



**Karen Sterling Goens**  
Manager

## MEMORANDUM

**TO:** Satpal Singh Sidhu, County Executive

**FROM:** Donnie LaPlante, Associate HR Manager 

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

**DATE:** November 23, 2021

---

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 \$750,000 for law enforcement claims for your review and signature.

The estimated premium is \$92,517 for 2022 coverage plus a \$6,537 Broker Fee. Final premium will be based on worker hours during 2022.

### **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 2021 is with Midwest Employers Casualty Company which also proposed the best renewal pricing for 2022. The new rate per worker hour of 0.0559 represents a 24% 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 next best option would require a \$100,000 minimum premium regardless of our claims experience, which would be 8% higher than Midwest. Midwest also offered a second option with a lower premium but higher retention that we are not recommending.

### **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) 778-5306 if you have any questions or concerns regarding my recommendation.