	CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**	
MEETING DATE	12/22/2015	
RESOLUTION OR ORDINANCE NUMBER	R-15-166	
AGENDA TITLE	A resolution to authorize the issuance of a purchase order to Kansas Eastern Region Insurance Trust (KERIT) for workers compensation insurance coverage for the City of Coffeyville to be effective January 1, 2016 through December 31, 2016.	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Stephanie A. Richardson	
FISCAL INFORMATION	Cost as recommended:	$211,976.00
	Budget Line Item:	Various Funds/Departments – Line Item 370
	Balance Available	$229,265.00
	New Appropriation Required:	[ ] Yes [X] No
PURPOSE	Authorizes issuance of a purchase order for workers compensation coverage for FY 2016.	
BACKGROUND	In 2013, the city joined Kansas Eastern Region Insurance Trust (KERIT) for workers compensation coverage. KERIT was established in 1986 as a member-driven organization committed to developing a workers compensation program where its members are knowledgeable, fully engaged and accountable.	
SPECIAL NOTES	There are currently 18 members (15 cities, 2 counties and 1 parks & rec board) who each have a representative on the KERIT Board of Trustees. Each member is required to attend quarterly board meetings to allow for frequent review of claims and financials, involvement in claims management and communication	

of program goals.

KERIT offers an average of 50 hours of safety training per year to each member. Premium discounts are offered through KERIT PLUS which benchmarks improvements of each member organization. The KERIT PLUS program advocates timely reporting of claims, post offer physical assessments, wellness programs, physical assessments of public safety personnel, facility inspections, safety committees, accident investigations, and safety training/orientation programs.

Another benefit to KERIT is the potential to receive annual dividends based on the pools performance for the year. We will have the opportunity to receive dividends in future years based on the city's performance. We will also continue to focus on maximizing our KERIT PLUS discount by maintaining our current training efforts along with an emphasis in our highest incident areas (slips, trips & falls and sprains & strains). Our safety committee also plans to perform more on the job safety inspections to ensure a safe workplace for our employees.

ANALYSIS

The City's experience modification factor increased from a 1.10 in 2015 to 1.14 for 2016. The experience modification factor is calculated on frequency, severity and costs over the previous three years (2012, 2013, 2014).

Year	Premium	Losses	Loss Ratio
2012	$173,512	$21,934.	13%
2013	$148,586	$352,071.	259%
2014	$238,786	$98,660.	41%

Staff recently received the renewal quotes for workers compensation coverage from KERIT and Kansas Municipal Insurance Trust (KMIT), our previous carrier. The quoted premium is as follows:

KERIT $211,976.00

KMIT $226,601.00

	KERIT's quote is $26,810 lower than our 2015 premium. The decrease is due in part to high losses from 2011 being removed from the 3-yr look back period and the KERIT Board reducing all loss rates to $1.98 per $100 of payroll as a result of cash and asset balances in accordance with their fund balance policy.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Staff recommends adoption of the resolution to continue workers compensation insurance coverage with KERIT.
REFERENCE DOCUMENTS ATTACHED	KERIT 2016 Renewal Premium Projections Workers Compensation Premium History

RESOLUTION NO. R-15-166

A RESOLUTION TO AUTHORIZE THE ISSUANCE OF A PURCHASE ORDER TO KANSAS EASTERN REGION INSURANCE TRUST (KERIT) FOR WORKERS COMPENSATION INSURANCE COVERAGE FOR THE CITY OF COFFEYVILLE TO BE EFFECTIVE JANUARY 1, 2016 THROUGH DECEMBER 31, 2016.

BE IT RESOLVED, by the Board of Commissioners of the City of Coffeyville, Kansas, that the Finance Director be and is hereby authorized and directed to issue a purchase order to Kansas Eastern Region Insurance Trust (KERIT) in the sum of $211,976 for workers compensation insurance for the City of Coffeyville to be effective January 1, 2016 through December 31, 2016.

ADOPTED THIS 22nd DAY OF DECEMBER 2015.

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Christopher V. Williams, Mayor

ATTEST:

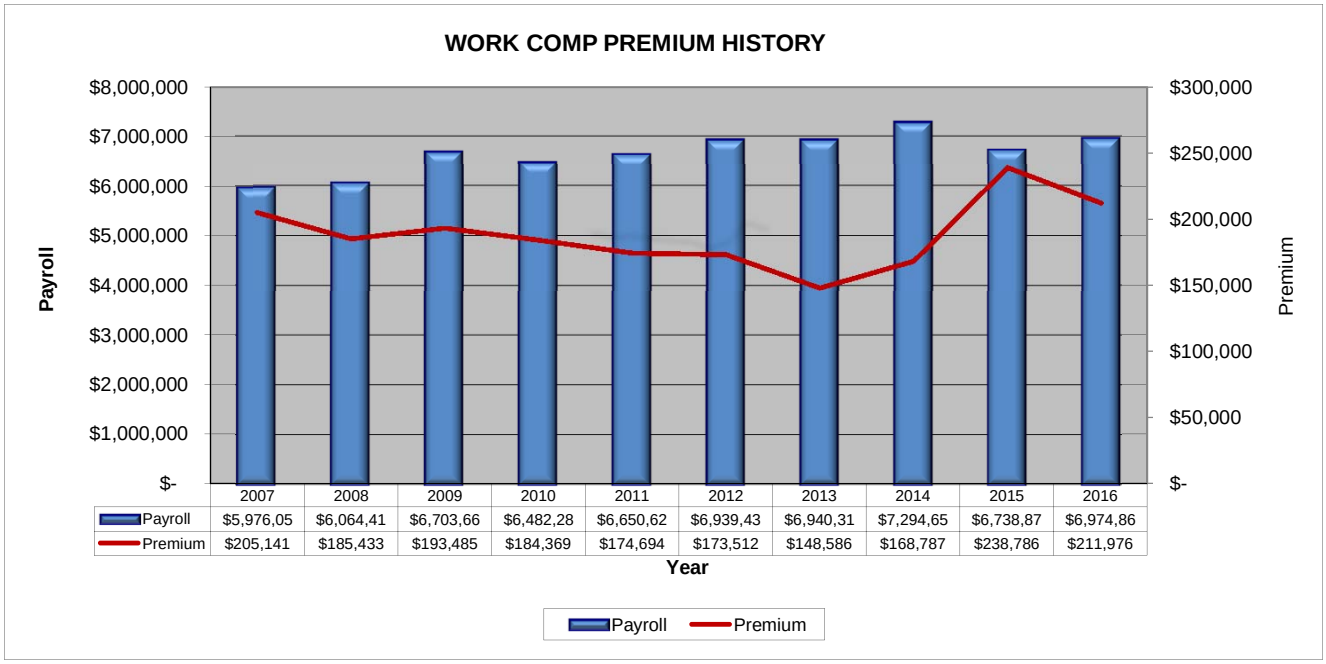
_____
Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____
Paul Kritz, City Attorney

