



## AGENDA MEMORANDUM

Action Item for the City Council Meeting September 9, 2025

**DATE:** August 1, 2025  
**TO:** Peter Zaroni, City Manager  
**FROM:** Miles Risley, City Attorney  
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826-3739

### Renewal of FY 2025-26 Excess Liability and Workers' Compensation Insurance Policy

#### **CAPTION:**

Resolution authorizing a total payment of \$1,059,799 for the annual renewal of Excess Liability and Excess Workers' Compensation insurance coverage through its' Broker of Record, Acrisure for upcoming policy year October 1, 2025 - September 30, 2026.

#### **SUMMARY:**

The current Excess Liability and Workers' Compensation policy expires 9/30/2025. The FY 2025-26 premium renewal represents a 7.00% increase over expiring premium of \$994,688. The incumbent and most competitive carrier, Safety National, provided a quote which increased the City's retention level (deductible) for both Police and Fire workers compensation class codes from \$1,000,000 to \$2,000,000 for each injury. All other class codes will remain the same at \$1,000,000. Last year, the City of Corpus Christi suffered two catastrophic fatalities involving police officers covered by workers' compensation, which impacted this year's renewal. The projected lifetime paid, and reserve costs of each fatality claim currently is at \$2.7 to \$3.4 million respectively. This proposed renewal contemplates these two Police death claims along with an additional Fire Fighter presumptive cancer death claim. These three recent death claims are the driving factors of the workers' compensation self-retention and workers' compensation rate from increase of .2300 to .2400, a 4.35% increase. Further, this quote includes an additional 8% projected Police and Fire payroll increase. These function as an umbrella policy which provides an added layer of coverage. Acrisure solicited quotes under its current contract.

#### **BACKGROUND AND FINDINGS:**

The excess liability and workers' compensation market conditions continue to stabilize, however, the City's recent loss history, specifically two Police fatalities caused the self-retention structure to increase to \$1 million in FY24-25 for Police only, however, because the projected total life time death benefits from these claims significantly increased this year, the City was presented with a quote from incumbent carrier, Safety National, through Acrisure which increased the self-retention structure from \$1 million to \$2 million for each claim for Police and Fire workers compensation class codes.

<b>The following are the current/expiring FY24-25 policy limits and deductible</b>			
<b>Type</b>	<b>Retention / Deductible</b>	<b>Per Occurrence Limit</b>	<b>Annual Aggregate Limit</b>
Workers' Compensation	\$ 1, 000,000	Statutory	-
Employer's Liability	\$1,000,000	\$2,000,000	\$2,000,000
General Liability	\$ 500,000	\$5,000,000	\$5,000,000
Employee Benefits Liability	\$ 500,000	\$5,000,000	\$5,000,000
Law Enforcement Liability	\$1,000,000	\$5,000,000	\$5,000,000
Public Officials Liability	\$ 500,000	\$5,000,000	\$5,000,000
<b>The following is the proposed FY25-26 excess policy limits and deductible:</b>			
Workers' Compensation	<b>\$2M Police and Fire/\$1M all other</b>	Statutory	-
Employer's Liability	<b>\$2M Police and Fire/\$1M all other</b>	\$2,000,000	\$2,000,000
General Liability	\$500,000	\$5,000,000	\$ 5,000,000
Employee Benefits Liability	\$500,000	\$5,000,000	\$ 5,000,000
Law Enforcement Liability	\$1,000,000	\$5,000,000	\$ 5,000,000
Public Officials Liability	\$500,000	\$5,000,000	\$ 5,000,000

The liability and workers' compensation 10-year loss history below are additional contributing factors to excess/umbrella self-retention levels, rates and premiums increases:

- 4 death workers' compensation claims in the last 10 years with one firefighter cancer death in FY21-22 and two in the line of duty police officer death claims FY23-24
- 8% projected average payroll exposure used to calculate workers' compensation rates
- two large law enforcement liability settlements FY 22-23 policy year, above retention levels and penetrated the excess liability self-retention limit

#### **ALTERNATIVES:**

An alternative option for the City is to fully self-insure its liability and workers' compensation claims, and liability settlements and lawsuits funded through Risk Management. With the proposed retention level increase to \$2 million per injury in workers' compensation for Police and Fire class codes and a recent \$1 million self-insurance increase for Law Enforcement Liability, future increases in retention levels for General Liability, Employee Benefits, and Public Officials may make this alternative plausible, however, it will require an actuarial study to determine if this total self-insurance is financially feasible. Carrying an excess insurance policy, however, limits the city's financial liability, whereas being fully self-insured would increase the City's financial exposure and possibly impact the City's bond rating and would require appropriate reserves. However, and most importantly, current annual actuarial data and forecasting reports have not assumed a fully self-insured program.

**FINANCIAL IMPACT:**

Risk Management included this expenditure of \$1,059,799 in its FY 2025-26 Liability/Employee Benefits & Workers' Compensation Funds 5611 & 5612. The Risk Management fund is an internal operating fund based on cost allocation to each department. Approval of this item is an annual reoccurring expenditure to limit the City's financial exposure under its current self-insurance program.

**Funding Detail:**

Fund: 5611 & 5612 (50/50 Fee Split)  
Organization/Activity: 40510 & 40520  
Dept.:054  
Project # **(CIP Only)**: N/A  
Account: 537030

**RECOMMENDATION:**

Staff recommends approval of this action item as presented with the increased workers compensation self-insured retention levels of Fire and Police from \$1 million to \$2 million with the same per occurrence, aggregate limits and terms and conditions with the incumbent carrier, Safety National as presented above.

**LIST OF SUPPORTING DOCUMENTS:**

Acrisure marketing letter.