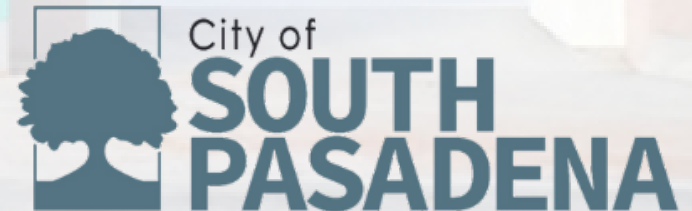


City of South Pasadena Insurance Overview

May 16, 2023

**Prepared By: Management Services Department
Luis Frausto, Department Director**



Insurance Background

- **California Joint Powers Insurance Authority (CJPIA)**

Member: July 1978 – July 2014

General Liability TPA: Carl Warren

Workers' Comp TPA: York Insurance Services

- **Public Risk Innovation, Solutions and Management (PRISM) 2014 – Present**

Formerly California State Association of Counties-Excess Insurance Authority (CSAC-EIA)

Member under CSAC: July 2014 – June 2020

Member under PRISM: July 2020 – Present

General Liability TPA: Carl Warren

Workers' Comp TPA: InterCare

In 2014, the ACM recommended to Council to move from CJPIA to CSAC-EIA. At that time, CSAC functioned similarly to CJPIA in that claims, both GL and WC were handled and defended by CSAC staff and attorneys.

In June 2020, CSAC announced their official rebranding to PRISM. Under the MOC with PRISM, changes were made to how claims were handled, and settled.

City's Major Coverage Programs

GENERAL LIABILITY	
Premium	\$982,000
Limits of Liability	\$25,000
SIR	\$100,000

WORKERS' COMPENSATION	
Premium	\$450,000
Limits of Liability	\$50,000
SIR	\$125,000

The City does have additional coverages for property, crime, and cyber liability.

Risk Program

SOUTH PASADENA CITY HALL

- Liability Third Party Administrator: ***Carl Warren***
- Workers Compensation Third Party Administrator: ***Intercare***
- Actuary: ***Bickmore Actuarial***
- Risk and Loss Control Services: ***PRISM***
- Insurance Brokerage and Risk Management Related Questions: ***Alliant***

General Liability Insurance Overview

The City of South Pasadena has General Liability coverage up to \$25K through a combination of self-insurance, pooling, and Excess Insurance

Limits of Liability- \$25,000,000 (per occurrence)

- Self-Insured Retention: \$100,000
- PRISM Pool Layer: \$4,900,000
- Excess Layers: \$20,000,000

Covered Occurrences/ Incidents include:

- Bodily Injury
- Personal Injury
- Public Officials Errors and Omissions
- Automobile Liability
- Contractual Liability
- Employment Practices Liability
- Non-Owned Aircraft

General Liability Claims Management

The City contracts with *Carl Warren* to manage claims, both under and above the City's Self Insured Retention. Once the City's SIR has been exhausted, PRISM will reimburse the City for excess defense fees and costs incurred.

Services Provided by Carl Warren Include:

- Claimant contact and follow-up
- Investigations
- Review and recommend action to be taken on claim
- Set Reserves
- Quarterly Claim Reviews
- Coordinate with City Attorney or outside legal counsel assigned to claim
- Track expense and report to Prism and excess carriers

General Liability Reimbursement

After the City's SIR has been exhausted by payment of judgements, settlements and/or defense fees and costs, PRISM will reimburse the City for excess defense fees and costs the City incurred on covered losses.

Per PRISM's contract with the City:

A final coverage determination will be made at the conclusion of a claim or suit, and if deemed not covered, then the associated defense cost will not be covered. PRISM's liability for excess defense fees and costs is subject to, and not in addition to, PRISM's limits of liability.

PRISM has no duty to defend (the City) under the Memorandum of Coverage. PRISM; however, shall have the right, but not the duty, to associate itself, at its own cost, with the covered party, in the control, investigation, defense or appeal of any claim or suit which, in the opinion of PRISM, is or may be covered by the Memorandum. The covered party (City) is required to fully cooperate in all matters pertaining to such claim or suit.

General Liability Claims Summary

The City currently has 49 open General Liability Claims

Causation	Incidents
Auto Involved	6
Employment Practices	3
Police Excessive Force/False Arrest	8
Police Rights/Property Violations	6
Potholes	8
Sidewalks, Trips & Falls	3
Street, Infrastructure & Design Defects	5
Trees, Falling on or Root Damage	7
Other	3

Worker's Compensation Insurance

The City of South Pasadena has Workers' Compensation insurance through a combination of self-insurance, pooling and Excess Insurance

Limits of Liability- \$5,000,000 (per occurrence)

- Self-Insured Retention: \$125,000
- PRISM Pool Layer: \$4,875,000
- Excess Layers: \$50K +

Covered Occurrences/ Incidents include:

- Bodily Injury
- Employer's Liability

Workers' Comp Claims Management

The City contracts with InterCare to manage claims, both under and above City's SIR.

Services Provided by Intercare Include:

- Review and recommend action to be taken on claim
- Set Reserves
- Quarterly Claim Reviews
- Coordinate with legal counsel
- Track expense and report to Prism and excess carriers

After the City's SIR has been exhausted, PRISM will pay any loss for which it may be liable under the City's Agreement with PRISM

Workers' Comp Claims Reimbursement

After the City's SIR has been exhausted PRISM will pay any loss for which it may be liable under the City's Agreement with PRISM in the following manner:

- As respects to the Workers' Compensation Coverage Agreements, payment shall first be made by the City in accordance with the provisions of the Workers' Compensation Act, and PRISM will reimburse the City for such loss periodically, at intervals of not less than one (1) month, upon receipt from the City as proof of payment.

