

May 30, 2014

To: Mayor Bemrich and City Council
From: David Fierke, City Manager
**Subject: Workers Compensation Renewal – Iowa
Municipalities Workers Compensation Association**



ACTION: For vote Monday, June 9, 2014

Brief History

On June 10, 2013 the City Council approved a workers compensation invoice from Iowa Municipalities Workers Compensation Association (iMWCA) for FY14 in the amount of \$124,601. This was the first year the City used (iMWCA). Prior to that, Travelers Life Insurance provided the workers compensation coverage.

Analysis of Issue

The FY15 renewal for workers compensation is \$176,485. Several factors contributed to the increased amount. Workers compensation premiums are mainly affected by payroll amounts and mod rates. Payroll amounts are estimated and then audited each year to get exact numbers. The actual payroll amount was approximately \$600K greater than the original iMWCA estimate. iMWCA's estimate was based off of approximately 10 months of FY13 data. Annual raises, step increases, and overtime would also affect estimates. Mod ratings are determined by the frequency and severity of claims. The mod rate went from .85 in FY14 to 1.03 in FY15 due to the severity of one large claim. Our frequency rate was comparable to the prior year.

Budget Impact

The Trust and Agency budget will be negatively impacted by \$16,285. The water, sewer, and sanitation budgets will be negatively impacted by a collective \$15,200. Adequate cash reserves are available to cover the overage. Because workers compensation insurance paid the salary of the large claim for approximately 4 1/2 months, the overall cost increase is mitigated by the FY14 salary expense reduction.

Signed



Jeff Nemmers
City Clerk/Finance Director

Approved

David R. Fierke
City Manager

INVOICE

INV52301

IMWCA

IOWA MUNICIPALITIES WORKERS' COMPENSATION ASSOCIATION
500 SW 7TH STREET, SUITE 101
DES MOINES, IA 50309-4506
PHONE: 515-244-2708

DATE

6/1/2014

PAGE:

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Mbr No: 0825 Member Name: Fort Dodge, City of

Fort Dodge, City of
819 1st Avenue S

Fort Dodge IA 50501

Please remit payment to: IMWCA, P.O. Box 310009, Des Moines, IA 50331-0009

PURCHASE ORDER NO.	CUSTOMER ID	SALES ID	SHIPPING METHOD	PAYMENT TERMS	REQ'D SHIP DATE	MASTER NUMBER
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FORTD001 AG0268

QUANTITY	ITEM NUMBER	DESCRIPTION	UOM	DISCOUNT	UNIT PRICE	EXTENDED PRICE
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1.00	DEPOSIT	Deposit - Work Comp Premium 14-15			44,122.00	\$44,122.00
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This invoice is 25% of total annual premium. The balance will be invoiced in 7 monthly installments of \$18909. If full payment is remitted, total annual premium is \$176485.

\$ 176,485.00

This invoice is due on July 1, 2014.

A FINANCE CHARGE of 1.5% (APR 18%) will be added to balances over 30 days past the due date.

When you provide a check as payment, you authorize IMWCA either to use the information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. For inquiries please call 515-244-7282.

Subtotal	\$44,122.00
Bond Credit	\$0.00
Misc	\$0.00
Total	\$44,122.00

176,485.00

080756-7203

Workers Compensation
2014-2015 Premium Year
July 1, 2014-June 30, 2015

FY15 Actual			
Vendor: #001595			
IMWCA			
Insurance Type	Account No.	Amount	
Worker's Comp	112.20.34097.232	\$ 48,685.52	
Worker's Comp	112.30.34097.232	\$ 1,217.14	
Worker's Comp	112.40.34097.232	\$ 24,342.76	
Worker's Comp	112.50.34097.232	\$ 10,954.24	
Worker's Comp	112.60.34097.232	\$ 6,085.69	
Worker's Comp - Water Fund	600.80.21097.232	\$ 24,342.76	
Worker's Comp - Sewer Fund	610.80.30097.232	\$ 30,428.45	
Worker's Comp - Sanitation	670.80.23097.232	\$ 30,428.45	
TOTAL		\$ 176,485.00	

2014-2015
Workers' Compensation
Coverage Documents
Packet



PLEASE MAINTAIN THESE DOCUMENTS IN YOUR INSURANCE FILE

Information Page of the Coverage Memorandum
(includes endorsements, if applicable)

