



Melissa Keeley
Director

MEMORANDUM

TO: Satpal Sidhu, County Executive

FROM: Bea Acland, HR Manager

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

DATE: December 1, 2025

Enclosed is a Client Authorization to Bind Coverage for excess/stop loss coverage for workers' compensation claims over \$1,000,000 for your review and signature.

The estimated premium is \$120,069 for 2026 coverage plus a \$9,300 Broker Fee and a \$100.00 Agency Bill Administration Fee. Final premium will be based on actual worker hours during 2026.

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.

Current coverage for 2025 is with Midwest Employers Casualty Company. The rate of .0679 per worker hour is a 6.43% increase over last year's rate. The Self-Insured Retention remained at \$1,000,000 per claim for law-enforcement, and increased from \$750,000 in 2025 to \$1,000,000 in 2026 for non-law-enforcement.

Midwest was the only available option for 2026 coverage. There are very few companies in this market who are willing to write for municipalities in Washington state.

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 55004001.

Please feel free to contact me at (360) 778-5308 if you have any questions or concerns regarding my recommendation.