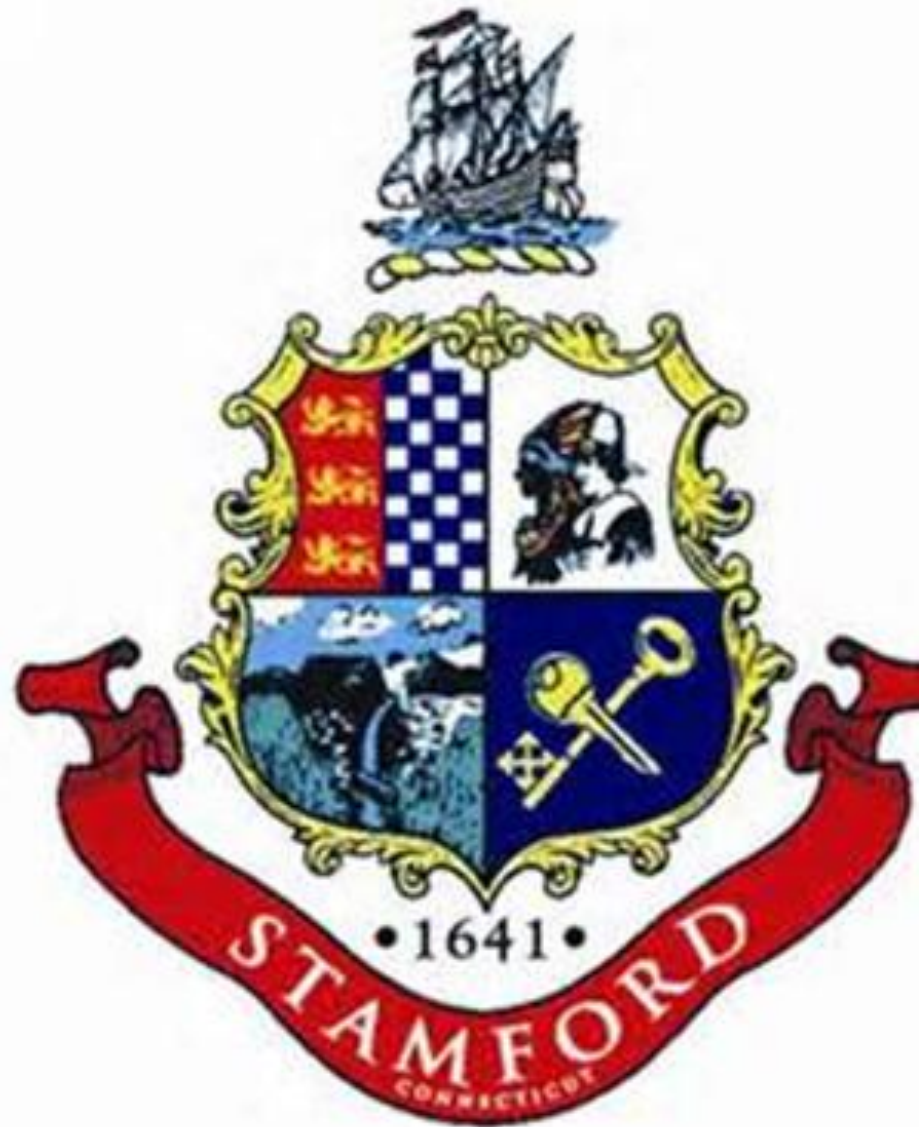


RISK MANAGEMENT  
FUND

David Villalva  
Risk Manager

March 19, 2026



## Department Function

- The Risk Fund is an internal insurance service fund that develops and initiates insurance and self-insurance programs, safety and loss control activities, and claims administration to minimize the financial impact of accidental loss to the taxpayers.
- Other funds are charged back an annual budgeted expense by the Risk Fund through an allocation based on exposure and actual loss experience.

# Department/Div. Organizational Chart



# Budget Summary (FY 2026-27)

	FY 24/25 Actual	FY 25/26 Adopted	FY 26/27 Mayor's Request	\$ Var Adopted	% Var Adopted
Self-Insured Loss Payments	12,273,069	11,402,888	12,576,956	1,174,068	10.3%
Insurance Premiums	6,377,948	7,717,574	7,843,373	125,799	1.6%
Third-Party Administrative Costs	238,527	291,348	492,412	201,064	69.0%
Safety & Loss Control	35,135	85,000	87,500	2,500	2.9%
Risk Mgmt Department & Administration	785,218	851,746	905,725	53,979	6.3%
	19,709,897	20,348,556	21,905,966	1,557,410	7.7%

Self-Insured Loss Payments includes Workers' Comp claims and General Liability claims against the City. Workers' Comp accounts for \$791k of the total increase vs FY25/26 Adopted – driven by general wage increases and health care cost inflation. Amounts are actuarially-determined. General Liability expense and damages to City-owned property below the deductible represents \$383k of the increase. The City has a higher Self Insured Retention (“deductible”) in order to keep insurance premiums at manageable levels.

Insurance Premium increases in Liability of \$372k are offset by Property Premium for a net increase of \$126k. Liability Premium increases are correlated with recent large-loss settlements.

Third-Party administrative costs are for the management of Workers' Comp and Liability claims, with a switch to a new firm and reflects RFP contractual pricing.

Risk Mgmt Dept costs reflect contractual wage increases and Central Services Cost allocation: a \$50k increase.

## New or Expanded Services/Programs (FY 2026-27)

### **Third-Party Administrator**

We have partnered with a new TPA firm effective January 1, 2026 for workers' compensation and liability claims. Although their pricing model has a higher fixed cost component compared to FY25/26, it's expected to reduce workers' comp costs over the long term through lower variable costs and service efficiencies.

## Key Challenges & Changes (FY 2026-27)

- Insurance premium pricing increases – driven by the City’s claims history and settlement amounts.
- Severity of worker injuries negatively impact workers’ comp expense. Top 5 injuries through the first six months of FY25/26 made up 2% of total claims but accounted for 32% of total workers’ comp costs. Although the budgeted expense is actuarially-determined, actual yearly costs can vary significantly with just a few severe injuries.
- Self-insured costs below deductibles – higher deductibles may result in more costs to the City with less/lower insurance reimbursements.

Thank You!