CITY OF NORMAN, OK
STAFF REPORT

MEETING DATE: 10/28/2025

REQUESTER: Rick Knighton, City Attorney

PRESENTER: Rick Knighton, City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, ACCEPTANCE, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT 2526-96: BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND TWO OAKS INVESTMENTS (DBA CONSOLIDATED BENEFITS RESOURCES) IN THE AMOUNT OF $78,000 FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION FROM NOVEMBER 1, 2025 TO OCTOBER 31, 2026.

BACKGROUND:

Title 85A of Oklahoma Statutes requires the City, as an employer, to provide Workers' Compensation to its employees who are injured on the job. Workers' Compensation can be provided by buying private workers' compensation insurance, applying for coverage under a state-run insurance plan (now "CompSource"), or carrying its own risk as a self-insured employer.

The City has elected to operate as a self-insured employer covering its own risk associated with workers' compensation losses at least since 1988. By electing to "self-insure," the City does not purchase insurance from an outside insurance agency but rather pays such claims as they are ordered by the Court or agreed to by the City. To make sure funds are available to compensate injured workers fairly, the City budgets annually for anticipated workers' compensation claims. The budgets are established through internal service charge "premiums" in each departmental budget based on the number of employees in the department/division. The "premiums" are then paid to the Workers' Compensation revenue account (439-371732) in the City's Risk Management Fund.

The decision of previous Councils to self-insure has been strictly a financial decision resulting in cost savings for the City. Over the years, it has been more cost effective for the City to carry its own risk of workers' compensation claims than to buy insurance coverage.

On August 26, 2025, Council approved submission of the City's annual application to the State of Oklahoma Workers' Compensation Commission for permission to be "own risk" (i.e., self-insure) and pay a $1,000 fee. The City's current own risk permit will expire on November 1, 2025.

DISCUSSION:

The City has self-administered payment of claims in-house as overseen by the City Attorney Office. The State of Oklahoma Workers' Compensation Commission notified the City on October 2, 2025 that renewal is not possible unless a licensed adjustor is on-staff or the City utilizes the services of a third-party administrator with licensed adjustors to process City claims.

The City has contacted Two Oaks Investments, dba as Consolidated Benefits Resources (CBR) who provides these services to several self-insured municipalities within Oklahoma including, City of Stillwater, City of Moore, City of Shawnee, City of Mustang, City of El Reno, City of Bartlesville, City of Broken Arrow, City of Del City, City of Midwest City and City of McAlester. The City currently contracts with CBR for specific reporting requirements and has been satisfied with its services. This contract is an expansion of the services currently provided by CBR to satisfy the requirements of the Workers' Compensation Commission in time for the renewal of the City's own risk permit on November 1, 2025. The proposed cost is an annual fee of $78,000. CBR would take over processing of new claims as of November 1, 2025 and processing of existing claims as of November 15, 2025.

Funds are available in the Risk Management Fund, Professional Services-Workers Comp Audit (Account 43330102-44021).

Litigation of claims will still remain in-house via the City Attorney Office.

RECOMMENDATION:

Staff recommends Council approve Contract 2526-96 with Two Oaks Investments, dba Consolidated Benefits Resources in the amount of $78,000 for the period November 1, 2025 to October 31, 2026.