



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** June 16, 2022

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: For Possible Action: Discussion and possible action regarding a proposed agreement for excess workers compensation and employer's liability insurance with Safety National Casualty Corporation for a total estimated premium of \$200,586 for Fiscal Year ("FY") 2023. (Sheri Russell, srussell@Carson.org)

Staff Summary: Staff is recommending excess workers compensation and employer's liability insurance with Safety National Casualty Corporation for FY 2023. The total premiums for FY 2022 were \$176,747 so this renewal is an increase of approximately 13.5% for FY 2023. The increase is based on a 3.2% increase in payroll and a rate increase not to exceed 10%. Premiums are estimated and subject to audit based on actual, rated payroll at the end of the policy term.

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

Proposed Motion

I move to approve the agreement as presented.

Board's Strategic Goal

Efficient Government

Previous Action

June 17, 2021 - The Board of Supervisors approved the FY 2022 excess workers' compensation and employer's liability insurance agreement.

Background/Issues & Analysis

The property and casualty insurance market continues to present challenges to buyers. Global insured catastrophic loss rose to \$112 billion in 2021. This follows record and above average catastrophic losses in recent years.

The markets for excess workers compensation coverage for risks with law enforcement, fire and presumptive benefit exposures are limited. USI Insurance Services marketed the City's coverage in FY 2022 and received declinations from four other markets, mainly due to municipal/presumptive exposures. Safety National increased their minimum premiums for municipal risks in 2021 and has provided a renewal quote for FY 2023. Estimated payroll increased by 3.2% with a premium rate increase not to exceed 10%.

Safety National maintains an A.M. Best financial rating of A+ (Superior) with more than \$2 billion in adjusted policyholder surplus. Safety National has been in the market for over 75 years and provides a full suite of online resources designed to help insured's build or enhance their safety and compliance programs as well as medical management resources and risk control services.

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 - Insurance Premiums
5800704-500512.

Is it currently budgeted? Yes

Explanation of Fiscal Impact: \$200,586 in estimated insurance premiums for FY 2023 (based on estimates in rated payroll, subject to audit at the end of each annual period). \$120,272 was budgeted in this account for FY 2023, City will need to augment \$80,314 from working capital during the first round of budget augmentations. The FY 2021 final working capital was \$3,161,480.

Alternatives

Do not approve the agreement and provide alternative direction to staff.

Attachments:

[Excess Workers Comp Renewal Summary FY 23.pdf](#)

Board Action Taken:

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

(Vote Recorded By)

USI Insurance Services

Excess Self-Insured Workers' Compensation and Employer's Liability Renewal Proposal

Policy Term: 7/1/2022 to 7/1/2023

Revised: **6/2/2022**

Expiring Coverage Terms

Coverage	Current Insurer	Exposures, Rating, Limits & Retentions	Expiring 2020/21
Excess Self-Insured Workers' Compensation & Employer's Liability	Safety National Casualty Corporation	Estimated, Rated Payroll:	\$24,650,887
		Premium Rate Per \$100 Payroll:	\$0.717
	A.M. Best Rating: A+ (Superior) XV (\$2B or greater)	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	\$176,747
Expiring Premium (Subject to Audit)			\$176,747

Renewal Coverage Terms

Proposed Insurer	Exposures, Rating, Limits & Retentions	Renewal 2021/22	Renewal Variance	%
Safety National Casualty Corporation	Estimated, Rated Payroll:	\$25,432,454	\$781,567	3.2%
	Premium Rate Per \$100 Payroll:	\$0.789	\$0.072	10.0%
	A.M. Best Rating: A+ (Superior) XV (\$2B or greater)	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	\$200,586	\$23,839
Estimated Renewal Premium (Subject to Audit)		\$200,586	\$ 23,839	13%

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.

© 2022 USI Insurance Services LLC. All rights reserved.