Transition to a Self-Insured Risk Financing Model

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Summary of Program Changes

- Deductible change: $100k → $250k
- Coverage limit: $10M → $5M
- WC placed with Safety National (from Midwest)
- Property coverage with Hanover
  ($10k deductible – no change)
- $500k premium savings
- TPA service fee ($42,000)

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Premium Summary and Comparison

Policy Term	2025-26 Expiring Premium	2026-27 Trident $100K Deductible Option	2026-27 Safety National Self-Insured Option
Total GL & Auto Liability Limits Proposed	**$10M**	**$5M**	**$5M**
General Liability	$169,185	$175,948	$778,284
Public Officials' Liability	$66,465	$ 69,124	
Employment Practices Liability	$193,856	$201,608	
Law Enforcement Professional Liability	$144,053	$142,435	
Auto Liability	$253,861	$272,888	
Auto Physical Damage	$207,698	$263,733	$95,357
Excess Liability	($9M) $226,955	($4M) $183,316	($4M) Included
Property	$208,222	$208,242	$167,526
Equipment Breakdown	$6,996	$7,347	
Inland Marine (Equipment)	$19,079	$21,054	$32,115
Drone Liability	$5,319	$5,254	$5,254
Crime	$4,331	$4,331	$4,331
Cyber Liability ($2M)	$33,681	$36,597	$36,597
Terrorism and Active Assailant	$19,578	$25,015	$25,015
Program Total *(excluding Work Comp)*	**$1,559,279**	**$1,616,892**	**$1,144,479**
Workers' Compensation	**~$148,000** (Not brokered thru Marsh McLennan)	**~$148,000** (estimated)	**$144,817**
Third Party Claims Administrator-Casualty and Physical Damage	**N/A**	**N/A**	**$30,000**
TPA Claims Admin. – Work Comp	**$11,400**	**$12,000**	**$12,000**
Program Total *(incl. Work Comp & TPA Fee)*	**~ $1,707,279**	**~ $1,764,892**	**$1,331,296**
Marsh McLennan Broker Fee	$80,000	$80,000	$100,000*
TOTAL ANNUAL PAYABLE	**~ $1,787,279**	**~ $1,844,892**	**$1,331,296**

