



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
July 19, 2022

TOPIC: ICRMA JPA Renewal / Broker Agreement / Associated Premiums and Costs

AGENDA TITLE:

Approve Renewal of Joint Powers Authority Agreement between the City of Santa Ana and Independent Cities Risk Management Authority (ICRMA) and Approve Associated Insurance Premiums, Costs, Fees and Corresponding Agreement for an amount not to exceed \$10,336,300.

RECOMMENDED ACTION

1. Authorize the City Manager to approve the Agreement between the City of Santa Ana ("City") and Arthur J. Gallagher, broker of record from July 1, 2022 to June 30, 2023, for insurance brokerage services, subject to non-substantive changes approved by the City Manager and City Attorney.
2. Authorize the City Manager to approve payment of insurance premiums and programs to Independent Cities Risk Management Authority ("ICRMA") for excess liability, property and workers' compensation and protection of all other City assets from July 1, 2022 to June 30, 2023
 - a. Excess Liability Program
 - b. Excess Workers' Compensation Program
 - c. Auto Physical Damage Program
 - d. Property and Equipment Program
 - e. Crime Program
 - f. Cyber Program
3. Authorize the City Manager to approve payment of associated ICRMA program costs including but not limited to the 2022 City facilities appraisal and employee crisis and assistance program in an amount not to exceed \$185,000.
4. Authorize the City Manager to approve payment of insurance premiums to Arthur J. Gallagher, Broker, for ancillary coverages of City's assets from July 1, 2022 to June 30, 2023.
 - a. General Liability Buffer Program

- b. Workers' Compensation Buffer Program
 - c. Earth Movement & Flood and Difference in Coverage Program
 - d. Terrorism Insurance Program
 - e. Underground Storage Tank and Environmental Program
5. Authorize the City Manager to approve funding to cover FY 2022/23 City Special Events Insurance for events including but not limited to Fourth of July fireworks show, winter ice-skating events, and other City-sponsored events as created and held, in an amount not to exceed \$300,000.
6. Authorize the City Manager to approve the City's obligation to pay the State of California DIR estimated assessment in the amount not to exceed \$500,000 for the period of July 1, 2022 to June 30, 2023.

DISCUSSION

Staff is recommending renewal with Independent Cities Risk Management Authority ("ICRMA"), a joint powers authority formed in 1980 in accordance with California Government Code Section 6500. ICRMA's purpose is to provide: i) excess and re-insurance to protect members from extensive financial debt due to large claims, settlements and judgments, ii) group insurance purchasing power that can offer broader coverage at a lower cost, iii) rate stability, and iv) protect individual member cities through pooling of losses, and self-insurance. ICRMA also offers to its' members actuarial services, appraisal services, safety trainings, claims audits, contract risk transfer consultation, and other miscellaneous services and resources. Currently comprised of 15 California cities, Santa Ana joined ICRMA in July 2019.

For this renewal period, The City's Workers' Compensation coverage experienced an increase of approximately twelve percent (12%). This program coverage, which had been trending downward for the last two years, experienced this change primarily due to the increased number of claims during 2020 and 2021 related to COVID-19 exposures, testing, and treatment.

The City's premiums for Liability and Property increased approximately twenty-one percent (21%). The significant program increases occurred in coverages for liability, cyber and property primarily due to the following:

1. An insurance market with very few excess carriers willing to quote municipal government entities in California, primarily those with Police departments;
2. A continuing rise in jury awards and settlement amounts;
3. An increasing worldwide number and size of varying cyber-attacks;
4. A rising amount of ADA claims in both cyber and physical environments; and
5. The continual rise in costs for repair and replacement of damaged vehicles, property and equipment.

	QUOTED & ESTIMATED PREMIUMS & FEES		
WORKERS' COMPENSATION COVERAGES	FY 2020/21	FY 2021/22	FY 2022/23
Excess Pool Workers' Compensation Program	\$ 386,000	\$ 298,553	\$ 345,678
Excess Workers' Compensation Buffer	\$ 194,000	\$ 240,118	\$ 257,356
Total	\$ 580,000	\$ 538,671	\$ 603,034
Percent Change	-5%	-7%	12%
LIABILITY AND PROPERTY COVERAGES	FY 2020/21	FY 2021/22	FY 2022/23
Excess Pool Liability Program	\$ 1,680,000	\$ 3,936,181	\$ 5,123,142
Auto Physical Damage Program	\$ 79,000	\$ 119,215	\$ 129,488
Property & Equipment Program	\$ 455,000	\$ 472,724	\$ 485,380
Crime Program	\$ 12,000	\$ 11,914	\$ 14,233
Cyber Program	\$ 31,000	\$ 66,441	\$ 111,964
Excess Liability Buffer	\$ 786,000	\$ 993,265	\$ 1,233,321
DIC Earth Movement & Flood	\$ 844,000	\$ 985,856	\$ 1,126,819
Terrorism	\$ 13,000	\$ 12,330	\$ 13,164
Underground Storage Tanks-Environmental	\$ 8,000	\$ 10,157	\$ 15,000
Total	\$ 3,908,000	\$ 6,596,162	\$ 8,855,546
Percent Change	22%	63%	21%

ENVIRONMENTAL IMPACT

There is no environmental impact associated with this action.

FISCAL IMPACT

Funds are budgeted in the adopted FY 2022-23 Liability & Property insurance account No. 08009051-64010 for an estimated premium and administrative cost not to exceed \$9,036,300. Funds are budgeted in the adopted FY 2022-23 Workers' Compensation insurance account No. 08209054-64010 for an estimated premium and administrative cost not to exceed \$1,300,000.

Fiscal Impact Verified By: Kathryn Downs, CPA, Executive Director – Finance and Management Services Agency

EXHIBIT(S)

1. Agreement with Arthur J. Gallagher Insurance Brokers of California, Inc. For Insurance Broker Services, Client Service Agreement

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Submitted By: Jason Motsick, Executive Dir Human Resources

Approved By: Kristine Ridge, City Manager