



INSURANCE SERVICES FUND





2010 – 2011 Proposed Budget --- Budget Summary

Insurance Services Fund

2010 – 2011 Insurance Services Fund

Budget Highlights

🔧 **Charges For Services** – As an internal service fund of the City, the Insurance Services Fund charges operating departments for the cost of property, liability and workers' compensation premiums and claims. Charges are budgeted to adequately pay insurance premiums, deductibles on loss claims, miscellaneous insurance related expenses and to maintain an adequate but not excessive fund balance.

🔧 **Other Income - City County Insurance Services (CIS)**

- CIS continues to offer multiple lines credits for entities that purchase more than one insurance line with CIS --- a \$12,000 multiple lines credit is estimated for fiscal year 2010-11.

🔧 **Property & Liability Insurance** --- This year's premium costs were offset by a Trust distribution of Member Equity Surplus by CIS. The City's share of the distribution is \$111,623. This distribution was credited to all departments on a pro-rated basis, resulting in a net decrease in property and liability insurance premiums for fiscal year 2010-11.

🔧 **Workers' Compensation Insurance:**

- "Pure" workers' compensation rates are developed by the National Council on Compensation Insurance and do not include CIS Admin Rate Load Factor or State Assessments. CIS estimates that the "pure" workers' compensation rate will increase less than 1% for fiscal year 2010-11. CIS expenses and the state assessment are projected to remain consistent with the prior year.
- City of McMinnville experience modifier is projected to be 92% which means the City's losses are approximately 8% better than the average.

Short- and Long-Term Issues

🔧 **Short-Term Issues** --- Addressed by 2010-11 Proposed Budget

🔧 **Long Term Issues** ---

- Risk management of workers' compensation, property and liability claims.

Core Services

🔧 The Insurance Services Fund is an internal service fund that provides the City with all insurance coverages by allocating insurance charges to operating funds:

- General liability insurance
- Automobile liability, collision, and comprehensive insurance
- Property, equipment, and crime insurance
- Earthquake insurance
- Boiler insurance
- Excess crime insurance
- Employee workers' compensation insurance



The City
insures about
115 vehicles
and trailers.



Insurance Services Fund --- Historical Highlights

- 1985** City begins purchasing general and automobile liability, property, automobile physical damage insurance coverage from City County Insurance Services (CIS).
- 1986** City begins purchasing workers' compensation insurance coverage from CIS moving coverage from State Accident Insurance Fund.
- 1989** City establishes Insurance Services Fund centralizing insurance premium coverages into one City internal service fund.
- 1991** Medical insurance cost sharing with City general service employees begins. General service employees will share all future medical insurance increases with City 50-50. Thus, 1991 – 1992 medical insurance premiums becomes base year.



Single - \$121.60
2-Party - \$262.50
Family - \$332.20

- 2003** Due to escalating Blue Cross medical insurance premiums with City of McMinnville's separate group, City joins CIS group for medical insurance coverage.
- 1995** Insurance Services Fund surplus funds Community Center seismic retrofit.
- 1995** Insurance Services Fund surplus funds significant portion of Library roof repair and seismic retrofit.
- 1997** City establishes direct CIS relationship for most insurance coverages, saving over \$30,000 per year. Savings transferred yearly to General Fund to help pay for Finance Department's administrative time.

- 2000** Fire union members first begin medical insurance cost sharing – 10% of premium.
- 2001** City begins participating in the CIS Liability Aggregate Deductible Program. City pays original liability premium less a large premium credit and then pays premium deductible amount plus about \$10,000 if liability losses exceed original deductible credit.
- 2003** Police union members first begin medical insurance cost sharing – 5% of premium.
- 2004** The City and CIS initiate a new health initiative, the One Million Footstep Challenge to improve employee health.



- 2004** City Manager appoints 15 employees to an Ad-Hoc Employee Committee on Health Insurance to review City's medical insurance coverage and make recommendations.

Insurance Services Fund --- Historical Highlights

2004 City picks up 75% of general service employee medical insurance increase with general service employees picking up 25% of increase. First year increase not split 50-50 with general service employees.

2005 City picks up 100% of general service employee medical insurance increase which drops general service employee cost sharing to ~27% of medical insurance premiums.

2006 CIS drops airport coverage from basic property and liability insurance and requires purchase of specialized airport coverage.



2006 CIS discontinues allowing City to directly purchase insurance policies. City re-establishes complete local agent relationship with Hagan-Hamilton Insurance Agency.

2008 City continues to pick-up 100% of general service employee medical insurance increases. Cost sharing decreases to ~21%.

2008 City re-establishes direct purchasing of insurance coverages from CCIS.



The K-9 police dogs are insured as mobile equipment and listed on the City's fixed assets.



The City's liability insurance covers 55,883 square feet of buildings leased/rented to others.

