

0509

INTRODUCED BY: COUNCIL MEMBER(s) Wayne

1 **AN ORDINANCE RENEWING THE MEMBERSHIP IN THE MISSOURI**
2 **ASSOCIATION OF COUNTIES SELF-INSURED WORKERS'**
3 **COMPENSATION AND INSURANCE TRUST (MAC TRUST) AS**
4 **ADMINISTERED BY ARTHUR J. GALLAGHER RISK MANAGEMENT**
5 **SERVICES, INC.**

6 **WHEREAS**, Jefferson County, Missouri, (hereafter, the "County") recommends
7 the renewal of the following membership including the increased renewal premium for
8 the 2015 MAC Workers' Comp Renewal for an additional one-year term, and as
9 authorized by the original agreement by the County, for an additional one-year term:

10 Agreement Name

11 Jefferson County's renewal premium for Workers' Compensation

12 Awarded Bidder

13 Missouri Association of Counties Self-Insured Workers' Compensation Insurance Trust
14 (MAC Trust) as administered by Arthur J. Gallagher Risk Management Services, Inc.

15 Ordinance Number

16 13-0456

17 **WHEREAS**, the Jefferson County, Missouri, Council finds it is in the best
18 interests of the County to renew the membership with Missouri Association of Counties
19 Self-Insured Workers' Compensation Insurance Trust (MAC Trust) as administered by

FILED

Page 1 of 5

DEC 11 2014

WES WAGNER
COUNTY CLERK OF JEFFERSON COUNTY, MO

1 Arthur J. Gallagher Risk Management Services, Inc. for the term of 12-31-14 to 12-30-
2 15, with approval of the County Council and County Executive up to the amount of
3 **\$761,969.00** subject to budgetary limitations.

4 **BE IT ENACTED BY THE JEFFERSON COUNTY, MISSOURI,**
5 **COUNCIL, AS FOLLOWS:**

6 Section 1. The County authorizes the renewal of the renewal premium for the
7 2015 MAC Workers' Comp Renewal for an additional one-year term as follows:

8 Agreement Name

9 Jefferson County's renewal premium for Workers' Compensation

10 Coverage Period

11 12-31-14 to 12-30-15

12 Amount

13 Up to \$761,969.00 and subject to budgetary limitations

14 Awarded Bidder

15 Missouri Association of Counties Self-Insured Workers' Compensation Insurance Trust
16 (MAC Trust) as administered by Arthur J. Gallagher Risk Management Services, Inc.

17 Section 2. The Jefferson County, Missouri, Council hereby authorizes the
18 County Executive to execute any agreements or contracts necessary to effectuate the
19 award of the bids and proposals set forth in this Ordinance. The County Executive is
20 further authorized to take any and all actions necessary to carry out the intent of this
21 Ordinance.

1 Section 3. Copies of all Invitations for Bid, Requests for Proposals, responses
2 thereto, and any contracts or agreements shall be maintained by the Department of the
3 County Clerk consistent with the rules and procedures for the maintenance and retention
4 of records as promulgated by the Secretary of State.

5 Section 4. This Ordinance shall be in full force and effect from and after its
6 date of approval. If any part of this Ordinance is invalid for any reason, such invalidity
7 shall not affect the remainder of this Ordinance.

THIS BILL BEING DULY INTRODUCED, THE MEMBERS OF THE JEFFERSON COUNTY, MISSOURI, COUNCIL VOTED AS FOLLOWS:

Council Member District 1, Don Bickowski	<u>Yes</u>
Council Member District 2, Renee Reuter	<u>Absent</u>
Council Member District 3, Robert Boyer	<u>Yes</u>
Council Member District 4, George Engelbach	<u>Absent</u>
Council Member District 5, Terri Kreitler	<u>Yes</u>
Council Member District 6, Cliff Lane	<u>Yes</u>
Council Member District 7, Kelly Waymon	<u>Yes</u>

THE ABOVE BILL ON THIS 8th DAY OF December, 2014:

✓ PASSED FAILED

Terri S. Kreitler
Renee Reuter, County Council Chair Vice Chair
Terri Kreitler

Pat Schlette
Pat Schlette, Council Administrative Assistant

THIS BILL WAS APPROVED BY THE JEFFERSON COUNTY EXECUTIVE AND ENACTED AS AN ORDINANCE OF JEFFERSON COUNTY, MISSOURI, THIS 10th DAY OF DECEMBER, 2014.