Estimated Premium Schedule for 2014-2015

Experience Modification Factor Worksheet
(if applicable)

THE ENCLOSED INVOICE

IS DUE ON OR BEFORE JULY 1, 2014

**PLEASE RETURN PAYMENT IN THE ENCLOSED SELF-
ADDRESSED ENVELOPE**

Fort Dodge (0825)

Information Page of the Coverage Memorandum
as of 5/7/2014

Policy Period: 07/01/2014 to 07/01/2015

1. Participant: Fort Dodge Policy Number: 0825-1415
819 1st Avenue S FEIN:

Fort Dodge, IA 50501-4739

2. Workers' Compensation Coverage

This Workers' Compensation Coverage Memorandum is effective from 12:01 AM on July 1, 2014 to 12:01 AM on July 1, 2015.

3. A. Workers' Compensation Coverage: This section of the Coverage Memorandum applies to the Workers' Compensation Law of Iowa.
B. Employers' Liability Coverage: Part Two of this Memorandum applies to work in Iowa. The limits of the Association's liability under Part Two are:
Bodily Injury by Accident: \$1,000,000 each accident
Bodily Injury by Disease: \$1,000,000 memorandum limit
Bodily Injury by Disease: \$1,000,000 each employee
C. Other States' Coverage: Part Three of this Memorandum applies to the states, if any, listed here: All states except NV, ND, OH, WA, WV, WY.
D. This Memorandum includes a Voluntary Compensation and Employers' Liability Coverage Endorsement and Schedule as well as a Longshoremen's and Harbor Workers' Compensation Act Coverage Endorsement and Schedule.
4. The Estimated Premium Schedule attached hereto and by this reference made a part hereof, is based on the association's manuals of rules, classifications, rates and rating plans. This initial calculation is subject to verification and change by audit.
5. Volunteers other than those shown on the Estimated Premium Schedule are not covered by the provisions of the Workers' Compensation Coverage Memorandum.

Signed at Des Moines, Iowa, this 7th day of May, 2014.


authorized signature



Fort Dodge (0825)

Estimated Premium Schedule as of 5/7/2014

Policy Period: 07/01/2014 to 07/01/2015

Workers' Compensation Coverage

Class Code	Description	Rate	Payroll	Premium
3724	Millwright NOC	7.63	56,975	4,347
5506	Street or Road Paving	10.92	521,278	56,924
7403	Aviation - All other employees & drivers	6.38	194,793	12,428
7520	Waterworks Operations & Driver	4.93	1,053,910	51,958
7720	Police Officers & Drivers	4.43	23,400	1,037
7720V	Reserve Peace Officers & Drive	4.43	17,208	762
8380	Automobile - All Others	4.37	108,994	4,763
8810	Clerical Office Employees - NO	0.31	1,745,753	5,412
8810V	Elected or Appointed Officials	0.31	48,600	151
9015	Building Maintenance - Operation	4.76	62,690	2,984
9060	Clubs - Country	1.88	149,510	2,811
9082	Restaurant-NOC	1.95	80,601	1,572
9101	Public Library/Museums - Maint	8.13	31,952	2,598
9102	Parks NOC - All Employees	5.82	412,517	24,008
9403	Garbage Collection & Drivers	11.27	277,790	31,307
9410	Municipal Employees	4.19	740,868	31,042
Totals:			5,526,839	234,104

Your IMWCA Discount for Workers' Compensation Coverage:

Longevity Credit:	\$0	0%	8% max.
Loss Control Compliance Credit:	\$0	0%	0% max.
Loss Experience Credit:	\$0	0%	18% max.
Large Premium Credit:	\$33758	14%	14% max.
Total Discount:	\$33758	14%	40% max.

Workers' Compensation Premium Calculation

Pure Premium:	234,104
Experience Modification Factor: x	1.03
Modified Premium:	241,127
IMWCA Discount Amount: -	33,758
Discounted Premium:	207,369
Expense Constant: +	260
Total Premium:	207,629
Discretionary Credit: x	0.85
Net Premium:	176,485

Total Estimated Coverage Premium: \$176,485

This is not an invoice.

IMWCA

IOWA MUNICIPALITIES WORKERS' COMPENSATION ASSOCIATION
500 SW 7TH STREET, SUITE 101
DES MOINES, IA 50309-4506
PHONE: 515-244-2708

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819 1st Avenue S

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0825 Fort Dodge, City of

Fort Dodge IA 50501

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