



## CITY COUNCIL AGENDA ITEM

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Date: May 27, 2014

To: Brian Kischnick, City Manager

From: Tom Darling, Director of Financial Services  
Lisa Burnham, Accounting Manager

Subject: Bid Waiver – Workers' Compensation Insurance Renewal for Fiscal Year 2014/15

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### **History**

The Michigan Municipal League Workers' Compensation Fund (MML WCF) currently provides Workers Compensation coverage to the City. It has provided this coverage since 02/01/1978.

The MML WCF provides Workers Compensation coverage to more than 880 public entities throughout Michigan. The broker for the MML WCF takes competitive bids from re-insurers. As of May 2014, the re-insurer and the A.M. Best rating is: Munich RE (A+).

As an employer, the State of Michigan requires the City of Troy to provide the workers' disability compensation under Public Act 317 of 1969. The MML WCF provides legal expertise and defense loss control services, and claims handling services which are included in their premium

### **Financial**

The City is in receipt of a renewal package from the Michigan Municipal League Workers' Compensation Fund (MML WCF) which includes a dividend credit attributable to Fund members overall. Last year we had an experience modification factor of .97; this year it is a .86 experience modification factor. In addition, we are receiving a dividend credit of \$158,002.

The renewal premium to the City for FY 2014/15 is \$302,262. The City's premium for FY 2013/14 was \$255,911 and for FY 2012/13 it was \$269,407. (The premium increase for FY14/15 is primarily due to the additional payroll costs for next year).

Funds are available in the Worker's Compensation Fund. For FY 14/15, the City budgeted \$377,000 for the premium cost. The Worker's Compensation fund currently has \$2,182,000 available in fund balance.

### **Recommendation**

City Management's fiscal responsibility to City Council and our residents is best served by continuing the relationship with the MML WCF. It is recommended that City Council approve the renewal of the City's workers compensation coverage for the net cost in the fiscal year 2014-2015 of \$302,262.