THIS BILL WAS VETOED AND RETURNED TO THE JEFFERSON COUNTY, MISSOURI, COUNCIL WITH WRITTEN OBJECTIONS BY THE JEFFERSON COUNTY EXECUTIVE, THIS DAY OF , 2014.

Kenneth B. Waller

Kenneth B. Waller, Jefferson County, Missouri, Executive

ATTEST:

Wes Wagner
Wes Wagner, County Clerk

BY: *Amy Ainslie*

Reading Date: 12-08-2014



**Missouri Association of Counties
Workers' Compensation Trust**

516 East Capitol Ave. * PO Box 234
Jefferson City, MO 65102-0234
T: (573) 634-2120 * F: (573) 634-3549
www.mocounties.com/workcomp

EXHIBIT

A

Date: November 10, 2014

To: David Courtney, Director of Administration
Jefferson County
P.O. Box 100
Hillsboro, MO 63050

From: Dick Burke, MAC Trust Administrator
Devon W. Young, Arthur J. Gallagher Risk Management Services, Inc.
(314) 800-2216

Re: 2015 MAC Workers' Comp Renewal

PREMIUM BILLING SHEETS FOR 2015

The 2015 premium rates are unchanged from 2014 and 2013 due to the group's good loss performance over the last year! The MAC Trust Board approved the recommended flat premium rate in response to the actuary report. (The industry average rate increase is 4% in 2014 and 8% in 2013). In addition to no rate increases, we are continuing premium credits and surcharges of up to 25% based on each member's loss ratios for the periods 12-31-2010 to 6-30-2014.

The Missouri Division of Workers' Compensation confirmed the tax rates for 2015 as 1% administrative tax, unchanged from 2014; Second Injury Fund Surcharge of 3%, and a new Second Injury Fund Supplemental Surcharge of 3%, unchanged from 2014. The total tax rate for 2015 is 7%, which all Trusts must pay the State.

Your 2015 proposal and experience rating worksheet for the coverage period December 31, 2014 to December 30, 2015 are enclosed. Note the payroll estimate used represents your 2013 audit increased by 3%. Let us know if you have material changes to the payroll used in our estimate.

Jefferson County's renewal premium is increasing 20.9% from \$630,042 in 2014 to \$761,969 for 2015 due to the following:

- Jefferson County received a 20% credit in 2014 and a 5% surcharge for 2015 due to an increase in claim losses. Your county's loss ratio increased from 89.8% in 2014 to 108.8% for 2015. The loss ratio compares the incurred losses from the prior three years and through June 30 of the current year to the premiums paid, net of tax, for the same period. Jefferson County's incurred losses increased from \$2,010,689 in the 2014 pricing mode to \$2,422,024 for 2015 (12-31-2010 to 6-30-2014 attached). This compares to premiums paid of \$2,782,522 (12-31-2010 to 6-30-2014) offset by 20% for administrative costs and excess insurance leaving \$2,226,018 available to pay claims.

Don Troutman
Chair
Texas County

Eva Danner Horton
1st Vice Chair
Livingston County

Carol Green
2nd Vice Chair
Phelps County

Paul Kooper
Member
Cape Girardeau County

Darleus Adams
Member
Jasper County



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www.mocounties.com/workcomp

The credit was changed to the surcharge because we are expecting to pay \$1.09 in losses for every \$1.00 of premium available to pay losses.

- Your Experience Mod Factor has not yet reflected the above increases in losses and decreased by 14.0% from 1.21 in 2014 to 1.04 for 2015. This helped to offset the above 25% swing.
- The payroll estimate increased by 6.1% using the parameters above.

Please keep in mind that should you opt not to renew, you must wait three years to reapply. A 20% re-entry fee will also be charged with 50% of said fee subject to refund.

FULL payment is due in January. A monthly 1.5% late fee will be assessed on payments received after the due date. Make your check payable to the MAC Workers' Compensation Trust and remit to MAC, PO Box 234, Jefferson City, MO 65102-0234. Should you have any questions, please don't hesitate to call.

