



Legislation Details (With Text)

File #: 18-0439 **Version:** 1 **Name:** Self-Insured Workers Comp Program
Type: Presentation **Status:** Agenda Ready
File created: 4/24/2018 **In control:** Work Session
On agenda: 5/22/2018 **Final action:** 5/22/2018
Title: Presentation of Self-Insured Workers Compensation Program
Sponsors: Kevin Townsel
Indexes:
Code sections:
Attachments: 1. Self-Insured PPT BOMA

Date	Ver.	Action By	Action	Result
5/22/2018	1	Work Session	acknowledged	

DATE: May 17, 2018

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kevin Townsel, Human Resources Director
Sara Sylvis, Risk/Benefits Manager

SUBJECT:
Presentation of Self-Insured Workers Compensation Program

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the option to move to a self-insured workers compensation program.

Background

The City of Franklin was insured through an insurance pool from 1979 through 2012. In 2012, the City transitioned to a commercial carrier, because it was growing quickly and needed the benefits of a larger insurance company. For many years, we had guaranteed cost workers compensation coverage which meant the City paid a premium up front and all claims were paid by the insurance pool. As we continued to grow and maintained a good loss experience, we transitioned to a per occurrence deductible. In FY 2011, we switched to a modified self-insurance program and had the program in place for two years. When the City went out to bid for insurance coverage in 2012, we went with a large deductible program that had a \$100,000 protection cap per claim. Under this approach, the City has basically assumed a greater level of risk for the past six years, due to an increase in our attachment point. The attachment point increases based on the number of employees and increases in our payroll. The reason the City is considering a self-insured program now, is that it is the next progressive step in a strong workers compensation program. The City has a stable loss experience and a self-

insured program would allow the City to control even more workers compensation cost through direct claims management.

Financial Impact

There are a lot of financial variables to consider and could be hard to quantify. One factor that is impossible to determine is how many claims the City might have in a fiscal year. When looking at estimating this cost, an average number of claims was used. The City has enlisted an actuary to help determine loss potential. In addition to having a self-insured workers compensation program, the City must have an excess insurance carrier. The carrier would determine the City's attachment point that is based on the number of employees and payroll. The City has gone out to bid for a TPA (Third Party Administrator) to help determine the cost of this type of program.

Recommendation

Staff recommends exploring a move to a self-insured workers compensation program.