



## LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## "SHIRTSLEEVE" SESSION

Date: October 9, 2012

Time: 7:00 a.m.

For information regarding this Agenda please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

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### Informal Informational Meeting

**A. Roll Call by City Clerk**

**B. Topic(s)**

B-1 Update Regarding General Liability and Workers' Compensation Programs (CM)

**C. Comments by Public on Non-Agenda Items**

**D. Adjournment**

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

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Randi Johl  
City Clerk



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Update Regarding General Liability and Workers' Compensation Programs

**MEETING DATE:** October 9, 2012

**PREPARED BY:** Deputy City Manager

**RECOMMENDED ACTION:** Update regarding General Liability and Workers' Compensation programs.

**BACKGROUND INFORMATION:** Staff has received the annual actuarial reports for the General Liability and Workers' Compensation programs and will present program highlights to Council. For the General Liability program, the number of claims filed was lower than the prior year although the average cost per claim was higher than the prior year. For the Workers' Compensation program, the number of claims was also lower than the prior year while the average cost per claim was higher than the prior year.

**FISCAL IMPACT:** The City is self-insured up to \$500,000 per occurrence for General Liability and a member of CJPRMA, a JPA pool for excess coverage up to \$40 million. For Workers' Compensation, the City is self-insured up to \$250,000 per occurrence and a member of LAWCX for coverage to statutory limits.

**FUNDING AVAILABLE:** The City maintains reserves at three times the self-insured retention level for the General Liability program (\$1,500,000). For the Workers' Compensation program, Council's desire is to hold reserves at the 70-percent confidence level. We have been funding reserves at the 55-percent confidence level due to economic reasons.

\_\_\_\_\_  
Jordan Ayers  
Deputy City Manager

JA/ja

Attachments

APPROVED: \_\_\_\_\_  
Konradt Bartlam, City Manager



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# General Liability and Workers' Compensation Program Updates

Lodi City Council Shirtsleeve

October 9, 2012

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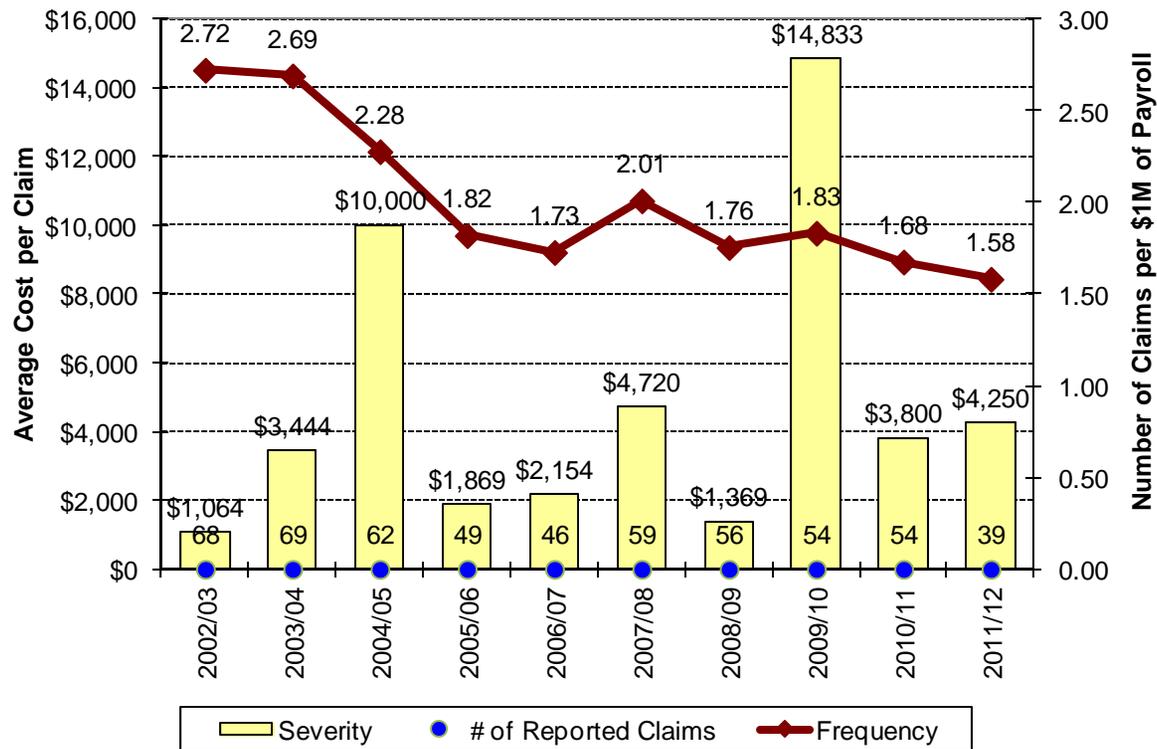


