



Municipal Workers Compensation Fund, Inc.
 P.O. Box 1270
 Montgomery, AL 36102

Revised Estimated Contribution Billing

Name Of Insured:
 City of Alabaster
 1953 Municipal Way
 Alabaster, AL 35007

| | |
|-------------------------|----------------------|
| Policy Effective Date | 2/1/2023 |
| Policy Terminate Date | 1/31/2024 |
| Policy Number | 001-2023-00960-00 |
| Risk ID | |
| Printed | 1/4/2023 5:49 PM |
| DUE UPON RECEIPT | |
| TOTAL AMOUNT DUE | \$ 342,746.00 |

Policy Contact: Scott Brakefield
 Agent: Byars-Wright, Inc. (Ronald C Griggs)
 P.O. Box 1309, Jasper, AL, 35502-1309

| Rate Code | Payroll Description | Rate | Basis | Payroll | Manual Premium |
|-----------------------|--|-------|---------|-------------------|----------------------|
| 7380 AL | Drivers/Chauffeurs & helpers NOC-commercial- & drivers | 6.72% | Payroll | 269,920 | \$ 18,139.00 |
| 7580 AL | Sewage disposal plant operation & drivers | 3.77% | Payroll | 1,131,838 | \$ 42,670.00 |
| 7710 AL | Firefighters and drivers | 4.84% | Payroll | 4,405,963 | \$ 213,249.00 |
| 7720 AL | Police officers & drivers | 4.8% | Payroll | 4,989,625 | \$ 239,502.00 |
| 8810 AL | Clerical office employees NOC | 0.21% | Payroll | 3,927,913 | \$ 8,249.00 |
| 8831 AL | Animal Control | 2.1% | Payroll | 52,545 | \$ 1,103.00 |
| 8835 AL | Senior Citizens Program | 3.4% | Payroll | 98,856 | \$ 3,361.00 |
| 9101 AL | Library Workers/College Schools Other employees | 3.83% | Payroll | 233,858 | \$ 8,957.00 |
| 9102 AL | Park NOC-all employees & drivers | 3.69% | Payroll | 1,113,852 | \$ 41,101.00 |
| 9402 AL | Street cleaning & drivers | 9.87% | Payroll | 656,162 | \$ 64,763.00 |
| 9410 AL | Building Inspection and Code Enforcement | 2.9% | Payroll | 256,894 | \$ 7,450.00 |
| Subcontractors | | | | | |
| 0042 AL | Landscape gardening & drivers | 6.9% | Payroll | 1,159 | \$ 80.00 |
| 3724 AL | Air Cond Refrig Install | 4.7% | Payroll | 2,150 | \$ 101.00 |
| 5403 AL | Carpentry NOC | 6.7% | Payroll | 25,055 | \$ 1,679.00 |
| 7580 AL | Sewage disposal plant operation & drivers | 3.77% | Payroll | 9,265 | \$ 349.00 |
| 8264 AL | Recycle Plant | 6.8% | Payroll | 4,563 | \$ 310.00 |
| 8810 AL | Clerical office employees NOC | 0.21% | Payroll | 50,509 | \$ 106.00 |
| 8835 AL | Senior Citizens Program | 3.4% | Payroll | 10,073 | \$ 342.00 |
| 9015 AL | Building Maintenance and Janitor | 4.51% | Payroll | 1,930 | \$ 87.00 |
| 9101 AL | Library Workers/College Schools Other employees | 3.83% | Payroll | 6,870 | \$ 263.00 |
| 9102 AL | Park NOC-all employees & drivers | 3.69% | Payroll | 34,245 | \$ 1,264.00 |
| 9156 AL | Actors, Players, Entertainers, Musicians | 3.71% | Payroll | 2,450 | \$ 91.00 |
| Total | | | | 17,285,695 | \$ 653,216.00 |

| Premium Factors | Factor | Amount | Premium |
|--------------------------|---------|----------------|---------------|
| Experience Modifier | .99 | | \$ 646,684.00 |
| Drug Free | 8.00 % | \$ -51,735.00 | |
| Managed Care Arrangement | 10.00 % | \$ -64,668.00 | |
| Scheduled Discount | 22.00 % | \$ -142,270.00 | |
| Medical Protocol | 4.00 % | \$ -25,867.00 | |
| Triage Program | 3.00 % | \$ -19,401.00 | |



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| Rate Code | Payroll Description | Rate | Basis | Payroll | Manual Premium |
|-----------|---------------------|------|-------|---------|----------------|
| | Annual Premium | | | | \$ 342,746.00 |
| | Total | | | | \$ 342,746.00 |