Budget Document Report

85 - INSURANCE SERVICES FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A		2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
RESOURCES							
BEGINNING FUND BALANCE							
6,622	0	0	4085-05	Designated Begin FB-Ins Svc Fd - Park & Recreation Fund	0	0	0
3,849	0	0	4085-10	Designated Begin FB-Ins Svc Fd - City Hall	0	0	0
151,667	292,803	377,700	4090	Beginning Fund Balance	596,300	596,300	644,084
				Estimated July 1, 2010 undesignated cash carryover from the 2009-2010 fiscal year.			
162,137	292,803	377,700	TOTAL BEGINNING FUND BALANCE		596,300	596,300	644,084
INTERGOVERNMENTAL							
0	750	0	4545	Federal FEMA Grant	0	0	0
0	0	3,500	4850	OR EAIP Work Site Modification	3,500	3,500	3,500
				State of Oregon Employee-At-Injury Program has a portion of the program for work site modifications and tools and equipment needed for light duty assignments. Reimbursement for up to \$1,000 per workers' compensation injury may be received for tools and equipment \$2,500 for work site modifications.			
0	750	3,500	TOTAL INTERGOVERNMENTAL		3,500	3,500	3,500
CHARGES FOR SERVICES							
388,900	0	0	6050	Insurance	0	0	0
0	246,100	220,300	6050-05	Insurance - Liability	143,047	143,047	143,047
				Total charges to the operating departments and funds for pro-rata share of the liability insurance premiums: general liability, automobile liability, and employee excess crime coverage.			
				Budget Note: Reduction due to CIS Trust surplus distribution.			
0	131,900	135,900	6050-10	Insurance - Property	89,250	89,250	89,250
				Total charges to the operating departments and funds for pro-rata share of the property insurance premiums: property, automobile, mobile equipment, earthquake, and boiler and machinery.			
				Budget Note: Reduction due to CIS Trust surplus distribution.			
1,649,335	0	0	6060	Medical Insurance	0	0	0
317,419	324,381	332,001	6070	Workers' Compensation Insurance	354,000	354,000	354,000
				Charges to payroll operating departments and funds for worker's compensation insurance coverage.			
19,567	0	0	6080	Unemployment Charges	0	0	0
2,375,221	702,381	688,201	TOTAL CHARGES FOR SERVICES		586,297	586,297	586,297

Budget Document Report

85 - INSURANCE SERVICES FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A			2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
MISCELLANEOUS								
10,157	6,536	5,600	6310	Interest		2,400	2,400	2,400
195	21,426	10,000	6510-05	Insurance Loss Reimbursement - Property Estimated five claims at \$3,000 each, less \$5,000 of deductibles - \$1,000 per claim.		10,000	10,000	10,000
0	0	0	6510-10	Insurance Loss Reimbursement - Parks		0	0	0
8,636	2,388	57,000	6510-15	Insurance Loss Reimbursement - Automobile Estimated five claims at \$2,500 each less \$2,500 of deductibles - \$500 per claim.		10,000	10,000	10,000
0	0	0	6600	Other Income		0	0	0
11,805	12,066	12,000	6600-15	Other Income - City County Insurance Services		12,000	12,000	12,000
			Description	Units	Amt/Unit	Total		
			CIS Multiple Lines Credit - property & liability insurance	1	6,000	6,000		
			CIS Multiple Lines Credit - workers' compensation insurance	1	6,000	6,000		
30,793	42,417	84,600	TOTAL MISCELLANEOUS			34,400	34,400	34,400
2,568,152	1,038,351	1,154,001	TOTAL RESOURCES			1,220,497	1,220,497	1,268,281

Budget Document Report

85 - INSURANCE SERVICES FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A		2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
REQUIREMENTS							
MATERIALS AND SERVICES							
941	1,275	770	7750	Professional Services	0	0	750
0	0	0	7800	M & S Equipment	0	0	0
0	0	3,500	7800-60	M & S Equipment - EAIP	0	0	0
311,433	297,968	356,200	8300	Property & Liability Ins Premium	232,297	232,297	232,297
Insurance premiums for the following coverages: general liability, automobile, property, crime, mobile equipment, earthquake, employee crime coverage, and boiler and machinery.							
Budget Note: Reduction due to CIS Trust surplus distribution.							
1,774	0	0	8320-10	Liability Premiums - Employee Bond	0	0	0
10,274	0	0	8330-03	Liability Aggregate Deductible - 2002 - 2003	0	0	0
Liability deductible year "closed". City has paid claims up to deductible amount of \$40,000; CIS now assumes payment of any general liability claims from this fiscal year.							
0	0	0	8330-04	Liability Aggregate Deductible - 2003 - 2004	0	0	0
Liability deductible year "closed". City has paid claims up to deductible amount of \$50,000; CIS now assumes payment of any general liability claims from this fiscal year.							
0	0	0	8330-05	Liability Aggregate Deductible - 2004 - 2005	0	0	0
Liability deductible year open; presently no open claims.							
0	0	0	8330-06	Liability Aggregate Deductible - 2005 - 2006	0	0	0
Liability deductible year "closed". City has paid claims up to deductible amount of \$50,000; CIS now assumes payment of any general liability claims from this fiscal year.							
6,421	42,384	0	8330-07	Liability Aggregate Deductible - 2006 - 2007	0	0	0
Liability deductible year "closed". City has paid claims up to deductible amount of \$50,000; CIS now assumes payment of any general liability claims from this fiscal year.							
11,951	6,651	22,000	8330-08	Liability Aggregate Deductible - 2007 - 2008	18,500	18,500	22,500
Liability deductible year open with no outstanding claims. 2007-2008 fiscal year general liability deductible amount was \$50,000.							
0	7,539	30,000	8330-09	Liability Aggregate Deductible - 2008 - 2009	30,000	30,000	40,000
Liability deductible year open with no outstanding claims. 2008-2009 fiscal year general liability deductible amount was \$50,000.							
0	0	50,000	8330-10	Liability Aggregate Deductible - 2009 - 2010	30,000	30,000	35,000
Liability deductible year open with no outstanding claims. 2009-2010 fiscal year general liability deductible amount was \$50,000.							
0	0	0	8330-11	Liability Aggregate Deductible - 2010 - 2011	50,000	50,000	50,000
Liability deductible year projection for unknown claims. 2010-2011 fiscal year general liability deductible amount is \$50,000.							
1,649,335	0	0	8340	Medical Insurance Premiums	0	0	0
0	0	0	8350-02	Workers' Compensation - 2001 - 2002 Closed	0	0	0
0	0	0	8350-03	Workers' Compensation - 2002 - 2003 Closed	0	0	0