# General Liability

- Program covers claims for damages and litigation filed against the City
- Self-insured and member of CJPRMA, JPA pool for excess coverage since 1986
- Coverage up to \$40M
- \$500,000 Self-Insured Retention (SIR)
- Administration primarily in-house, coordinated by Deputy City Attorney, City Clerk and Risk Manager



## Frequency and Severity (Liability)





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# General Liability Reserves

- Target \$1,500,000 (3 X's SIR)
- Actual balance as of 6/30/12     \$2,605,333



# General Liability Program Costs

- FY 2012/13 Budget                      \$572,000

## Allocation Methodology

- Per capita city-wide, based on previous three year actual costs



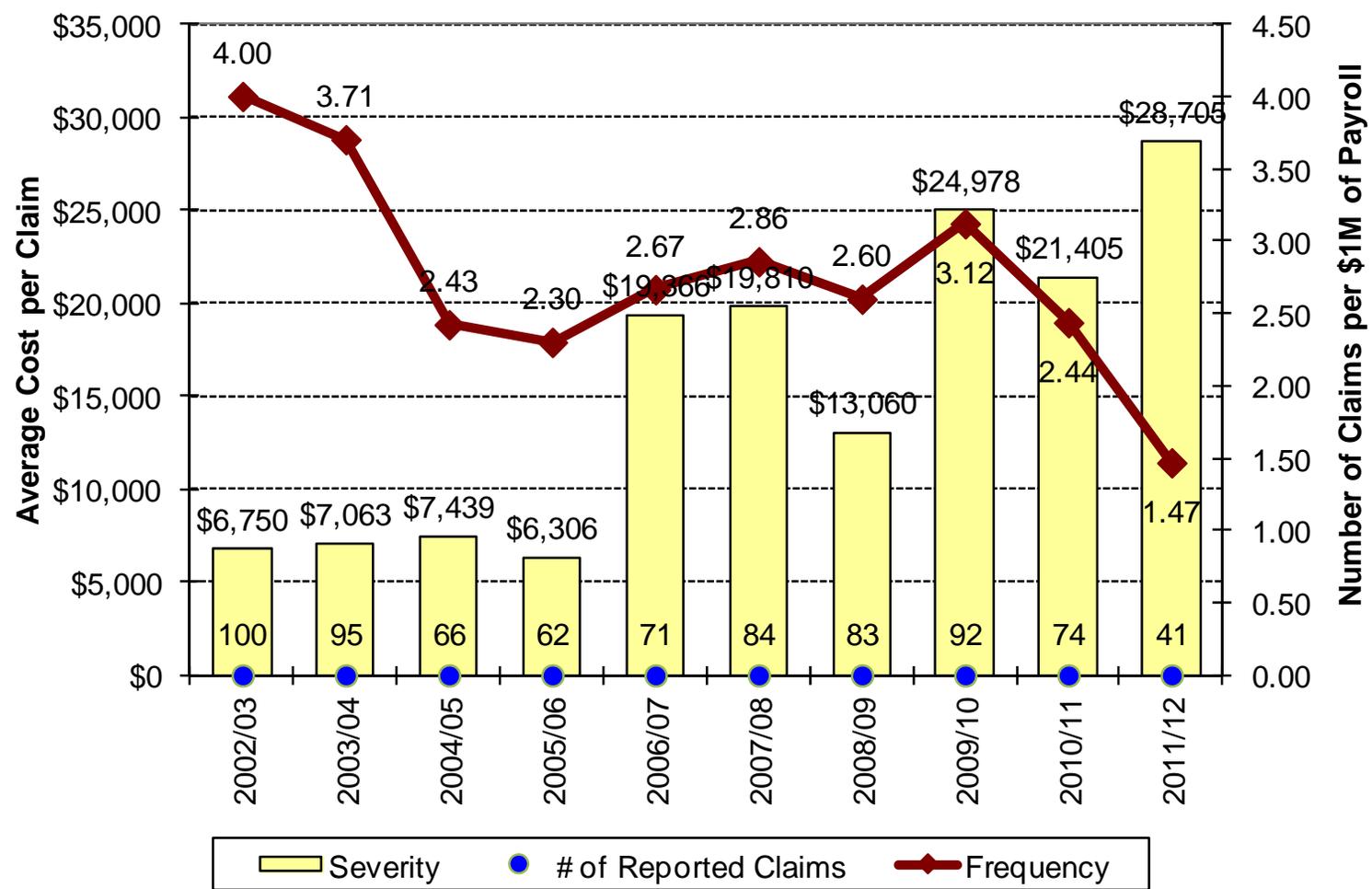
## Workers' Compensation Program

- Program covers employees and designated volunteers for work related injuries
- Self-insured and member of LAWCCX, JPA pool for excess coverage since 1992
- Coverage to statutory limits
- \$250,000 SIR
- Administered by third party administrator and Risk Manager



