



BOARD OF DIRECTORS REPORT

MEETING DATE: NOVEMBER 18, 2025 **AGENDA ITEM #:** 12

TYPE: ACTION ITEM

PREPARED BY: HUMAN RESOURCES AND RISK MANAGER DAVID SERRANO

REVIEWED BY: GENERAL MANAGER, JERRY ESTRADA

SUBJECT: **GENERAL MANAGER SETTLEMENT AUTHORITY – LIABILITY AND WORKERS COMPENSATION**

RECOMMENDATION:

Staff recommends the General Manager have up to \$75,000 settlement authority for Auto and General Liability claims, to match the current General Manager's settlement authority in Workers' Compensation claims of \$75,000.

DISCUSSION:

The General Manager currently has general liability settlement authority of up to \$25,000 and up to \$75,000 for workers compensation. This was most recently increased in 2015. For our Workers Compensation program, the District currently has a \$250,000 per claim self-insured retention. For our Auto and General Liability claims, the District has a self-insured retention of \$250,000 per claim.

In recent years, courts and juries have awarded larger and larger awards to plaintiffs, and we have seen the cost of settlement demands increase in the same fashion. There is a prevalence of plaintiff attorneys who through the Plaintiff's BAR, have learned to work their development and use of medical providers and networks in favor of plaintiffs. With respect to claims management, as a "common-carrier", our greatest exposure is in vehicle accidents. As far as claims and claim management are concerned, the District is monitoring claims on a monthly basis, and coordinates with National Interstate Insurance Company (our insurance carrier) on a biweekly call. Additionally, we conduct root cause analysis on all vehicle accidents, in an effort to develop and implement training and loss control methods to eliminate or reduce vehicle accidents. We utilize a set of ongoing metrics to ensure consistent review of all incidents and accidents.

There are other Special Districts, and public agencies that authorize the Chief Executive to have settlement authority up to the self-insured retention limits, while others authorize various amounts within limits set by the governing body. Increasing the General Manager's settlement authority to \$75,000 provides the District greater opportunity to be even more proactive with claimants with the ability to settle claims prior to litigation and prior to spending time, money (defense attorney fees), for court appearances and the potential of large jury verdicts.