A representative of Infinity Insurance Solutions, LLC, will be contacting you at the beginning of January to schedule a time for your 2014 payroll audit. To ensure that all audits are completed in a timely manner, please complete the enclosed audit contact sheet and return it as indicated.

Thank you for your past support and we look forward to serving you again in '15.

Don Troutman
Chair
Texas County

Eva Danner Horton
1st Vice Chair
Livingston County

Carol Green
2nd Vice Chair
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NAME OF GROUP TRUST: MISSOURI ASSOCIATION OF COUNTIES

NAME OF COUNTY

JEFFERSON

RENEWAL: December 31, 2014 to December 30, 2015

Amount of Payroll by Classification for Current Year

Code		Payroll	Rate	Annualized Premium
5506	Street & Road Construction	\$ 3,569,157	\$ 6.42	\$ 229,140
6217	Excavation	\$ 0	\$ 6.79	\$ 0
7370	Ambulance	\$ 0	\$ 5.97	\$ 0
7590	Garbage Works	\$ 0	\$ 6.36	\$ 0
7720	Police	\$ 8,682,005	\$ 3.15	\$ 273,484
8601	Engineers & Architects	\$ 390,751	\$ 0.43	\$ 1,681
8810	Clerical	\$ 4,686,572	\$ 0.22	\$ 10,311
8820	Attorneys	\$ 2,206,924	\$ 0.19	\$ 4,193
8832	Coroner/Public Health - Office	\$ 0	\$ 0.31	\$ 0
8835	Public Health (Home)	\$ 0	\$ 3.01	\$ 0
9015	Buildings by Owner/Janitorial/Maint	\$ 516,148	\$ 3.34	\$ 17,239
9058	Commissary/Food Service	\$ 221,524	\$ 1.27	\$ 2,813
9102	Parks	\$ 532,338	\$ 3.30	\$ 17,567
9220	Cemetery Operations	\$ 0	\$ 5.76	\$ 0
9410	Assessors/Public Administrators	\$ 1,911,832	\$ 4.36	\$ 83,356

SUBCONTRACTORS & MISCELLANEOUS CLASSIFICATIONS

8391	\$ 283,857	\$ 2.97	\$ 8,431
8831	\$ 248,986	\$ 1.57	\$ 3,909
0	\$ 0	\$ 0.00	\$ 0
0	\$ 0	\$ 0.00	\$ 0

Estimated Totals \$ 23,250,095 \$ 652,125

(X) Adjusted Premium for Experience Modification 1.04 \$ 678,210

(-) Discount / (+) Surcharge 5% \$ 33,911

(+) Second Injury Fund Surcharge & Admin. Tax 7.0% \$ 49,848

(X) Pro Rata Term Adjustment if Applicable 1.00 \$ 0

Total Premium Payable \$ 761,969

Workers' Compensation Experience Rating Worksheet

Effective Date: 1/1/2015

Risk ID:

State: MO

1	2	3	4	5	6	7	8	9	10	11	
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA #	ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES

*****Missouri

Policy Period: 1/1/2011 to 1/1/2012

Policy #:

5506	3.04	0.18	3,594,892	109,285	19,671	010467-011977-WC	5	O	11,904	10,000
7720	1.97	0.23	7,729,031	152,262	35,020	5 Sm. losses	5		16,174	16,174
8391	1.66	0.27	301,379	5,003	1,351	010467-011733-WC	5	F	19,962	10,000
8601	0.26	0.27	471,752	1,227	331	010467-011824-WC	5	O	21,260	10,000
8810	0.12	0.30	5,463,557	6,556	1,967	010467-011956-WC	5	O	23,753	10,000
8820	0.13	0.27	1,854,982	2,411	651	010467-011706-WC	5	F	36,808	10,000
8831	1.20	0.31	271,047	3,253	1,008	010467-011812-WC	5	F	40,421	10,000
9015	2.21	0.30	489,741	10,823	3,247	010467-011811-WC	5	F	44,300	10,000
9102	1.92	0.30	452,212	8,682	2,605	010467-011918-WC	5	F	52,691	10,000
9410	2.53	0.30	1,667,856	42,197	12,659	010467-011760-WC	5	F	82,224	10,000
						15 Sm. losses	6	*	17,737	17,737
Policy Period Totals			22,296,449	341,699	78,510				367,234	123,911