Make Check Payable and Remit to:

Municipal Workers Compensation Fund, Inc., P.O. Box 1270, Montgomery, AL 36102

Total Now Due: **\$ 342,746.00**

**CITY OF ALABASTER
WORK COMP BILLING COMPARISON
2022 V 2023**

TOTAL PAYROLL INCREASE

The initial item I see as the reason for the increase from 2022 to 2023 is that the total payrolls have increased \$4.7m from the 2022 Estimated to the 2023 Estimated billings. MWCF uses the latest audited payrolls (2021 year) payrolls to estimate the renewal billings. Alabaster may want to review and provide budgeted payrolls for 2023 so that these are more accurate. They may also want to review the sub-contract labor reflected, as again, these are from 2021 and may no longer be applicable for 2023. Payrolls can be updated at any time and it is as easy as sending me an e-mail to let me know what needs to be changed. Once updated, we issue a revised Estimated Billing.

INDIVIDUAL CLASS CODE PAYROLL INCREASE

Below are the Individual Class Codes that reflect a substantial increase over 2022.

| | | |
|---------------------------|-----------|-------------|
| 7380 Drivers & Chauffeurs | Increased | \$71,056 |
| 7710 Firefighters | Increased | \$494,305 |
| 7720 Police | Increased | \$369,024 |
| 8810 Clerical | Increased | \$3,634,016 |

This list does not include sub-contract labor.

The issue that clerical increased over \$3.6m is very concerning and should be reviewed.

NOTE: MWCF had an overall rate decrease for the 2023 year, so rates are a non-issue.

EXPERIENCE MODIFICATION RATING

Alabaster's 2022 EMR is .88. For 2023, the EMR is .99, an increase of 11%.

The increase in the EMR is due to an increase in the claims used to calculate the EMR.

For the 2022 EMR, the 2018, 2019 and 2020 Fund Years are used and the Total claims are \$502,028.

For the 2023 EMR, the 2019, 2020 and 2021 Fund Years are used and the Total claims are \$690,385.

There is a large claim in the 2021 year. Michael Strickland with a Total Incurred of \$245,125.

The EMR increase is also driving some of the premium increase.

LOSS OF THE MANAGED CARE DISCOUNT

I do see that Alabaster should still be receiving the 10% Managed Care Discount, and this is not on the invoice.

I have added back the 10% Managed Care Discount and attached the Revised Billing along with this review.

NOTE: At 2/1/24, this discount will drop off, but Alabaster will be eligible to participate in Renewal Dividends.

**CITY OF ALABASTER
WORK COMP BILLING COMPARISON
2021 V 2022**

Firefighter rate increase.

This was due to the increase in the Advisory Loss Costs (ALC) from the National Council of Compensation Insurance (NCCI).

For 2021, the ALC for Class Code 7710 was 2.18 and for 2022, the ALC for Class Code 7710 is 2.46.

All work comp carriers in the State of Alabama are required to begin their rates with the ALC from NCCI. The individual carrier's actuary then does a rate study, looking at premiums and losses for all class codes to determine the modifier for the year that is used to "modify" the ALC for each specific group. MWCF had an overall rate change of -2% for 2022, but when NCCI increases the ALC, the effect is an increased rate for all work comp carriers.

Experience Modification Rating (EMR) increase.

Alabaster's 2021 EMR is .85. For 2022, the EMR is .90, an increase of 5%.

The increase in the EMR was due to an increase in the claims used to calculate the EMR.

For the 2021 EMR, the 2017, 2018 and 2019 Fund Years were used and the Total claims were \$319,721.

For the 2022 EMR, the 2018, 2019 and 2020 Fund Years are used and the Total claims are \$502,028, an increase of \$182,307.

There are two larger claims in the 2020 year. William Rigney with a Total Incurred of \$281,271 and James Crocker with a Total Incurred of \$86,284. These two claims are driving the majority of the EMR increase.

The EMR increase is what is driving the premium increase.

Loss of the Volume Discount

To qualify to receive the Volume Discount, the Loss Ratio for the last audited Fund Year must be less than 75%.

Alabaster's 2020 Volume Discount at the time of underwriting was 159% and is mainly due to the two claims listed above.

However, during our Underwriting, we noticed the loss of the Volume Discount and gave additional discounts to help with this.

The original calculated Scheduled Discount for the City of Alabaster for 2022 was 18%. Our Underwriting team provided an additional 7% in Scheduled Discounts to help account for the loss of the Volume Discount and the increase in the EMR.

NOTE: The 2022 Volume Discount would have been around 4.6%.