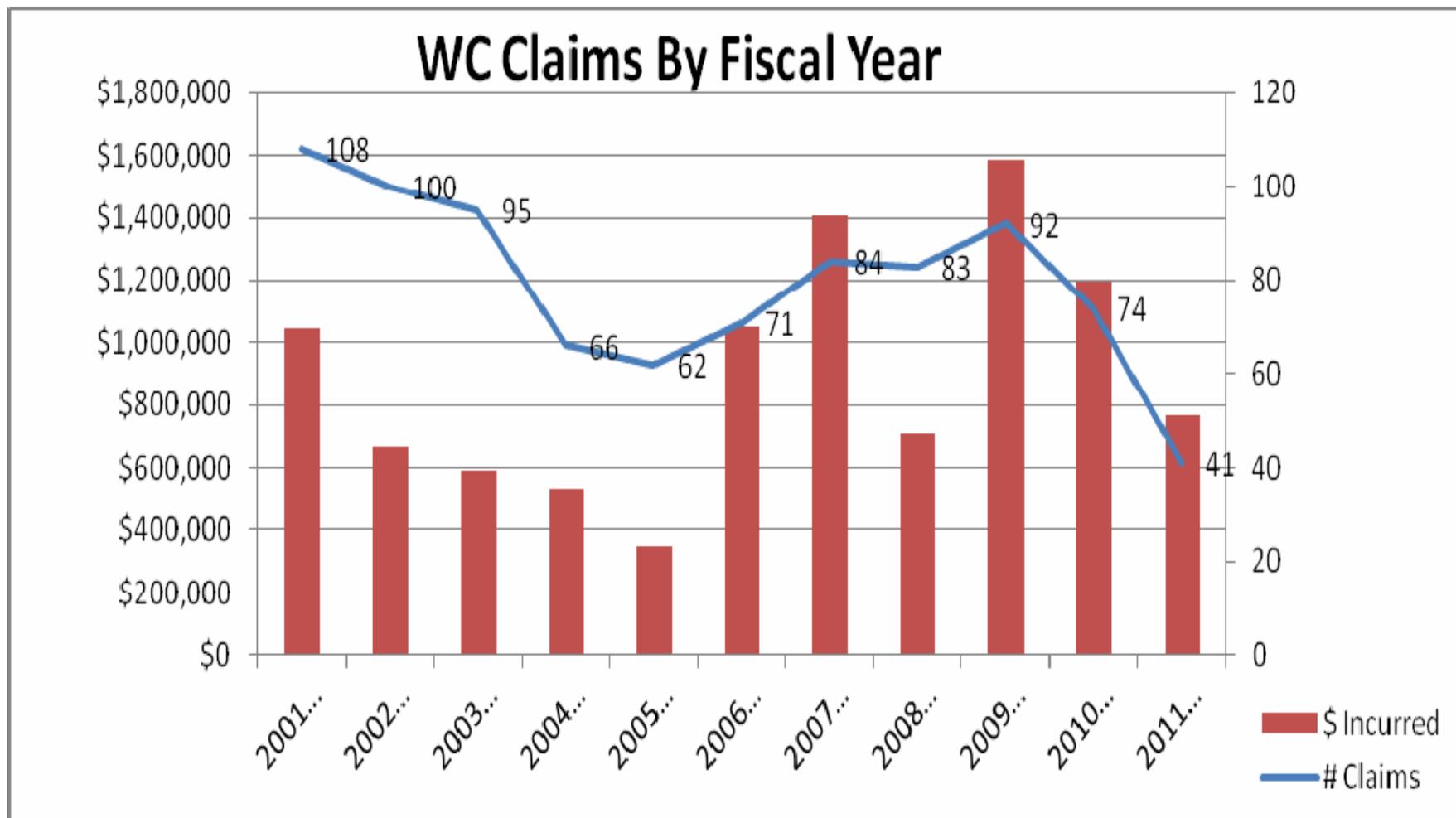
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# Frequency and Severity Workers' Compensation





