



## Legislation Text

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**DATE:** May 17, 2019

**TO:** Board of Mayor and Aldermen

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

**SUBJECT:**

\*Consideration of Resolution 2019-51, A Resolution Of The City Of Franklin, Tennessee Relating To The Establishment Of A Self-Insured Workers Compensation Program With Claims Administered By A Third-Party Administrator. (05/28/19WS)

### **Purpose**

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the establishment of a Self-Insured Workers Compensation Program with claims administered by a designated Third-Party Administrator.

### **Background**

The City of Franklin was insured through a municipal insurance pool from 1979-2012. The City had guaranteed cost workers compensation coverage, which meant we paid premiums at the beginning of each year and all the claims were paid by our insurance pool. As the City continued to grow, and we continued to have good loss experience, we started utilizing a per occurrence deductible. In FY 2011, the City switched to a modified self-insurance program that allowed us to assume risk up to an attachment point for all claims. When the City went out to bid in 2012, we transitioned to a large deductible program. Since the City has been with our current carrier, our attachment point has grown due to the increase in our number of employees and payroll. Due to the higher attachment point, the City has already assumed greater risk since the growth of our employee population.

### **Financial Impact**

There is a financial impact to the City associated with becoming self-insured. If the Board decides to move to a self-insured workers compensation program, the City would pay claims through a Third-Party Administrator up to the annual aggregate attachment point. City staff would continue to train employees on safety, conduct monthly safety inspections, and utilize injury trends to assist in maintaining current excellent loss experience.

Projections indicate the opportunity to obtain savings in a “typical year” in the worker compensation program.

**Recommendation**

Staff recommends the City move to a Self-Insured Workers Compensation Program with claims administered by a Third-Party Administrator.