




Karen Sterling Goens
Manager

MEMORANDUM

TO: Satpal Singh Sidhu, County Executive

FROM: Karen Goens, Human Resources Manager 

RE: **Workers Compensation – Stop Loss Insurance Policy**

DATE: November 24, 2020

Enclosed is a Client Authorization to Bind Coverage for excess/stop loss coverage for workers' compensation claims over \$500,000 for non-law enforcement and over \$600,000 for law enforcement claims for your review and signature.

The estimated premium is \$73,964 for 2021 coverage plus a \$6,286 Broker Fee. Final premium will be based on worker hours during 2021.

Background and Purpose

The County protects its financial assets in the self-insured workers' compensation program with reserves and with insurance coverage for very large claims (also called stop loss or excess insurance). Each year, Arthur J. Gallagher, broker for the Washington Counties Risk Pool, seeks bids from the market, analyzes quotes, and provides options for coverage.

Coverage for 2020 is with Midwest Employers Casualty Company which proposed the best renewal pricing for 2021. The new rate per worker hour of 0.0451 represents a 48% increase. Although Whatcom County's two largest claims over the past five years are less than \$150,000, the insurance market was extremely tough this year. The other insurance company that typically submits a bid for our business would require a \$100,000 minimum premium regardless of our claims experience.

Funding Amount and Source

The workers' compensation program is funded through internal rates charged to departments based on hours worked by risk classification (law enforcement, laborers, office, etc.). Premiums are paid from cost center 507300.

Please feel free to contact me at (360) 778-5305 if you have any questions or concerns regarding my recommendation.