

Personnel
11-16-15

15-1209

RESOLUTION

SELF-FUNDED WORKERS' COMPENSATION PLAN

WHEREAS, the City of Manitowoc's insurance carrier, Cities and Villages Mutual Insurance Company (CVMIC) has recommended cost-saving plan changes to the Workers' Compensation coverage for employees; and

WHEREAS, the Wisconsin Workers' Compensation Act (Act) provides that employers covered by the Act either insure their liability with workers' compensation insurance carriers authorized to do business in Wisconsin, or to be exempted (self-insured) from insuring liabilities with a carrier and thereby assuming the responsibility for its own workers' compensation risk and payment; and

WHEREAS, the State and its political subdivisions may self-insure workers' compensation without a special order from the Department of Workforce Development (Department) if they agree to report faithfully all compensable injuries and agree to comply with the Act and rules of the Department; and

WHEREAS, it is in the best interest of the City's administration of the Workers' Compensation insurance to transition from a fully insured plan to a self-insured plan, as detailed on the attached plan comparison summary; and

WHEREAS, at a meeting held on October 19, 2015, the Personnel Committee recommended approval of the transition from a fully insured Workers' Compensation plan to a self-insured Workers' Compensation plan, to be administered by CVMIC.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the City of Manitowoc to approve the transition from a fully insured Workers' Compensation plan to a self-insured Workers' Compensation plan, to be administered by CVMIC.

BE IT FURTHER RESOLVED that the Human Resources Director and Finance Director/Treasurer be authorized to enter into all necessary agreements with CVMIC to administer and implement the transition to a self-insured Workers' Compensation plan, effective January 1, 2016.

BE IT FURTHER RESOLVED that every three years each self-insured political subdivision must provide the Wisconsin Department of Workforce Development with a

copy of a resolution passed by the governing body, which restates its intent and agreement to self-insure under Wisconsin Administrative Code DWD 80.60, and that the City Clerk forward a certified copy of this resolution to the Workers' Compensation Division, Wisconsin Department of Workforce Development.

Introduced NOV 16 2015 _____

Adopted _____

Approved _____

Justin Nickels, Mayor

This Resolution was drafted by Kathleen M. McDaniel, City Attorney

Fiscal Impact: Savings of \$91,164

Funding Source: To be held in reserve fund for WC

Finance Director Approval: /sc

Approved as to form: /kmm

**City of Manitowoc
Insured vs Self Insured Summary**

9/1/2015

Fully Insured:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual Premium	\$ 513,405	\$ 400,570	\$ 413,809	\$ 379,160	\$ 519,756	\$ 438,108	\$ 381,593	\$ 444,394	\$ 436,333	\$ 455,225
Dividend	\$ 102,681	\$ 80,114	\$ 82,762	\$ 75,832	\$ 103,951	\$ 87,622	\$ 76,319	\$ 44,439	\$ 87,267	\$ 91,045
Net Premium	\$ 410,724	\$ 320,456	\$ 331,047	\$ 303,328	\$ 415,804	\$ 350,487	\$ 305,274	\$ 399,955	\$ 349,066	\$ 364,180

Self-Insured:

Claims Expense	\$ 263,560	\$ 62,000	\$ 519,357	\$ 78,110	\$ 193,215	\$ 292,988	\$ 166,672	\$ 93,427	\$ 258,014	\$ 61,741
Stop Loss Insurance	\$ 45,000	\$ 44,765	\$ 46,639	\$ 44,765	\$ 59,734	\$ 54,219	\$ 56,658	\$ 55,471	\$ 53,289	\$ 56,905
TPA Expense	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
Annual Cost	\$ 319,560	\$ 117,765	\$ 576,996	\$ 133,875	\$ 263,949	\$ 358,207	\$ 234,330	\$ 159,898	\$ 322,303	\$ 129,646
Savings	\$ 91,164	\$ 202,691	\$ (245,949)	\$ 169,453	\$ 151,856	\$ (7,720)	\$ 70,944	\$ 240,056	\$ 26,763	\$ 234,534

Projected; 2016 claims expense based on average of 2014, 2013 and 2012

Total 8 Year Savings:
(2007 to 2014)

\$ 639,937