

C-9

June 15, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to purchase, through Alliant Insurance Services, Inc., excess workers' compensation insurance with Safety National Casualty Corporation, for a total premium not-to-exceed \$571,324 for the period of July 1, 2021, through July 1, 2022. (Citywide)

DISCUSSION

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 coverage will be obtained through the City's casualty broker of record, Alliant Insurance Services Inc. (Alliant).

Workplace injuries on average continue to decline year over year and loss ratios remain favorable as depicted in Attachment A. The general marketplace has shown little change over the prior several years from a workers' compensation trends perspective. As a result, the workers' compensation market continues to remain competitive. This year, as in previous years, the excess workers' compensation was sent to various carriers for consideration. Incumbent carrier, Safety National Casualty Corporation, was the most competitive with the lowest premium.

This year's policy for excess workers' compensation will continue to provide \$150 million in coverage, in excess of a \$5 million self-insured retention, at a premium of \$571,324, which represents an increase of 13 percent from the expiring policy, due to market increases and overall City payroll.

The Risk Management Bureau is strategizing various initiatives to continue to improve and stabilize or drop the workers' compensation premiums and continue to increase employee safety and reduce employee injuries. This can be accomplished by continuing to conduct a hazard analysis and job hazard analysis, continue to provide employee safety training, and provide personal protective equipment (PPE). Additionally, efforts can be made to increase employee engagement by enhancing safety tailgates and safety committees. Continue to investigate all incidents to try and prevent the same or similar from happening in the future. These initiatives will likely continue to improve employee safety while driving workers' compensation injuries down resulting in the most favorable insurance premiums and coverages.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson and Revenue Management Officer Geraldine Alejo on May 26, 2021.

TIMING CONSIDERATIONS

City Council action is requested on June 15, 2021, to allow the City to bind insurance coverage by the renewal date of July 1, 2021.

FISCAL IMPACT

The total premium cost will not exceed \$571,324 for the period of July 1, 2021 through July 1, 2022. Sufficient appropriation is budgeted in the Insurance Fund Group in the Human Resources Department. The cost of excess workers' compensation insurance is recouped from departments and funds based upon department staffing (exposure) and workers' compensation claims experience, with an estimated 65 percent allocated to the General Fund Group. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



JOE AMBROSINI
HUMAN RESOURCES DIRECTOR

APPROVED:



THOMAS B. MODICA
CITY MANAGER

Frequency

The program's number of claims per \$1 million of payroll, or frequency, has been generally decreasing over the most recent ten years. The projected 2020-21 frequency of 1.000 claims per \$1 million of payroll is based on the average of the most recent three accident years and the apparent decreasing trend. See Graph 4 below.

Graph 4