Workers' Compensation Experience Rating Worksheet

Effective Date: 1/1/2015

Risk ID:

State: MO

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA # ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
Policy Period: 1/1/2012 to 1/1/2013										Policy #:
5506	3.04	0.18	3,344,676	101,678	18,302	010467-012206-WC	5	O	6,067	6,067
7720	1.97	0.23	7,821,392	154,081	35,439	010467-012174-WC	5	F	6,296	6,296
8391	1.66	0.27	275,589	4,575	1,235	010467-012264-WC	5	O	6,752	6,752
8601	0.26	0.27	368,320	958	259	010467-012177-WC	5	O	8,862	8,862
8810	0.12	0.30	4,441,844	5,330	1,599	010467-012218-WC	5	O	12,445	10,000
8820	0.13	0.27	2,222,242	2,889	780	9 Sm. losses	5		13,864	13,864
8831	1.20	0.31	241,734	2,901	899	010467-012046-WC	5	F	21,678	10,000
9015	2.21	0.30	472,285	10,438	3,131	010467-012083-WC	5	O	22,546	10,000
9102	1.92	0.30	451,256	8,664	2,599	010467-012182-WC	5	F	30,814	10,000
9410	2.53	0.30	1,634,015	41,341	12,402	010467-012198-WC	5	O	34,467	10,000
						010467-012299-WC	5	O	35,223	10,000
						010467-012194-WC	5	O	51,359	10,000
						010467-012021-WC	5	O	334,738	10,000
						8 Sm. losses	6	*	7,733	7,733
Policy Period Totals			21,273,353	332,854	76,646				592,844	129,574

Workers' Compensation Experience Rating Worksheet

Effective Date: 1/1/2015

Risk ID:

State: MO

1	2	3	4	5	6	7	8	9	10	11	
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA #	ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
Policy Period: 1/1/2013 to 1/1/2014						Policy #:					
5506	3.04	0.18	3,465,201	105,342	18,962	010467-012426-WC	5	O		5,395	5,395
7720	1.97	0.23	8,429,131	166,054	38,192	2 Sm. losses	5			7,772	7,772
8227	2.26	0.18	333,887	7,546	1,358	010467-012340-WC	5	O		40,731	10,000
8391	1.66	0.27	177,559	2,947	796	010467-012347-WC	5	O		41,268	10,000
8601	0.26	0.27	379,370	986	266	010467-012356-WC	5	O		43,683	10,000
8810	0.12	0.30	4,550,070	5,460	1,638	010467-012312-WC	5	O		54,488	10,000
8820	0.13	0.27	2,206,924	2,869	775	7 Sm. losses	6	*		10,261	10,261
8831	1.20	0.31	308,085	3,697	1,146						
9015	2.21	0.30	501,115	11,075	3,322						
9058	1.19	0.39	215,072	2,559	998						
9102	1.92	0.30	516,833	9,923	2,977						
9410	2.53	0.30	1,856,148	46,961	14,088						
Policy Period Totals			22,939,395	365,420	84,519					203,598	63,428

Mod Analysis for JEFFERSON COUNTY

(D) - (E)		(H) - (I)						
0.39	800,298	1,039,972	239,674	785,525	131,400	1,077,426	291,901	
"W" VALUE	EXPECTED EXCESS	TOTAL EXPECTED	TOTAL EXP. PRIM.	ACTUAL EXCESS	"B" VALUE	TOTAL ACTUAL	TOTAL ACT. PRIM.	
A	B	C	D	E	F	G	H	I

Limited loss.
s Subrogation
or other special loss.

Special Loss: 16 ARAP 1.01 if applicable	Calculation	LOSSES	VALUE	EXCESS	TOTALS	EXP MOD (J) / (K) 1.04
		(I)	(C) X (1 - A) + (G)	(A) X (F)		
		291,901	619,582	306,355	1,217,838	
EXPECTED	(E)	(C) X (1 - A) + (G)	(A) X (C)			
		239,674	619,582	312,116	1,171,372	

* Rating reflects a decrease of 70 percent medical-only primary and excess loss dollars where ERA is applied, reflected only in totals (F), (H), and (I).

The ARAP surcharge shown is for those states in the rating that have approved the ARAP program. It was calculated based on the general interstate formula and maximum, however, the maximum surcharge may vary by state.