of Excess Workers' Compensation Insurance (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.

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 JPA has submitted a premium renewal not to exceed \$326,000, with a \$5 million self-insured retention (SIR). Although this is a 2.5 percent increase over last year's premium, the limits of coverage have more than doubled from \$50 million to \$100 million from last year. Despite major workers' compensation reform, underwriters are still reluctant to make any 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 June 10, 2004.

## TIMING CONSIDERATIONS

City Council action is requested on June 22, 2004 to allow the City to officially bind insurance coverage by the renewal date of July 1, 2004.

## FISCAL IMPACT

The total premium cost will not exceed \$326,000, which represents an increase of approximately \$8,000 over the prior year, for the period of July 1, 2004 to July 1, 2005. Sufficient funding has been budgeted in the Insurance Fund (IS 390) and in the Department of Human Resources (HR) for insurance renewals. 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.

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IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to purchase excess workers' compensation insurance for the period of July 1, 2004 to July 1, 2005, 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 \$326,000.

Respectfully submitted,

*Kevin P. Boylan*  
for

KEVIN P. BOYLAN  
DIRECTOR OF HUMAN RESOURCES

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APPROVED:

*Christine J. Sheppin*  
for \_\_\_\_\_  
GERALD R. MILLER  
CITY MANAGER