

Mayor and Council Communication

DATE: 04/11/23

M&C FILE NUMBER: M&C 23-0281

LOG NAME: 1414WCIN2023

SUBJECT

(ALL) Authorize Payment of Excess Workers' Compensation Insurance Policy for Calendar Years 2023, 2024 and 2025 from Safety National Casualty Corporation through Roach Howard Smith & Barton, Inc. in the Amount of \$3,000,000.00 and Authorize Payment Up to \$300,000.00 for Anticipated Audits for Policy Years 2022, 2023, and 2024 from Safety National Corporation through Roach Howard Smith & Barton, Inc

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize payments of the Excess Workers' Compensation Insurance Policy from Safety National Casualty Corporation through Roach Howard Smith & Barton, Inc. in the amount of \$3,000,000.00 for three policy years 2023, 2024 and 2025; and
2. Authorize payment of up to \$300,000.00 for anticipated audits for policy years 2022, 2023 and 2024 for the Excess Workers' Compensation Insurance Policy from Safety National Casualty Corporation through Roach Howard Smith & Barton, Inc. which will be dependent on future audit results.

DISCUSSION:

The City of Fort Worth's Excess Workers' Compensation Insurance Policy (Policy) expired on January 1, 2023. City Secretary Contract 59021 allows for two (2) one-year renewals. The current Policy is underwritten by Safety National Casualty Corporation. The Policy provides statutory coverage for workers' compensation, but with self-insured retention amounts of \$1,750,000.00 per occurrence for general employees and \$2,500,000.00 for police officers and fire fighters. The 2023 calendar year policy premium for this coverage is approximately \$731,506.00, plus \$36,000.00 in broker and audit fees. Premiums for calendar year 2024 and 2025 have yet to be determined.

Roach Howard Smith & Barton, Inc., (RHSB), the City's contract broker of record, (City Secretary Contract No. 59021), for excess workers' compensation insurance, recommends that the City purchase and bind coverage from Safety National Casualty Corporation (Safety National). RHSB states that the purchase of this coverage from Safety National is the best and most advantageous coverage for the City. Safety National holds an AM Best Rating of "A + XIII" (Superior) in the insurance industry. Safety National's policy would provide the following coverage with two self-insured retention levels for an estimated premium in the amount of \$3,000,000.00 for three years of coverage. Base premiums for excess workers' compensation coverage are based on payroll estimates provided by the City with a subsequent audit after the policy year determining the final premium. The estimated audit premiums is up to \$300,000.00 for three policy years.

Coverage Type	Limits of Liability	Self-Insured Retention (SIR)
Workers' Compensation	Statutory Limits	\$2,000,000.00 for General Employees
		\$3,000,000.00 for Police Officers and Firefighters

In addition to excess workers' compensation insurance coverage, Safety National offers substantial ancillary services that include access to safety consultation and compliance information, training and education programs for safety, environmental and employment issues, workers' compensation analysis tools, online driver simulation and curriculum for law enforcement and firefighters and domestic crisis management benefits. These services are available to clients of Safety National at no additional cost. While other excess insurers offer similar services, many of these services are extra costs. RHSB Insurance recommends Safety National's excess insurance coverage and ancillary services as the best value for the City.

M/WBE Office - A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Human Resources Department and approved by the M/WBE Office, in accordance with the City's ordinance, because the purchase of goods or services is from sources where subcontracting or supplier opportunities are negligible.

Funding is budgeted in the Workers' Compensation Expense account of the Human Resources Department's Risk Financing Fund, as appropriated. Note of funding - The Fiscal Year 2023 budget includes money to fund this contract through September 2023. An appropriation for the 2024 and 2025 policies will be included in the Fiscal Year 2024 and 2025 budgets.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the recommendations, funds are available in the current operating budget, as previously appropriated, and upon adoption of the Fiscal Year 2024 and Fiscal Year 2025 Budgets by City Council, funds will be available in the Fiscal Year 2024 and Fiscal Year 2025 Operating Budgets, as appropriated, in the Risk Financing Fund. Prior to an expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

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Expedited