COUNTY DEPARTMENT AGENDA REQUEST

Department:	Human Resources	Presenter(s):	Connie Boehnke
Meeting Date:	Thursday, April 9, 2009	Type of Request:	New Business

Wording for the Agenda:

Consideration of staff recommendation to renew the County's Workers Compensation Insurance coverage with Midwest Employers Casualty Company and for third party services provider Underwriters Safety & Claims, Inc.

Background/History/Details:

Midwest Employers Casualty Company has been providing Workers Compensation Insurance coverage for Fayette County since 2000. The County has partnered with Underwriters Safety & Claims, Inc. since 1995 as a third party service provider. The current contract with Midwest is a two year agreement. Staff is recommending to renew for a one year contract which actually reflects a reduction in rates versus a two or more year agreement.

The current agreement with Underwriters Safety & Claims, our re-insurer, is a two-year agreement and staff is recommending the County renew its agreement with them for another two-year period.

What action are you seeking from the Board of Commissioners?

Vote to renew the County's Workers Compensation Insurance coverage with Midwest Employers Casualty Company for one year and with Underwriters Safety & Claims, Inc. for a two-year period.

If this item requires funding, please describe:

When claims are paid, funds come from the self-insured workers compensation fund.

Has this issue come before the Commissioners in the past?	Yes	If so, when?	June 28, 2007
Do you need audio-visual for the presentation?	No	Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	Yes
Approved by Purchasing	Yes	Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

Fayette County
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To: Board of Commissioners
Jack Krakeel, County Administrator

From: Connie Boehnke CB

Date: March 27, 2009

Subject: Workers Compensation Insurance Renewal

Attached is a copy of the proposed renewal for Fayette County's Workers' Compensation Insurance along with other supporting documents. This is actually a two part renewal, one for a claims administrator and one for excess insurance and claims service.

The current contract with Underwriters Safety & Claims, Inc. is a two year agreement, and staff is recommending to renew it for another two year term as this rate is below what they are quoting other customers due their long relationship with Fayette County. There is a slight increase from Underwriters, but in light of the fact that their rate has not increased since 1995, it is understandable. The proposed annual fee will increase from $7,000 to $8,000 and covers processing of 5 lost time claims, 60 medical only claims, and 10 incident only claims. Should actual claims exceed these parameters, lost time claims would be processed at a fee of $630 per claim and medical only claims at a fee of $100 per claim. In any event, the maximum annual service fee will not exceed $13,000, which is a slight increase from the current $12,000 cap.

Midwest Employers Casualty Company has been providing excess workers compensation insurance and claims service for Fayette County since 2000. The current contract is a two year agreement. Staff is recommending to renew for a one year contract which actually reflects a reduction in rates versus a two year agreement. The Midwest renewal is at a rate of .1759 per $100 of payroll, which reflects an overall increase of 6%. A two year term renewal would reflect a rate increase of 15% which is unacceptable. Self-insured retention is currently $350,000 for public safety employees and $300,000 for all other employees. With the renewal, this will increase to $350,000 for all employees.

Fayette County has an excellent experience history with workers compensation claims, due in large part to aggressive day to day case management. In July of 2003, the county joined First Health's Workers' Compensation Network which is a PPO network, and since that time has been able to reduce billed claims by 44% or $272,415. This reflects a 92% penetration into the PPO network which is outstanding.

As proposed, Human Resources recommends renewing with Underwriters Safety & Claims, Inc. for a two year term and with Midwest Employers Casualty Company for a one year term, and to increase the self-insured retention to $350,000 for all employees.

Workers Compensation Insurance Recap

WC history – Self Insured since 1988.

Administration – Underwriters TPA since 1995.

	Current	Recommended
Claims Management	$ 7,000	$ 8,000
Indemnity claims	5	5
Medical Only Claims	70	60
Incident Only	5	10

In the event actual claims would exceed the recommended, the additional charges would be:

Per Lost Time Claims	$ 600	$ 630
Per Medical Only Claim	$ 85	$ 100
Per Incident Only	$ 30	$ 30
Maximum total service fee	$12,000	$13,000

Claims History	07/01/05-06/30/06	07/01/06-06/30/07	7/1/07 – 6/30/08
Indemnity claims	7	6	5
Medical Only Claims	62	72	136
Incident Only			23

Reinsurance – Mid-West has been our reinsurer since 2000. In addition to the ***coverage*** they provide on-line MECC

	Current	Recommended
Employers Liability, except Aircraft	$ 2,000,000 $ 2,000,000 per person $10,000,000 policy limit	$ 2,000,000 $ 2,000,000 per person $10,000,000 policy limit
Self-Insured Retention (SIR), except	$ 300,000	$ 350,000
Fire & Police	$ 350,000	$ 350,000
Rate per $100 of payroll	$ .1746	$ .1759
Surcharge (GA Insurers Insolvency Pool)	$ 1,017.14	$ 1,198.54

Note: A 2 year renewal was offered at $.2036 per $100 of payroll.

PPO Network – First Health's Workers' Compensation Network has saved Fayette County $272,415 since July 1, 2003.

Georgia Insurers Insolvency Pool - The 2% surcharge for the Georgia Insurers Insolvency Pool is $1,198.54. See attached.

Recommendation:
2 year renewal with Underwriters
1 year with Mid-West
Increase SIR to $350,000 for all employees.