



Legislation Text

File #: 09-0633, **Version:** 1

Recommendation to authorize City Manager to purchase excess workers' compensation insurance for the period of July 1, 2009 through July 1, 2010, through Marsh USA, Inc., for a total premium not to exceed \$375,000. (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.

This year's policy for excess workers' compensation is expected to provide competitive coverage limits in excess of the City's current \$4 million self-insured retention. The policy will include coverage for terrorism, Labor Code 4850 benefits, and communicable disease exposure. The renewal premium will not exceed \$375,000, which is an approximate increase of 18 percent. Despite major workers' compensation reform, underwriters are still reluctant to make significant reductions in excess premiums for public entities because of the large police, fire, port, and earthquake exposure.

This matter was reviewed by Deputy City Attorney Amy R. Burton and Budget and Performance Management Bureau Manager David Wodynski on June 4, 2009.

City Council action is requested on June 23, 2009, to allow the City to officially bind insurance coverage by the renewal date of July 1, 2009.

The total premium cost will not exceed \$375,000 for the period of July 1, 2009 through July 1, 2010. Funding has been budgeted in the Insurance Fund (IS 390) within the Department of Human Resources (HR). The cost of excess workers' compensation insurance is allocated to all funds based upon department staffing (exposure) and workers' compensation claims experience, with approximately 60 percent allocated to the General Fund.

Approve recommendation.

SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST
CITY MANAGER

