

TOWN OF SAN ANSELMO
STAFF REPORT
May 7, 2014

For the meeting of May 13, 2014

TO: Mayor and Members of the Town Council

FROM: Daria Carrillo, Finance & Admin Services Director

SUBJECT: Transfer from Emergency Fund to Insurance Fund

RECOMMENDATION

That Council approve a transfer of \$150,000 from the Emergency Fund to the Insurance Fund for workers' compensation payments.

BACKGROUND

A police employee suffered a job related injury during the 2007/2008 fiscal year. The same employee aggravated the existing injury during the course of his employment in the 2010/2011 fiscal year.

The Town is self-insured for workers' compensation insurance and participates in a joint powers agreement through Bay Cities Joint Powers Insurance Authority (BCJPIA), which is a workers' compensation and general liability risk pool. The Town's self-insured retention (SIR) is \$150,000 per workers' compensation claim.

Although the employee referred to above suffered only one injury, because he had returned to work and aggravated the original injury, two separate claims were established. The result is that the Town is responsible for satisfying two separate SIRs, each in the amount of \$150,000. BCJPIA's third party administration, Innovative Claims Solutions, had mistakenly recorded payments of more than \$140,000 to the first claim instead of the second claim. The error was discovered in November 2013 and the result is that the Town now must pay an additional \$112,380 to satisfy the SIR on the second claim. Additionally, as a result of transferring the payments from first claim to the second claim, the Town must pay \$7,223.94 for charges related to the first claim as Town has not met its SIR on this first claim. These charges are through February 2014 only and there is the potential for the Town to pay an additional \$25,860 before the SIR is met. These additional payments were not included in the previous actuarial study provided by BCJPIA and so the additional payments were not included in the 2013/2014 budget.

FISCAL IMPACT

The Emergency Fund's estimated ending balance for 2013/2014 is \$303,620. If this transfer is approved, the ending balance is estimated to be \$153,620 in the Emergency Fund and the General Fund will not be affected.

Respectfully submitted,



Daria Carrillo, Finance & Admin Services Director