



City of Boise
Resolution
Exempt

Purchasing
150 N Capitol Blvd
Boise, ID 83702
(800) 377-3529

TO: Mayor and Council
FROM: Colin Millar, Purchasing
NUMBER: RES-440-17
DATE: September 5, 2017
SUBJECT: EX 18-025; Excess Workers' Compensation Insurance Policy; Human Resources Department; NTE \$176,073

BACKGROUND:

This purchase is for excess workers' compensation insurance policy renewal. This purchase is warranted because the majority of the City's insurance policies expire at 12:01 a.m. on October 1, 2017. Failure to renew insurance policies would leave the City's taxpayers at risk for losses incurred as a result of City employee injuries.

The consultant for this project is PayneWest Insurance. Among PayneWest Insurance's assignments is researching the insurance marketplace and providing the City with recommendations as to which insurance companies are best suited to the City's needs, specifically for excess workers' compensation insurance.

PROPOSAL RESULTS:

Insurance is exempt from the competitive bidding process per Idaho Code Section 67-2803(6).

PayneWest Insurance surveyed the market place and the excess workers' compensation insurance proposals were evaluated according to cost and breadth of coverage. Since the City is a municipality, along with having a smaller premium, excess insurance companies willing to write the City's policy are limited. Currently the City has a self-insured retention (SIR) of \$500,000 across all employee job codes and insurance limits of WC- Statutory and Employers Liability- \$2,000,000.

PayneWest Insurance's executive summary is attached as document Attachment A.

The City was provided quotes from two companies, Safety National Casualty Company and Midwest Employers Casualty Company. The only options these insurance companies provided are increasing levels of self-insured retentions beyond the current self-insured retention (SIR) of \$500,000. Midwest offered quotes for SIR's of \$1,000,000, \$500,000/\$1,000,000 (the two

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amounts indicate a split SIR where the first amount is the SIR for general employees and the second amount is the SIR specific to police officers and fire fighters), \$750,000, and \$500,000/\$750,000. Safety National offered one quote with a SIR of \$2,000,000 before the commercial insurance level is tapped into. Please see the table below for the quotes with the SIR and corresponding insurance premium.

Retention Options- All Other Employees	Retention Options- Police and Fire	Premium	Insurance Provider
\$1,000,000	\$1,000,000	\$148,208	Midwest
\$500,000	\$1,000,000	\$163,157	Midwest
\$750,000	\$750,000	\$163,968	Midwest
\$500,000	\$750,000	\$170,573	Midwest
\$2,000,000	\$2,000,000	\$176,135	Safety National

The broker, PayneWest Insurance, has recommended continuing with Midwest and going with the split retention of \$500,000 for general employees and \$750,000 for police officers and fire fighters to reflect the City’s current appetite for risk and pricing considerations.

RECOMMENDATION:

Human Resources Risk and Safety Division recommends that insurance coverage be bound as follows:

Proposer	Coverage	Premium
Midwest Employers Casualty Company	Excess Workers Compensation split SIR \$500,000/\$750,000	\$170,573
PayneWest Insurance	Broker Fee	\$5,500
Total Base Premium		\$176,073

Choosing the lower split SIR option of \$500,000 for general employees and \$750,000 for police officers and fire fighters will help mitigate City exposures to extreme workers’ compensation claim costs and help reduce budget volatility. Midwest has been the excess carrier for the City for the past several years, and the City has enjoyed Midwest’s excellent customer service, along with competitive pricing.

FINANCIAL IMPACT:

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Department has confirmed sufficient funding is available for this obligation.

ATTACHMENTS:

- EX 18-025 Broker Exec Summary 2017-18 (DOCX)

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BY THE COUNCIL

CLEGG , JORDAN, LUDWIG, MCLEAN,
QUINTANA, AND THOMSON

A RESOLUTION APPROVING AN AGREEMENT AND AWARD FOR EX 18-025 EXCESS WORKERS' COMPENSATION INSURANCE POLICY BETWEEN THE CITY OF BOISE CITY (HUMAN RESOURCES DEPARTMENT) AND MIDWEST EMPLOYERS CASUALTY COMPANY THROUGH BROKER PAYNEWEST INSURANCE; AUTHORIZING THE MAYOR AND CITY CLERK TO RESPECTIVELY EXECUTE AND ATTEST SAID AGREEMENT AND AWARD; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Finance and Administration and Human Resources Department staff recommend award of EX 18-025; Excess Workers' Compensation Insurance Policy, to Midwest Employers Casualty Company through broker PayneWest Insurance.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF BOISE CITY, IDAHO:

Section 1. That the Agreement and Award for EX 18-025; Excess Workers' Compensation Insurance Policy by and between the city of Boise City and Midwest Employers Casualty Company through broker PayneWest Insurance, attached hereto and incorporated herein by reference, be, and the same is hereby, approved as to both form and content.

Section 2. That the Mayor and City Clerk be, and they hereby are, authorized to respectively execute and attest said Agreement and Award for and on behalf of the city of Boise City.

ADOPTED by the Council of Boise City, Idaho, on September 12, 2017.

APPROVED by the Mayor of the Boise City, Idaho, on September 12, 2017.

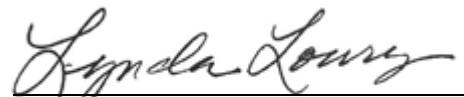
APPROVED:



David H. Bieter, Mayor



ATTEST:



Lynda Lowry, Ex-Officio City Clerk

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