Budget Document Report

85 - INSURANCE SERVICES FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A		2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
0	0	0	8350-04	Workers' Compensation - 2003 - 2004 Guaranteed	0	0	0
8,162	0	0	8350-05	Workers' Compensation - 2004 - 2005 Retro No open workers' compensation claims for this fiscal year.	0	0	0
32,157	-14,880	10,000	8350-06	Workers' Compensation - 2005 - 2006 Retro CIS requires mandatory close out of plan year after sixty months.	20,000	20,000	20,000
-8,838	3,724	0	8350-07	Workers' Compensation - 2006 - 2007 Retro No open workers' compensation claims for this fiscal year.	0	0	0
129,030	39,704	10,000	8350-08	Workers' Compensation - 2007 - 2008 Retro One open workers' compensation claim for this plan year.	5,000	5,000	5,000
0	133,864	80,000	8350-09	Workers' Compensation - 2008 - 2009 Retro Two open workers' compensation claims for this plan year.	30,000	30,000	30,000
0	0	200,000	8350-10	Workers' Compensation - 2009 - 2010 Retro Four open workers compensation claims in this plan year.	30,000	30,000	30,000
0	0	0	8350-11	Workers' Compensation - 2010 - 2011 Retro	200,000	200,000	200,000
19,567	0	0	8360	Unemployment Costs	0	0	0
1,370	24,426	15,000	8370-05	Property & Auto Damage Claims - Property Loss & Damage The City's property insurance carries a \$1,000 deductible.	15,000	15,000	15,000
0	0	0	8370-10	Property & Auto Damage Claims - Park Loss & Damage	0	0	0
10,915	3,660	12,000	8370-15	Property & Auto Damage Claims - Automobile Damage The City's automobile insurance has most recently carried a \$500 collision deductible and a \$250 comprehensive deductible.	12,000	12,000	12,000
2,184,493	546,315	789,470	TOTAL MATERIALS AND SERVICES		672,797	672,797	692,547
TRANSFERS OUT							
84,234	46,051	87,466	9700-01	Transfers Out - General Fund Administration and Finance personal services support.	39,114	39,114	39,021
6,622	0	0	9700-34	Transfers Out - Parks & Recreation	0	0	0
90,856	46,051	87,466	TOTAL TRANSFERS OUT		39,114	39,114	39,021
CONTINGENCIES							
0	0	100,000	9800	Contingencies	100,000	100,000	100,000
0	0	100,000	TOTAL CONTINGENCIES		100,000	100,000	100,000
ENDING FUND BALANCE							
0	0	0	9985-05	Designated End FB - Ins Svc Fd - Parks & Recreation Fund	0	0	0
0	0	0	9985-10	Designated End FB - Ins Svc Fd - City Hall	0	0	0

Budget Document Report

85 - INSURANCE SERVICES FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department : <i>N/A</i> Section : <i>N/A</i> Program : <i>N/A</i>		2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
292,803	445,984	177,065	9999	Unappropriated Ending Fd Balance Budgeted undesignated cash carryover for July 1, 2011. Actual cash carryover remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2010-2011 operations.	408,586	408,586	436,713
292,803	445,984	177,065	<u>TOTAL ENDING FUND BALANCE</u>		408,586	408,586	436,713
2,568,152	1,038,350	1,154,001	<i>TOTAL REQUIREMENTS</i>		1,220,497	1,220,497	1,268,281

Budget Document Report

85 - INSURANCE SERVICES FUND

2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
2,568,152	1,038,351	1,154,001	TOTAL RESOURCES	1,220,497	1,220,497	1,268,281
2,568,152	1,038,351	1,154,001	TOTAL REQUIREMENTS	1,220,497	1,220,497	1,268,281