The City is responsible for the investigation, settlement, defense or appeal of any claim made or suit brought, or proceeding instituted against the City.

Workers' Comp Claims Summary

The City currently has 33 open Workers' Compensation Claims

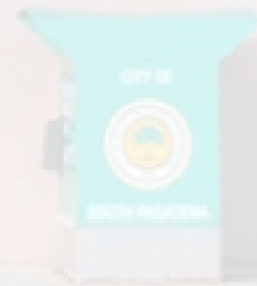
Causation	Incidents
*CT/Presumptive	14
*CT/Presumptive	6
Trip and Fall	5
Bending/Lifting	3
Injured at Training	1
Injured by Suspect	2
Traffic Accident	2

Additional Insurance Programs

Property Insurance	
Limits of Liability	\$700,000,000
Deductible	\$25,000
Premium	\$117,000 to \$127,000 <i>(est. for 2023/24)</i>
Crime Liability Insurance	
Limits of Liability	\$12,000,000
Deductible	\$2,500
Premium	\$2,692 to \$2,820 <i>(est. for 2023/24)</i>
Excess Insurance	
Optional Limits of Liability	\$25,000,000 excess over the General Liability \$25,000,000
Premium	\$73,000 to \$81,000 <i>(est. for 2023/24)</i>
Cyber Liability Insurance	
Limits of Liability	\$17,000,000
Deductible	\$50,000
Premium	\$11,000 to \$16,400

SOUTH PASADENA CITY HALL

**Insurance Fund Balance
Fiscal Year Ending June 30, 2022**



**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Arroyo Seco Golf Course	Total	
OPERATING REVENUES					
Sales and service charges	\$ 12,484,238	\$ 2,200,532	\$ 1,390,303	\$ 16,075,073	\$ 3,114,863
Miscellaneous	9,317,881	-	-	9,317,881	-
Total operating revenues	21,802,119	2,200,532	1,390,303	25,392,954	3,114,863
OPERATING EXPENSES					
Administration and general	824,923	443,276	1,263,942	2,532,141	-
Pumping	1,855,728	-	-	1,855,728	-
Transmission/collection	3,015,668	-	-	3,015,668	-
Treatment	-	410,511	-	410,511	-
Insurance costs and claims	-	-	-	-	4,324,990
Depreciation expense	1,950,425	196,472	50,783	2,197,680	-
Amortization expense	22,500	-	-	22,500	-
Total operating expenses	7,669,244	1,050,259	1,314,725	10,034,228	4,324,990
Operating income (loss)	14,132,875	1,150,273	75,578	15,358,726	(1,210,127)
NON-OPERATING REVENUES (EXPENSES)					
Interest revenue	(214,830)	(145,200)	-	(360,030)	-
Interest expense	(1,764,694)	(183,383)	-	(1,948,077)	-
Capital projects	(86,669)	-	-	(86,669)	-
Miscellaneous expenses	(1,250)	-	-	(1,250)	-
Total non-operating revenues (expenses)	(2,067,443)	(328,583)	-	(2,396,026)	-
Change in net position	12,065,432	821,690	75,578	12,962,700	(1,210,127)
NET POSITION					
Net position, beginning, as restated (Note 15)	37,273,082	5,873,624	1,963,283	45,109,989	(742,387)
Net position, ending	\$ 49,338,514	\$ 6,695,314	\$ 2,038,861	\$ 58,072,689	\$ (1,952,514)

LIABILITIES

Current liabilities:

Accounts payable	1,112,050	67,188	89,072	1,268,310	7,591
Accrued liabilities	46,394	8,896	-	55,290	-
Accrued interest	422,256	167,619	-	589,875	-
Deposits payable	370,911	-	-	370,911	-
Due to other funds	5,493	-	-	5,493	-
Claims and judgments payable	-	-	-	-	2,297,000
Compensated absences	5,792	1,100	-	6,892	-
Loans payable	165,882	248,053	-	413,935	-
Bonds payable	1,365,000	-	-	1,365,000	-
Total current liabilities	<u>3,493,778</u>	<u>492,856</u>	<u>89,072</u>	<u>4,075,706</u>	<u>2,304,591</u>

Noncurrent liabilities:

Compensated absences	52,127	9,900	-	62,027	-
Total other post-employment benefits liability	2,008,475	400,976	-	2,409,451	-
Net pension liability	1,742,247	432,185	-	2,174,432	-
Loans payable	5,703,930	8,216,474	-	13,920,404	-
Bonds payable	39,649,581	-	-	39,649,581	-
Total noncurrent liabilities	<u>49,156,360</u>	<u>9,059,535</u>	<u>-</u>	<u>58,215,895</u>	<u>-</u>
Total liabilities	<u>52,650,138</u>	<u>9,552,391</u>	<u>89,072</u>	<u>62,291,601</u>	<u>2,304,591</u>

The City's goal is to maintain reserves to fund its outstanding self-insured liabilities at the minimum level of 70 percent.

SOUTH PASADENA CITY HALL

ADMINISTRATIVE

POLICE

COUNCIL CHAMBERS

Questions?