

Liability Trust Fund

Update

CITY OF CALABASAS

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What is the LTF Oversight Committee?

- ▶ The LTF Oversight Committee was established in 1999 to provide input from the contracting cities into the risk management activities of the County as it concerns the contracted services
 - ▶ Procures excess insurance program
 - ▶ Conducts financial audits and actuarial studies
 - ▶ Determines surcharge rates for contributions to LTF
 - ▶ Makes risk management and operational recommendations to Sheriff and other departments
 - ▶ Contracts with California JPIA to provide administrative and risk management support

What is the LTF Claims Board?

- ▶ Established by Board of Supervisors action in 2000 to act as “claims board” for claims assigned to Liability Trust Fund
 - ▶ Determines whether to settle or fight claims within its jurisdiction
 - ▶ Approves settlements up to \$100,000
 - ▶ Recommends settlements over \$100,000 to Board of Supervisors
 - ▶ Approves defense panel attorneys

Representation



- ▶ Member Representation Policy adopted by LTF Oversight Committee and CCCA Board of Directors
- ▶ Representation reflects City Councilmembers and City Managers from four Sheriff's Department Patrol Divisions plus at-large members, as well as the CCCA Executive Director

Representatives



Members

- Lindsey Horvath, West Hollywood
- James Bozajian, Calabasas
- Patrick Kearney, Lawndale
- Margaret Finlay, Duarte
- Mark Waronek, Lomita
- Bryan Cook, Temple City
- Jennifer Vasquez, Maywood
- Mark Alexander, La Canada Flintridge
- Ken Striplin, Santa Clarita
- John Moreno, Paramount
- Marcel Rodarte, CCCA

Alternates

- Michael Davitt, La Canada Flintridge
- Steve Hofbauer, Palmdale
- Gustavo Camacho, Pico Rivera
- Jose Gonzalez, Cudahy
- Jennifer Perez, Norwalk
- Chris Constantin, San Dimas
- Edgar Cisneros, Commerce
- Ernie Hernandez, Lynwood
- Jason Caudle, Lancaster
- Thaddeus McCormack, Lakewood

Insurance Market Update



- ▶ Insurance Market continues to be “Hard”
- ▶ World-wide market capacity diminished by natural and man-made disasters and catastrophes
- ▶ New exposures (COVID-19, civil unrest), revisionist legislation (changing statutes of limitations for sexual molestation), and runaway juries have created losses that were not previously considered in the pricing models of underwriters

Insurance Market Update



- ▶ LTF loss experience has made placing this program very, very difficult, as few underwriters are interested, and they have less capacity.
- ▶ Recent large “mental health” related losses are devastating to renewal efforts.
- ▶ Losses by excess insurance carriers over the past 10 years have exceeded premiums paid by over 300%.
- ▶ 2013-2022 - Premiums : \$37M, Insured losses: \$128M
- ▶ 2022-2023 insurance placement completed with \$10M retention and approximately \$10M in premium. Expensive, but better than no insurance.

Actuarial Implications

- ▶ Automatic rate adjustment mechanism suggested by the Oversight Committee and approved by Board of Supervisors about 2010
 - ▶ If actuarial confidence level is below 75% for two consecutive years, then the surcharge will be increased by at least 0.5% for the next year. If it is above 90% for two years, the surcharge may be reduced by 0.5%.
- ▶ Current actuarial confidence level for Sheriff's Department is above 80% (no change triggered)
- ▶ Current actuarial confidence level for All Other Departments is above 90% for second year (reduction triggered).
- ▶ Oversight Committee recommended surcharge rates effective July 1, 2022, for Board of Supervisors approval.
 - ▶ Sheriff's Department: **11%**
 - ▶ "All Other" Departments: **4.0%**