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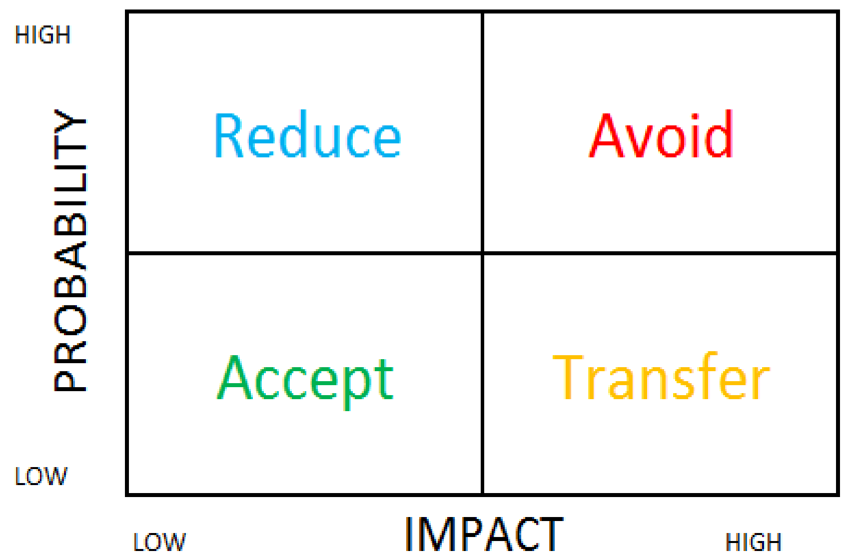
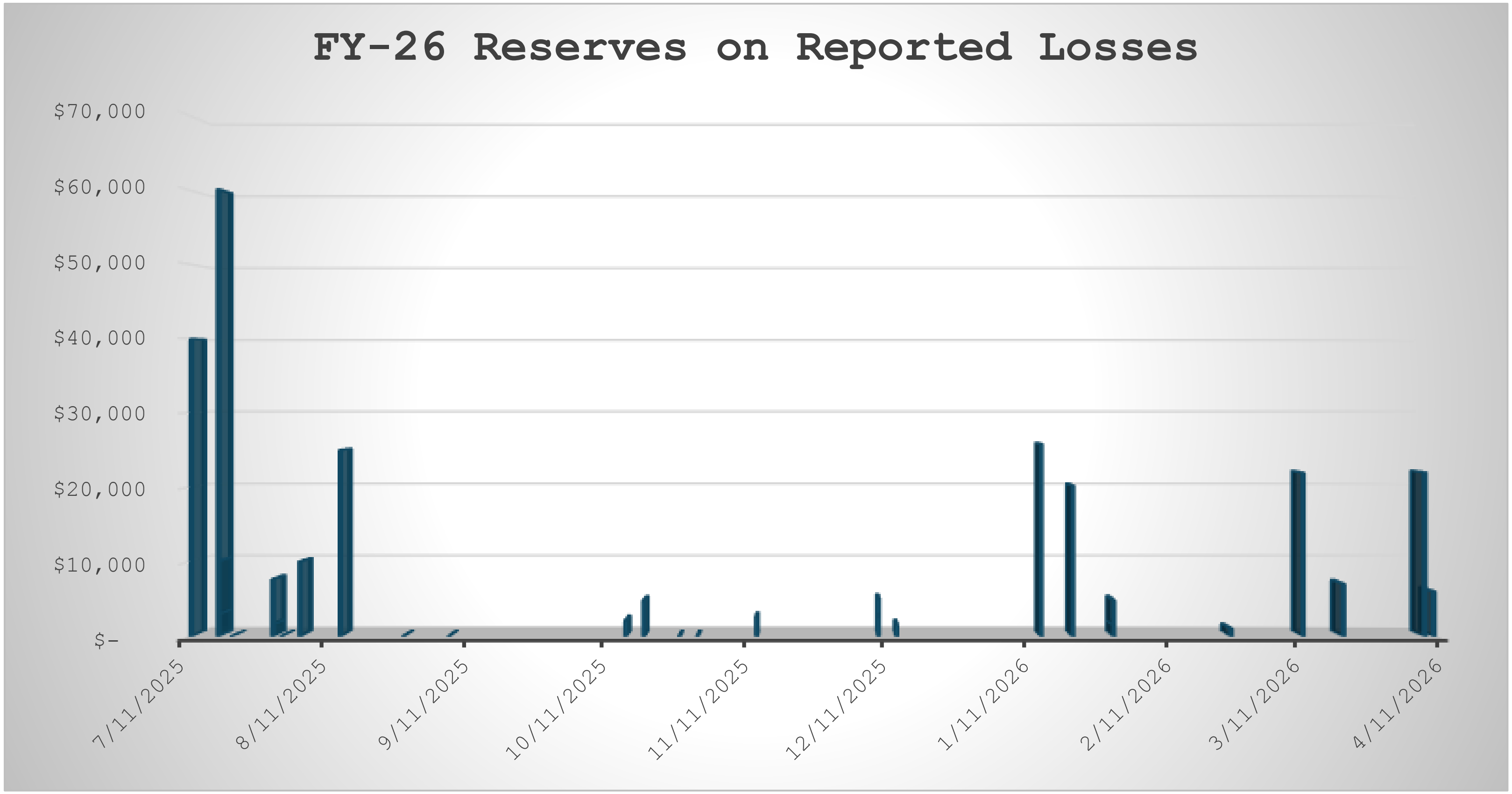
Why Change Now?