WORK COMP PREMIUM HISTORY

Year	Payroll	Exp Mod	Premium
2007	$ 5,976,051	0.97	$ 205,141
2008	$ 6,064,412	0.94	$ 185,433
2009	$ 6,703,665	0.97	$ 193,485
2010	$ 6,482,285	0.98	$ 184,369
2011	$ 6,650,623	0.96	$ 174,694
2012	$ 6,939,432	0.90	$ 173,512
2013	$ 6,940,318	0.80	$ 148,586
2014	$7,294,654	0.81	$ 168,787
2015	$ 6,738,872	1.10	$ 238,786
2016	$ 6,974,869	1.14	$ 211,976



The premium for work comp insurance is calculated based on payroll times the insurance rate for each job classification code then times the experience mod factor. The insurance rate for job classification code is set by NCCI and is a statewide premium. The experience mod factor is calculated based on severity and frequency of work injuries. The City's mod factor has gone from .81 in 2014 to 1.10 for 2015. The mod factor is directly impacted by our safety culture and focus on safety by our employees makes a direct impact on the cost of our work comp insurance.

KERIT KANSAS EASTERN REGION INSURANCE TRUST

Preventing Loss & Promoting Safety

INVOICE

To:
City of Coffeyville
PO Box 1626
Coffeyville, KS 67337

Invoice No.: 2016-1
Date: December 14, 2015
Account No.: KERIT01
DUE DATE: January 1, 2016

Effective Date	Insured To	Policy Number	Description	Amount
1/1/2016	1/1/2017	Self Insured Trust	Workers Compensation Renewal – Total Estimated Annual Premium	$211,976
			First Installment due by January 1, 2016	$105,988
			Check should be made payable to KERIT and mailed to: Mid America Regional Council Attention: Dorothy Pope 600 Broadway, Suite 200 Kansas City, MO 64105-1554	
			TOTAL DUE NOW	$105,988

600 BROADWAY * SUITE 200 * KANSAS CITY, MISSOURI * 64105-1554 * 816/474-4240 * fax 816/421-7758

KERIT KANSAS EASTERN REGION INSURANCE TRUST

Preventing Loss & Promoting Safety

2016 RENEWAL PREMIUM PROJECTIONS

MEMBER CITY OF COFFEYVILLE

Class Code	Class Code Description	2016 Estimated Renewal Payroll	RATE	Manual Premium
5506	STREETS & ROAD	$390,205	5.68	22,164
7520	WATERWORKS	$668,576	1.08	7,221
7539	ELECTRIC	$1,698,844	3.35	56,911
7580	WASTEWATER	$378,777	2.82	10,682
7605	ALARM INSTALLATION	$46,444	1.80	836
7710	FIRE FIGHTERS & DRIVERS	$984,356	6.12	60,243
7720	POLICE OFFICERS & DRIVERS	$986,338	2.84	28,012
8601	ARCHITECT OR ENGINEER-CONSULTING	$66,018	3.03	2,000
8742	SALES, OUTSIDE	$95,000	0.39	371
8810	CLERICAL	$1,034,770	0.21	3,311
8820	ATTORNEYS-ALL EMPLOYEES	$13,200	0.32	264
8831	ANIMAL CONTROL	$32,678	2.00	654
9015	BUILDINGS, NOC	$65,558	4.57	2,996
9060	GOLF COURSE	$120,137	1.49	1,790
9101	PUBLIC LIBRARY OR MUSEUM	$6,000	1.64	98
9102	PARKS, NOC	$237,928	3.27	7,780
9220	CEMETERY	$37,324	5.34	1,993
9410	MUNICIPAL COUNTY-NOC	$112,716	10.53	11,869
TOTAL PAYROLL		6,974,869		219,194

Annual Gross Premium		219,194
Experience Modification		1.14
Total Standard Premium		249,881
Premium Discount	11.7%	(29,240)
Experience Modification Discount	0.0%	-
PLUS Discount	4.0%	(8,826)
Net Premium		211,816
Expense Constant		160
Total Net Premium		**$ 211,976**
First Installment Due 1/1/2016		$ 105,988