



SURPRISE
ARIZONA

Worker's Compensation Self-Insurance

Risk Management/Finance January 2017

Worker's Compensation Self-Insurance

POLICY YEAR.

- The City currently renews WC policy annually on July 1st.
- Based on historical data and program controls and culture currently in place, Risk Management requests support to transition to a self-insured/self-administered program on July 1, 2017.



Worker's Compensation Self-Insurance

PROJECTED IMPACT.

FY	Claims >\$1	Gross Indemnity + Expenses	Deductibles	Subros	Premiums	Total Liabilities	Cost of Risk
2012	57	\$410,678.79	\$25,000.00	\$0.00	\$867,950.00	\$385,678.79	\$892,950.00
2013	53	\$743,821.23	\$25,000.00	\$65,052.31	\$872,677.00	\$678,768.92	\$897,677.00
2014	65	\$879,505.02	\$25,000.00	\$0.00	\$1,015,720.00	\$854,505.02	\$1,040,720.00
2015	77	\$399,407.57	\$25,000.00	\$0.00	\$1,019,344.00	\$374,407.57	\$1,044,344.00
2016	66	\$294,772.00	\$25,000.00	\$0.00	\$1,403,974.00	\$269,772.00	\$1,428,974.00
*Total Liabilities = Gross Indemnity + Expense - Subrogation Recoveries							
*Cost of Risk = Premiums + Deductibles							

Worker's Compensation Self-insurance

	Current	Self Insured w/Excess Policy			Total Savings
	FY2017	FY2018	FY2019	FY2020	
Premiums	\$1,464,900	\$135,000	\$135,000	\$135,000	
Admin/Salary	*	\$92,900	\$97,000	\$101,300	
Cost of Services	\$25,000	\$475,000	\$475,000	\$475,000	
Software	*	\$32,800	\$32,800	\$25,500	
Risk Consulting	*	\$30,000	\$30,000	\$30,000	
Total	\$1,489,900	\$765,700	\$769,800	\$766,800	
Savings From Current		\$724,200	\$720,100	\$723,100	\$2,167,400

* Mid-year addition of approximately \$100,000 to initiate self insured model

Worker's Compensation Self-Insurance

BUDGET ACTIONS

<u>Worker's Compensation Internal Service Fund</u>	<u>FY2017 Amendment</u>	<u>FY2018 Recommendation</u>
Supplies	\$2,700	\$0
Professional and Outside Services	30,000	30,000
Software Licenses	32,800	32,800
One New FTE (5 months)	39,800	94,300
Premiums	0	135,000
<u>Cost of Services</u>	<u>0</u>	<u>475,000</u>
Total	\$105,300	\$767,100
Change In Reserve	694,700	255,300
Transfer From General Fund	(800,000)	(575,300)
<u>Transfer from HURF and Utility Funds</u>	<u>0</u>	<u>(447,100)</u>



SURPRISE

ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You