



Legislation Text

File #: 24-0198, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the recommendation by Alliant Insurance Services to award Excess Workers' Compensation Insurance coverage to Midwest Employers Casualty Company for an amount not to exceed \$170,138 and for a two-year term

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Insurance policies for the City are maintained through Alliant Insurance Services. As the City's insurance broker, Alliant Insurance works on behalf of the City of Naperville to procure options on various insurance policies before providing a final recommendation to the City for approval.

Excess Workers' Compensation Insurance covers employees injured while at work, including coverage for medical costs and lost wages, for claims above the City's self-insured limits. Additionally, the policy provides liability protection to the City, covering expenses related to attorney fees, court costs, and rulings, in the event of a lawsuit by an injured employee or family member of an injured employee.

Midwest Employers Casualty began providing Excess Worker's Compensation Insurance coverage to the City in 2016 and maintains strong ratings by Standard & Poor's and A.M. Best. The proposed policy carries a \$2,000,000 self-insured retention with Midwest Employers Casualty providing Statutory Workers' Compensation Limits and \$1,000,000 in Employer's Liability beyond the retention, if necessary. To date, the City has not exceeded the deductible to trigger the policy.

The City's current Excess Workers' Compensation Insurance policy expires on March 1, 2024.

DISCUSSION:

Midwest Employers Casualty Company provided a one-year and a two-year renewal option. The one-year renewal option results in a 2024 premium of \$85,069, this is essentially flat to the 2023 premium.

	Current Policy	Proposed Policy	Change
Annual Premium	\$82,574	\$82,517	\$(57)

TRIA Premium	\$2,554	\$2,552	\$(2)
Total	\$85,128	\$85,069	\$(59)

The two-year option locks the insured rate, which is calculated as a percentage of payroll, for the two years. The premiums for 2024 and 2025 are later finalized based on the submission of payroll records but are estimated at \$170,138.

Staff recommends moving forward with the two-year renewal option. This will allow the City to maintain the quoted rate for two years and reduce the administrative work associated with the renewal process.

The new coverage period will be March 1, 2024, through February 28, 2026.

FISCAL IMPACT:

CIP: N/A

Excess workers' compensation insurance is expensed to the Workers' Compensation Premiums account listed below. A total of \$93,045 is budgeted for excess workers' compensation insurance in 2024. The first-year premium totals \$85,069 which is within budget for this expense. Staff will ensure the second year of the premium is included in the 2025 budget.

Account Number	Fund Description	Total Budget Amount
60101600-524200	Self-Insurance Fund	\$100,645