

STAFF REPORT
City of Lancaster

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Date: July 22, 2014
To: Mayor Parris and City Council Members
From: Beverly Glode, Human Resources & Risk Management Director
Subject: **Renewal of the City’s Insurance for the Property and Public Entity Liability Programs and Workers Compensation Coverage**

Recommendation:

Adopt **Resolution No. 14-46**, authorizing the renewal of the City’s Insurance for the Property and Public Entity Liability Programs, and Membership in the County Supervisors Association of California Excess Insurance Authority Workers Compensation Program (CSAC) for a one-year term beginning July 1, 2014.

Fiscal Impact:

\$1,890,547. This amount is covered within the fiscal year 2014-15 adopted budget.

Background:

The City of Lancaster purchases commercial insurance policies to cover the risk of loss to City property and to transfer losses resulting from claims made by third parties against the City. The property program covers City owned property and includes coverage for earthquake and flood events. The liability program covers claims against the City for losses incurred by third parties and includes coverage for the museum collections and loaned exhibits.

In addition, the City has self-insured its workers compensation coverage for the past seven years as a member of CSAC. CSAC is the largest insurance pool program for public entities in the United States. Of the 58 California counties, all but four are members of CSAC. Members of CSAC do not pay insurance premiums. Instead, each member contributes to the pool based on the size of its payroll, loss experience, and specific loss exposures.

The expiration date for the policies in the programs was June 30, 2013. However, due to the nature of the insurance and reinsurance industry, the City’s insurance broker was unable to secure quotes for new coverage until late June. Even though the policy expiration date has passed, the City has 30 days from the expiration date to renew coverage. The renewed policies, when authorized would cover the period July 1, 2014 through June 30, 2015. The City also has 30 days in which to renew its membership in CSAC.

Attachment:

Resolution No. 14-46