

**MEMORANDUM**

Finance and Administrative Services Department

DATE: May 20, 2024

TO: Council Finance Committee

FROM: Derek Rampone, Finance and Administrative Services Director

SUBJECT: Review of City's General Liability Insurance Program and Other Risk Programs

RECOMMENDATION

Receive presentation from staff and Alliant on the City's Insurance Program.

BACKGROUND

The City of Mountain View's Risk Program includes policies, programs, insurance, and risk pool coverage to minimize the City's exposure from third-party liability claims, property loss, and employee injury claims. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability claims, \$750,000 for workers' compensation claims with statutory excess insurance, and actual costs incurred for unemployment.

The City's Risk Manager works closely with the City's insurance broker, Alliant, the Human Resources Department, and the City's Safety Officer, to review and develop the City's risk management programs and policies toward the goal of controlling risk exposure and costs to the City.

The City's Three Major Risk Management Programs

The City's Risk Management program has three areas of focus: general liability, property loss, and workers' compensation.

General Liability Program

This program includes identifying the areas of risk exposure for the City and developing or maintaining programs that will minimize or mitigate liability exposure. General liability is any

claim against the City including, but not limited to, automobile liability, trip-and-falls, and errors and omissions.

The City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities, which pools catastrophic general liability, automobile liability, and public officials' errors and omissions losses.

Minimizing the City's risk exposure to general liability claims is accomplished through several processes, including internal assessments by City staff that are used as guides for corrections and preventive maintenance. This program is an ongoing process and includes both review and corrections to:

- City policies and programs
- Agreement/Contract language, including insurance requirements
- Public Facilities, including sidewalks, streets, parks and buildings
- Training programs and procedures for City staff

A third-party independent auditor also reviews the City's liability files on an annual basis and provides feedback and scoring on the process and condition of the claim files. For 2023, the City received a score of 3.5, nearly an "Outstanding" rating, which is 4.0, and higher than "Exceeds Expectations", which is 3.0. Comments contained in the File Review Report included the following:

- Liability risk is managed exceptionally well
- Overall claims program is mature and functions soundly
- Transparency between City Attorney's Office and Risk Management Division is very good
- File records are very well organized, probably the best within the ACCEL membership

The City's excess insurance cost (deposit premium) is based on claims history and annual salary costs of the City.

Property Loss Insurance

The City participates in the Alliant Property Insurance Program (APIP), which includes nearly 10,000 entities in 45 states and \$500 billion in total insurance values, placing it among the largest property placements in the world. Included in APIP is property, boiler and machinery, and flood insurance, which have deductibles ranging from \$10,000 to \$250,000.

In addition, the City purchases Cyber and Pollution insurance coverage of up to \$2 million.

Workers' Compensation Program

The City participates in a member directed insurance risk sharing pool for excess workers' compensation coverage, through Public Risk Innovation, Solutions, and Management (PRISM).

The City's program is designed toward ensuring employee safety and reducing employee injury through proactive activities including:

- Establishing safety policies and programs
- Staff training as required by Cal-OSHA to improve safe work practices
- Prompt reporting of all workplace injuries, including via CarivaCare – a 24/7 nurse triage and workplace injury reporting service
- Collaboration with Athens Administrators for claims administration and case management

Mr. Conor Boughey will be presenting information on the City's Risk Management Program (Attachment 1) to the Council Finance Committee.

For informational purposes, a summary of the City's insurance coverage is attached to this report (Attachment 2).

~~HH-DR/4/FIN~~

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- Attachment:
1. Presentation from Alliant
 2. Fiscal Year 2023-24 Summary of Coverage