

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 04/22/25 M&C FILE NUMBER: M&C 25-0360

LOG NAME: 14WCIN2025

SUBJECT

(ALL) Authorize Payment of Excess Workers' Compensation Insurance Policy from Safety National Casualty Corporation through Roach Howard Smith & Barton, Inc. for Base Premium Fees for Policy Years 2026 and 2027 in an Annual Amount up to \$1,300,000.00 and Authorize Payment for Audit Premium Fees for Policy Years 2025, 2026, and 2027 in an Anticipated Annual Amount of \$250,000.00 for 2025 and \$110,000.00 for 2026 and 2027 for the Human Resources Department

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize payments of the base premium fees for the Excess Workers' Compensation Insurance Policy from Safety National Casualty Corporation through Roach Howard Smith & Barton, Inc. in an annual amount up to \$1,300,000.00 for policy years 2026 and 2027; and
2. Authorize payment of audit premium fees for policy years 2025, 2026, and 2027 in an amount up to \$250,000.00 for an additional 700 employees for policy year 2025 and \$110,000.00 for policy years 2026 and 2027, final totals of which will be dependent on future audit results, for the Excess Workers' Compensation Insurance Policy from Safety National Casualty Corporation through Roach Howard Smith & Barton, Inc.

DISCUSSION:

The City of Fort Worth's Excess Workers' Compensation Insurance Policy ("Policy") expires on November 30, 2027 (City Secretary Contract No. 59021; the "Agreement"). The Agreement allows for two (2) one-year renewals through 2029. 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 \$2,000,000.00 per occurrence for general employees and \$3,000,000.00 for civil service. Premiums under the Policy are calculated based on a number of factors, including but not limited to: the number of employees, their payroll, and the type of work performed.

With the transition of MedStar occurring on July 1, 2025, the number of general and civil service employees on the City payroll will increase and have a subsequent impact on Policy premiums.

Self-Insured Retention (SIR) Per Occurrence:

\$2,000,000.00 for General Employees
\$3,000,000.00 for Civil Service

Base Premium: Roach Howard Smith & Barton, Inc., (RHSB), the City's contract broker of record for excess workers' compensation insurance, recommends that the City purchase and bind coverage from Safety National Casualty Corporation (Safety National). Safety National's policy would provide coverage with two self-insured retention levels, as indicated in the table above, for a base premium in an annual amount up to \$1,300,000.00 for policy years 2026 and 2027. [An annual administrative and broker fee will also be applied. For policy years 2026 and 2027, that additional annual fee will be approximately \$63,700.00. This fee will be captured under the spending authority granted under City Secretary Contract No. 59021 and is not reflected within this M&C.]

Audit Premium: Base premiums for excess workers' compensation coverage are based on payroll estimates provided by the City. However, a subsequent audit after the policy year determines the final premium. In the event an actual payroll is higher than the anticipated payroll, City may owe an additional audit premium to account for the difference. Audit premiums for policy year 2025 are estimated to be an amount up to \$250,000.00. For policy year 2026 and 2027, audit premiums are estimated to be an annual amount up to \$110,000.00. The amount is higher for policy year 2025 due to the MedStar transition occurring after the initial payroll estimates, which occurs annually at the beginning of each calendar year.

Policy Year	Base Premiums	Audit Premiums	Total
2025	\$ -	\$250,000.00	\$ 250,000.00
2026	\$1,300,000.00	\$110,000.00	\$1,410,000.00
2027	\$1,300,000.00	\$110,000.00	\$1,410,000.00
TOTAL	\$2,600,000.00	\$470,000.00	\$3,070,000.00

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.

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 FY2025 budget includes money to fund this contract through September 2025. An appropriation for the 2026 and 2027 policies will be included in the FY2026 and FY2027 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 funds are available in the current operating budget, as previously appropriated, and upon adoption of the Fiscal Year 2026 and Fiscal Year 2027 Budgets by City Council, funds will be available in the Fiscal Year 2026 and Fiscal Year 2027 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