City of Carson City
Agenda Report

Date Submitted: June 7, 2011

Agenda Date Requested: June 16, 2011
Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Director of Finance

Subject Title: Action to renew an excess liability insurance policy with Midwest Casualty Insurance Company for a total premium of $72,885 and renew Third Party Administrator services contract with Cannon Cochran Management Services, Inc. (CCMSI) for a total cost of $33,750.

Staff Summary: Staff is recommending that Carson City continue their insurance relationships with the above carrier and Third Party Administrator in providing Worker's Compensation insurance and services for FY 11-12. The total premiums for FY 10-11 were $77,043 so the total decrease in premium cost would be 5.39 %, while the Third Party Administrator services contract has remained flat for FY 11-12

Type of Action Requested: (check one)
(____) Resolution (____) Ordinance
(XX) Formal Action/Motion (____) Other (Specify)

Does This Action Require A Business Impact Statement: (___) Yes (X) No

Recommended Board Action: I move to renew an excess liability insurance policy with Midwest Casualty Insurance Company for a total premium of $72,885 and renew Third Party Administrator services contract with Cannon Cochran Management Services, Inc. (CCMSI) for a total cost of $33,750.

Explanation for Recommended Board Action: A copy of the coverages and the premiums is included. We anticipate that the city will save approximately $900,000 in FY 10-11 and that this savings will continue in FY 11-12 allowing us to continue to build our contingency reserve in the Worker's Compensation Fund.

Applicable Statue, Code, Policy, Rule or Regulation: n/a

Fiscal Impact: Estimated at $659,444 including estimated claim costs, excess insurance premiums and other administrative charges - this compares to $1,643,894 in FY 09-10, which was the last year Carson City was fully insured with the PACT.

Explanation of Impact: Savings estimated at $900,000 when compared to the fully insured plan with the PACT which will allow us to continue to build our contingency reserve in the Worker's Compensation Fund.

Funding Source: Workers' Compensation Insurance Fund

Alternatives: Elect not to enter in the agreements and pursue other options for worker's compensation insurance.

Supporting Material: A copy of the quotes.

Prepared By: Nick Providenti

Reviewed By: ______________________ Date: 6/7/11
(Department Head)
______________________ Date: 6/7/11
(City Manager)
______________________ Date: 6/7/11
(District Attorney)
______________________ Date: 6/7/11
(Finance Director)

Board Action Taken:

Motion: ______________________ 1) ______________ Aye/Nay
2) ______________

____
(Vote Recorded By)

Premium Summary	**2010-2011**	**2011-2012**
Capped Payroll	$23,367,469	$20,998,197
Rate / $100	$0.3297	$0.3471
Annual Premium	**$77,043**	**$72,885**
Commission	*12%*	*12%*
Policy Period Minimum Premium	*$69,338*	*$65,596*

- Midwest provided an optional quote to increase the "All Other Employees" retention from $750,000 to $1,000,000 for an annual premium of $61,231.

Limits of Insurance	Workers' Compensation	Employer's Liability
Limit Each Accident	Statutory	$1,000,000
Limit Each Employee/Disease	Statutory	$1,000,000

Self-Insured Retentions	Firefighters, Police Officers (7710, 7720)	All Other Employees
Each Accident	$2,000,000	$750,000
Each Employee/Disease*	$2,000,000	$750,000

* The Each Employee/Disease retention would also apply a per employee retention for communicable disease.

Endorsement Schedule	
Specific Retention	SO-6
Classification of Operations	SO-10
Definition of Payroll Pertaining to Volunteer Workers	IO-66
Aircraft Coverage Exclusion	IO-74A
Notice of Terrorism Insurance Coverage	IO-85
Claims Information Endorsement	IO-86
Nevada Endorsement	IO-NV
Specific Excess Policy Form	MWE-200

This summary neither amends nor alters the insurance contract. Specific questions on all policy terms and conditions should be referred to your Wells Fargo Insurance Services representative and the policy itself should be reviewed.