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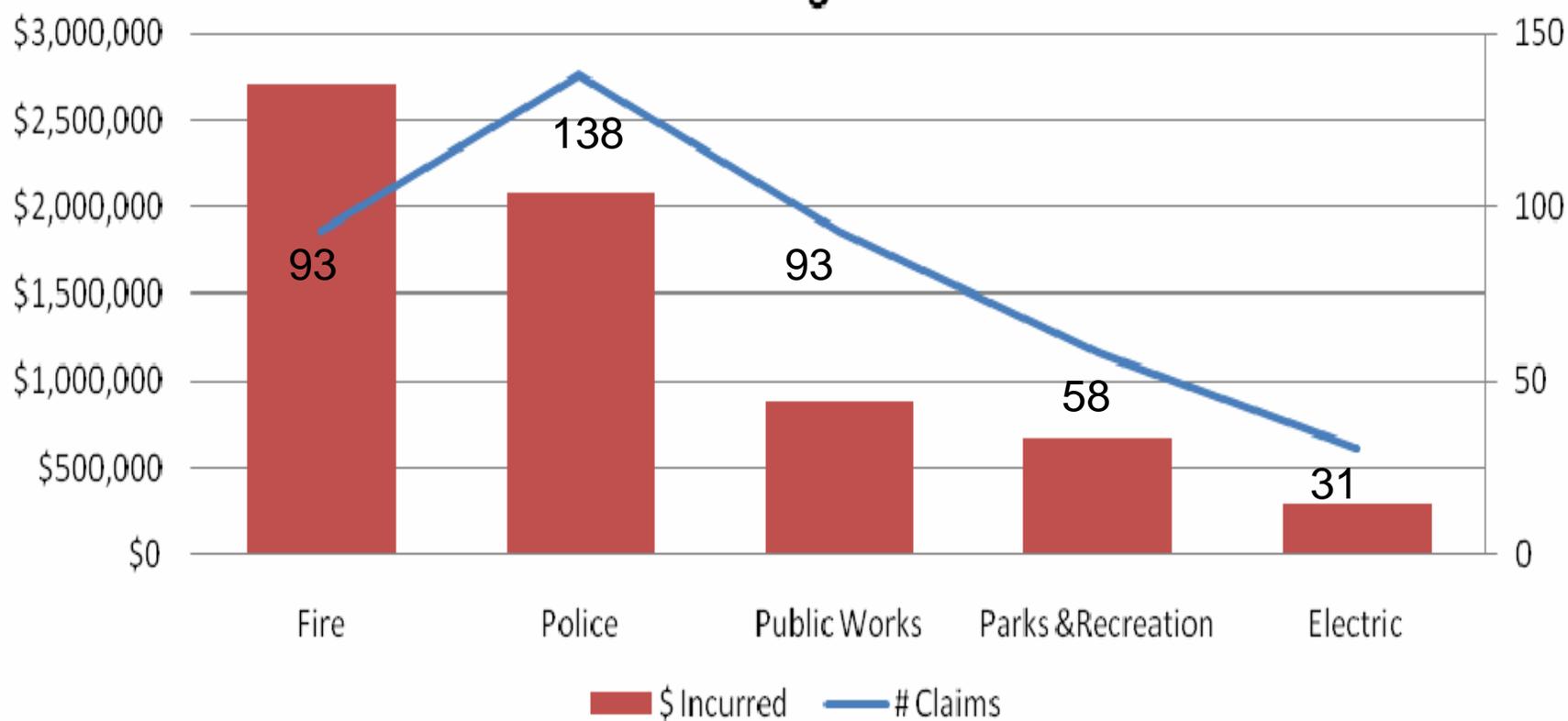




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## WC Claims By Department

FY 2006-07 Through 2011-12





## Workers' Compensation Estimated Outstanding Losses at 55% and 70% Confidence Levels

Confidence Level	Estimated Outstanding Losses 6/30/2012	Estimated Outstanding Losses 6/30/2013	Estimated Outstanding Losses 6/30/2014
Expected (55%)	\$6,971,831	\$7,120,249	\$7,315,031
70%	7,947,887	\$8,117,084	\$8,339,135



## W.C. Reserves

- As of 6/30/2012, funded at \$7,533,697
- This meets the expected confidence level but is \$1,024,233 short of the 70% target confidence level
- FY 2012/13 budget programs an additional \$500,000 to be added to reserves



## W.C. Program Costs

- FY 2012/13 Budget                      \$2,428,230

## W.C. Allocation Methodology

- Per capita city wide; general fund portion per experience based on previous three year actual costs



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Questions?