

Council Meeting of  
June 28, 2011

Honorable Mayor and Members  
Of the City Council  
City Hall  
Torrance, California

Members of the Council

**SUBJECT: Human Resources - Approve Purchase of Excess  
Workers' Compensation Insurance**

**Expenditure: \$139,002**

**RECOMMENDATION**

Recommendation of the Acting Human Resources Director that the City Council:

- Approve the renewal purchase of excess workers' compensation insurance, from CSAC Excess Insurance Authority through Alliant Insurance Services, at a premium of \$139,002 for the July 1, 2011 to July 1, 2012 policy period; and
- Designate the Risk Manager, or the Workers' Compensation Manager should the Risk Manager not be available, to act on behalf of or enter into agreements with CSAC-EIA, in regards to insurance provided by CSAC-EIA, except as to those actions requiring the approval of the City Council or the City Manager.

**Funding**

Funding is available in the FY 2011/12 Self-Insurance Fund Budget.

**BACKGROUND**

State law requires that employers provide workers' compensation benefits to all employees. Many public agencies and large corporations are largely self-insured due in part to the high cost and limited availability of coverage. However excess insurance is usually purchased as protection against high exposure losses.

Since July 1, 2002 the City has been a member of the CSAC Excess Insurance Authority. Prior to that date the City purchased insurance from private sector insurance companies. However, at that time due to turmoil that existed in the California commercial insurance market the City switched to the CSAC governmental insurance pool and has enjoyed stable & comparatively low premiums. (ATTACHMENT A provides coverage history since FY 2006/07)

Alliant marketed several pool members' workers' compensation insurance programs outside of CSAC, and only one insurance carrier provided proposals, all at or above the premiums offered by CSAC.

CSAC insures most counties, and many cities and special districts within California. The pool self-insures losses up to \$5,000,000 per occurrence, and insures losses above \$5,000,000 through several large re-insurers. As CSAC is an insurance pool, pool members can be assessed additional premiums should the pool suffer heavy losses. Pool members can receive rebates if pool losses are low. CSAC also provides partial reimbursement for actuarial studies and safety consulting, for which the City has obtained past reimbursements.

The City recently received a renewal proposal from CSAC Excess Insurance Authority. CSAC offers unlimited coverage limits, excess of a \$2,000,000 self-insured retention, at a premium of \$139,002. The expiring policy from CSAC provided coverage at a premium of \$136,164. The increase in premium represents an actuarial analysis of the CSAC insurance pool in which premium increases were recommended statewide to assure proper pool funding.

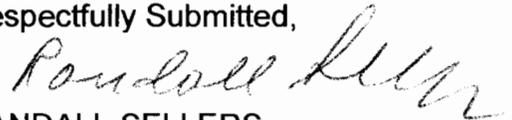
CSAC also now requires that the City formally designate an individual(s) or position(s) to act on behalf of the member.

### **ANALYSIS**

CSAC Excess Insurance Authority is offering unlimited coverage limits at a premium slightly higher than the expiring policy.

In summary, staff recommends the purchase of coverage from CSAC because it provides unlimited coverage at a reasonable cost.

Respectfully Submitted,



RANDALL SELLERS  
HUMAN RESOURCES DIRECTOR (ACTING)

CONCUR:



LeRoy J. Jackson  
City Manager

ATTACHMENT A: Coverage History

## ATTACHMENT A

## COVERAGE HISTORY

POLICY PERIOD	INSURER	RETENTION	LIMITS	PREMIUM
<i>Proposed</i> 2011/12	CSAC	\$2,000,000	Unlimited (statutory)	\$139,002
2010/11	CSAC	\$2,000,000	Unlimited (statutory)	\$136,164
2009/10	CSAC	\$2,000,000	Unlimited (statutory)	\$125,934
2008/09	CSAC	\$2,000,000	Unlimited (statutory)	\$129,839
2007/08	CSAC	\$2,000,000	\$298,000,000	\$144,162
2006/07	CSAC	\$2,000,000	\$198,000,000	\$144,286

The above premium amounts include assessments paid and credits received.