



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** June 6, 2019

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: For Possible Action: Discussion and possible action regarding a proposed agreement for excess workers' compensation liability insurance services with Safety National Casualty Corporation for a total estimated premium of \$112,095 for each year of a two-year policy term, and a total aggregate estimated premium of \$224,190. (Sheri Russell, SRussell@carson.org)

Staff Summary: Staff is recommending workers' compensation excess liability insurance services with Safety National Casualty Corporation for FY 2020, which acquired the program administrator for the City's current excess coverage provider, Midlands Management. Excess coverage is currently provided by New York Marine and General Insurance Company but will be renewed under Safety National. The total premiums for FY 2019 were \$104,421 so this renewal is an increase of approximately 7.35% for FY 2020. The premium rate will remain the same for FY 2021 as this is a two-year agreement (flat premium rate, subject only to changes in estimated vs. actual City payroll amounts).

Agenda Action: Formal Action / Motion **Time Requested:** 5 Minutes

Proposed Motion

I move to authorize staff to enter into an agreement for excess workers' compensation liability insurance services with Safety National Casualty Corporation for a total premium of \$112,095 for FY 2020 and an estimated total premium of \$112,095 for FY 2021.

Board's Strategic Goal

Efficient Government

Previous Action

FY 2019 excess workers compensation liability insurance agreement was approved by the Board of Supervisors on June 21, 2018.

Background/Issues & Analysis

There is a one-year option available, which is attached at an increase of just 1.68%; the premium would be \$106,174. However, with the recent legislation on workers' compensation that is anticipated to become law, staff is projecting that in the long term it will save the City money to lock in a premium rate for a two-year term.

The City will also benefit from the placement of coverage with Safety National, which has a higher A.M. Best rating than the current carrier. Safety National's rating is A+ (Superior) with more than \$2 billion in adjusted policy holder surplus.

The City pays the initial premium based on its budgeted payroll prior to the beginning of the year. Once the year is completed, an "audit" of the City's actual Payroll data is done to true up the premium paid. Note that for the last several years the City has received a reimbursement to the original premium as the City's budget tends to be conservative and does not take into account termination savings.

Applicable Statute, Code, Policy, Rule or Regulation

N/A

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Workers' Compensation Insurance Fund - 580-0704-415-05-12.

Is it currently budgeted? Yes

Explanation of Fiscal Impact: \$112,095 in estimated insurance premiums for FY 2020 and FY 2021 (based on payroll estimates and subject to audit at the end of each annual period). \$128,100 was budgeted in this account for FY 2020.

Alternatives

Elect not to enter into the agreement and pursue other options for worker's compensation insurance.

Attachments:

[Excess Workers Comp Renewal Summary - Two-Year Option 2019-20.pdf](#)

[Excess Workers Comp Renewal Summary - Annual Option 2019-20.pdf](#)

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

Expiring Coverage & Premium			Renewal Coverage & Premium				
Coverage	Carrier	Coverage Limits & Retentions	2018/19 Estimated Premium	Carrier	Coverage: Limit / Deductible or Retention	2019/20 Estimated Premium	
Excess Self-Insured Workers' Compensation & Employer's Liability	New York Marine & General A.M. Best Rating: A- (Excellent) IX (\$250 to \$500MM)	One-Year Policy Term Estimated Payroll (Capped): \$23,321,788 Workers Comp: Statutory Coverage Employer's Liability Limits: \$1,000,000 Self-Insured Retentions: \$2,000,000 (EMT/Law Enforcement/Fire/Presumptive); \$750,000 All Other Claims	\$104,421	Safety National Casualty Corporation A.M. Best Rating: A+ (Superior) XV (\$2B or greater)	Two-Year Policy Term, Annual Installments Estimated Payroll (Capped): \$23,789,173 Workers Comp: Statutory Coverage Employer's Liability Limits: \$1,000,000 Self-Insured Retentions: \$2,000,000 (EMT/Law Enforcement/Fire/Presumptive); \$750,000 All Other Claims	\$112,095	
2018/19 Total			\$104,421.00	2019/20 Total		\$112,095.00	
						Variance	\$7,674.00
							7.35%

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only. This is a quotation of coverage only. It is not a binder. This proposal does not amend or alter the insurance contract.

Expiring Coverage & Premium			Renewal Coverage & Premium			
Coverage	Carrier	Coverage Limits / Self-Insured Retentions	2018/19 Estimated Premium	Carrier	Coverage: Limit / Deductible or Retention	2019/20 Estimated Premium
Excess Self-Insured Workers' Compensation & Employer's Liability	New York Marine & General	One-Year Policy Term Estimated Payroll (Capped): \$23,321,788	\$104,421	Safety National Casualty Corporation A.M. Best Rating: A+ (Superior) XV (\$2B or greater)	One-Year Policy Term	\$106,174
	A.M. Best Rating: A- (Excellent) IX (\$250 to \$500MM)	Workers Comp: Statutory Coverage Employer's Liability Limits: \$1,000,000 Self-Insured Retentions: \$2,000,000 (EMT/Law Enforcement/Fire/Presumptive); \$750,000 All Other Claims			Estimated Payroll (Capped): \$23,789,173 Workers Comp: Statutory Coverage Employer's Liability Limits: \$1,000,000 Self-Insured Retentions: \$2,000,000 (EMT/Law Enforcement/Fire/Presumptive); \$750,000 All Other Claims	
17/18 Totals			\$104,421.00	18/19 Totals		\$106,174.00
18/19 Totals				19/20 Totals		Premium Variance \$1,753.00 1.68%

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✓ Date Error - received from USI insurance.