



STAFF REPORT

DATE September 24, 2021

TITLE:

Tahoe Donner Association Workers Compensation Insurance Policy Renewal 2021 - 2022

RECOMMENDATION:

By Motion:

The Board of Directors approve Interwest Insurance Service's proposal for the Workers Compensation Insurance renewal with Starstone/Enstar for the policy year, October 1, 2021, through October 1, 2022; with total estimated premium and costs of \$389,444 inclusive of taxes, fees, and broker's fee.

BACKGROUND:

Tahoe Donner Association's Workers Compensation insurance policy is set for renewal on October 1, 2021. Tahoe Donner is currently placed by InterWest Insurance Services, Inc. and carried by (Startstone/Enstar Group) with coverage expiring October 1, 2021; total estimated premium and fees of \$364,444 plus brokers fee for a total of \$389,444.

ANALYSIS:

The underlying costs (indemnity and medical) of Workers Compensation Insurance continued to grow through calendar year 2020 and into 2021, while the Workers Compensation Insurance Review Bureau (WCIRB) reports overall medical payments declined significantly, largely driven by a sharp drop in the number of claims during the COVID-19 pandemic.

Average medical payment per claim and the number of transactions per claim started to increase despite continuous declines in prior years, potentially due to a decrease in the number of smaller medical-only claims in 2020.

Tahoe Donner's experience modification (ExMOD) rate increased slightly by .07% from 76% to .83% but remains at a very favorable rate. The slight increase reflects COVID-19 impacts with a reduced workforce in 2020 while experiencing similar claim frequency as the prior year. Additionally, the .83% ExMOD is a result of 5 consecutive years of low experience and claims expenses, which continues successive performance under Tahoe Donner's 10-year average ExMOD of 115% or 1.15. The total claims reserves per year for the last seven years provide a downward trend due to focus on pro-active loss controls and claims management efforts as part of the risk management plan for the association.





Estimated payroll for the 2021-2022 renewal was \$11,562,023; a 4.7% percent increase over the expiring policy year estimated payroll, reflecting estimated impacts due to the COVID-19 pandemic with decreases to payroll in 2020 and increases to payroll anticipating return to more normal operations and workforce. Interwest proposes coverage with Starstone/Enstar for a total estimated premium of \$348,736, and taxes, fees, and broker's fee for a total of \$389,444. The proposed renewal package is 4.3% less than the expiring year.

OUTREACH:

N/A

FISCAL IMPACT:

2021 operational budget includes \$573,000 for estimated workers compensation premium costs. The 2021 draft operational budget includes estimate for workers compensation insurance premium which includes the last three quarters of the 2020-2021 policy year and first quarter of the 2021-2022 policy year.

ALTERNATIVE:

The board has a number of alternatives:

1. The board may choose to direct staff to extend the policy to work with the insurance broker to bind coverage with a different carrier.
2. The board may choose to direct staff to extend the policy to work towards alternative insurance options.

ATTACHMENTS:

Interwest Insurance Services, Inc. Tahoe Donner Association Workers Compensation Insurance Proposal 2021-2022

Prepared by: Brian Yohn, Interim Director of Risk Management and Real Property

Reviewed by: Todd Martyn-Jones, Director of Finance and Business Support

Board Meeting Date: September 24, 2021

General Manager Approval to Place on the Agenda: _____

