

TOWN COUNCIL

STAFF REPORT

Finance & Administration Department



MEETING DATE:	June 10, 2025
PROJECT:	Formal Agenda: Consideration of an Intergovernmental Agreement with South Carolina Municipal Insurance and Risk Financing Fund for Risk Sharing (SCMIRF) for Property and Casualty Coverage Including Tort Liability and Automobile Coverage for the Town of Bluffton
PROJECT MANAGER:	Steven Pecko, Accounting and Risk Manager

REQUEST: Town Council to authorize the Town Manager to change insurance carriers from the Insurance Reserve Fund (IRF) to the Municipal Association of South Carolina's (MASC) South Carolina Municipal Insurance and Risk Financing (SCMIRF) Fund.

BACKGROUND: The Town currently maintains its insurance policies with IRF, a division of the South Carolina State Fiscal Accountability Authority. The current policy period runs from May 30th to May 30th of the following year. For the 5/30/2025-5/30/2026 policy period, all deductibles are set to increase as seen in the chart below. Additionally, IRF shared programmed rate increases of various amounts that take will effect at the May 30, 2026 policy renewal. These increases are also visible in the chart below and are projected to have a \$70,000 impact for next year's renewal period.

Policy	Old Deductible	New Deductible	FY27 Rate Increase
Data Processing	\$1,000	\$3,000	5%
Building & Personal Property	\$1,000	\$3,000	5%
Inland Marine	2% with \$500 min.	2% with \$3,000 min.	5%
Auto Comprehensive & Collision	\$500/\$500	\$1,000/\$1,000	15%
General Tort Liability	\$250	\$2,500	10%
Auto Liability	N/A	N/A	30%

As part of the Town of Bluffton's Strategic Focus Area of Fiscal Sustainability to demonstrate fiscal responsibility, Staff researched other insurance programs to compare with our current policies. Options that Staff explored include MASC's SCMIRF program, the South Carolina Association of Counties' Property & Liability Trust, and Self-Insurance. It was determined that MASC's SCMIRF program was the best option and most comparable to our current policies through IRF.

Town Staff met with MASC staff twice, which included an onsite visit in Bluffton, to review the Town's current risk management policies and procedures and discuss the differences between IRF and MASC's programs. During the risk assessment process, the creation of a safety committee

made up of Town Staff was recommended by MASC. This new committee would be responsible for reviewing all incidents at the Town, performing root cause analysis, and implementing best practices. Upon completion of both meetings, applying to SCMIRF, and performing risk self-assessments at Town Hall and the Police Department, MASC presented a proposal to the Town to join SCMIRF.

The deductibles offered through SCMIRF are the same or lower compared to IRF, SCMIRF offers free cyber insurance to members, grant opportunities are available to Public Services and Police Departments, and there are 5% premium credits for completing annual risk self-assessments. In addition, buildings, inland marine items, and vehicles acquired after contract inception date are insured for free until the next renewal period and MASC also provides on-site training on various risk management and loss control topics.

Policy	MASC Deductible	IRF Deductible
Data Processing	\$1,000	\$3,000
Building & Personal Property	\$1,000	\$3,000
Inland Marine	\$1,000	2% with \$3,000 min.
Auto Comprehensive & Collision	\$1,000/\$1,000	\$1,000/\$1,000
General Tort Liability	\$1,000	\$2,500
Auto Liability	\$1,000	N/A

Later this fall, Staff will apply to join MASC's workers' compensation program, the South Carolina Municipal Insurance Trust (SCMIT). Members enrolled in both SCMIRF and SCMIT are entitled to 2% discounts on each program. The Town's current workers' compensation provider is the South Carolina State Accident Fund and the policy period expires 12/31/2025. Preliminary estimates from MASC reflect a cost savings of over \$60,000 by switching to SCMIT, not including any potential discounts or credits.

Policy	Current Est. Premium	MASC Est. Premium
Auto Comp. & Coll.	\$ 49,185	\$ 63,697
Buildings/Property/Inland Marine	\$ 116,399	\$ 108,380
Auto Liability	\$ 88,949	\$ 128,530
Tort Liability	\$ 285,334	\$ 359,286
Cyber Liability	\$ 80,000	\$ -
Workers' Compensation	\$ 357,440	\$ 296,994
Subtotal	\$ 977,307	\$ 956,887
MASC - 2% Policy Discount	\$ -	\$ (19,138)
MASC - 5% Self-Assessment Credit	\$ -	\$ (47,844)
Total	\$ 977,307	\$ 889,905

As part of the process, the SCMIRF Board reviews and determines acceptance of jurisdictions into the Fund. At the May 21, 2025 SCMIRF Board meeting, the Board officially approved the Town of Bluffton to join should Town Council approve the Resolution.

NEXT STEPS: Town Council may approve the Resolution or deny changing programs. Should Town Council approve, below is the timeline of changes in carriers:

- 6/30/2025 - Coverage will remain effective with IRF through this date. SCMIRF coverage would also become effective on this date to ensure no gaps in coverage.
- 10/1/2025 – Staff will apply to join SCMIT.
- 11/11/2025 – Staff will present the Agreement to Participate in SCMIT to Town Council (assuming approval by SCMIT Board and SC Workers Compensation Commission).
- 12/31/2025 - Workers' Compensation coverage will remain effective with State Accident Fund through this date.
- 1/1/2026 - SCMIT coverage will become effective with MASC on this date.

SUMMARY: Town Staff will work with MASC to ensure all insured items through IRF remain insured and a Safety Committee is established during FY26.

ATTACHMENTS:

1. Presentation
2. Resolution
 - a. Exhibit A – SCMIRF Intergovernmental Agreement & SCMIRF Resolution of Intent to Participate
3. Recommended Motion