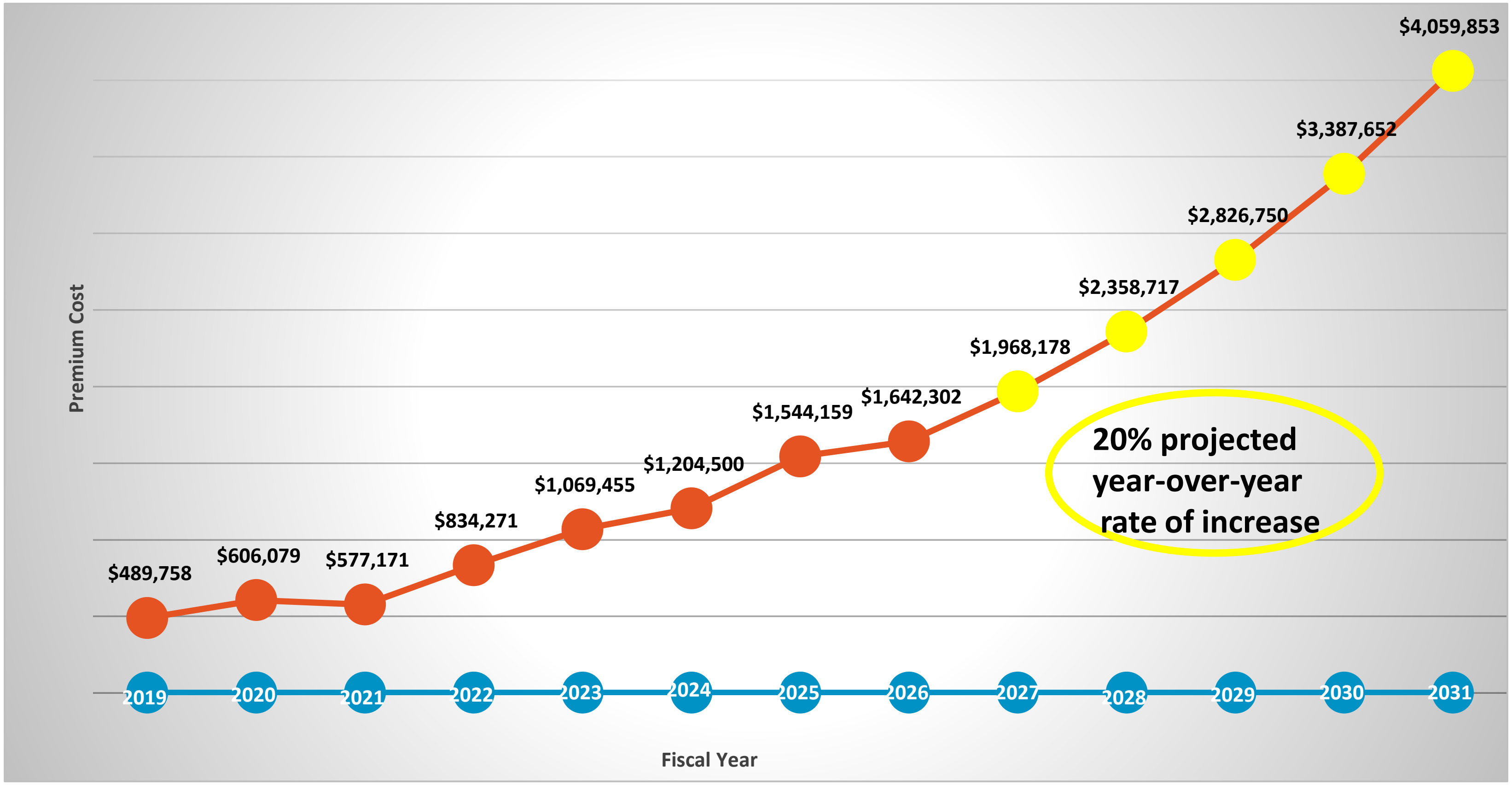
- Rising insurance costs statewide
- Control over predictable losses
- Better long-term stability
- Opportunity to invest in loss prevention



Current Year Loss Reserves



Insurance Cost Trend Projection



City Exposure Snapshot

- Population: 30,000+
- Gas utility: 54,000 customers
- Electric: 12,500 customers
- Police: 100+ personnel
- Transitional housing
- Arts Center
- 120-bed hotel opening soon

Implications of Self-Insurance

- Immediate savings: $500k
- Greater claim oversight required
- Increased financial responsibility
- Enhanced safety and compliance programs

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Why Additional Staffing is Necessary

- Current staff: 1
- Expanded operational needs
- Claims across utilities, police, facilities
- Training management, contract reviews

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Risk Management Function Overview

Recommended Staffing Structure

- Risk Manager (existing)
- Risk Analyst
  - FY-27
- Safety and Training Specialist
  - FY-27
- Workers’ Comp Coordinator/ Administrative Assistant
  - years 3-5

Benefits of Staffing Expansion

- Fewer claims
- Improved safety
- Lower WC costs
- Better contract risk transfer
- Enhanced financial stability

Three-to-Five-Year Strategic Plan

- Year 1: Stabilize transition
- Year 2: Loss reduction
- Year 3: RMIS implementation
- Year 4: Optimization
- Year 5: Full maturity

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Leveraging Safety National

- Training modules
- Benchmarking
- Loss control engineering
- Grants (when available)

Leveraging Hanover Insurance

- Property inspections
- Fire protection guidance
- Contractor risk controls
- Water intrusion prevention

Leveraging Charles Taylor - TPA

- Claims data access
- Safety evaluations and inspections
- Safety training

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Expected Outcomes by Year 5

- Reduced claims
- Stronger safety culture
- Stabilized insurance costs
- Better operational controls

Request for Council Support

- Approve staffing plan with revised addition of andlyst and safety personnel
- Support strategic implementation
- Endorse risk management initiatives

Questions & Discussion

- Thank you.