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## Memorandum

To: Honorable Mayor and City Council  
From: Julie Casteen, Assistant City Manager  
Re: Workers' Compensation Insurance Renewal and Use of Escrow  
Date: July 25, 2019

### **BACKGROUND**

The City of Coweta participates in the Oklahoma Municipal Assurance Group (OMAG) Aggregate Deductible Plan for Workers' Compensation Insurance. This is a self-funded program that allows the City to pay into its own loss fund from which claims are paid. When claims are less than the loss fund, the difference is paid into an interest-bearing escrow account held for the City by OMAG.

For fiscal year ending June 30, 2019, the City received \$8,582 in interest and \$78,448 paid to the loss fund due to favorable claim payments for FY19.

The escrow balance as of June 30, 2019 was \$197,091.73. The renewal premium on the City's Workers' Compensation coverage is \$191,372.00 for FY20.

### **STAFF RECOMMENDATION:**

Staff recommends a motion to approve the 2019-2020 Renewal Participation Agreement for Workers' Compensation coverage at a cost of \$191,372, with \$87,031 to be paid from the OMAG escrow account. The remaining escrow balance of \$110,061 is recommended to be held in case of spikes in renewal rates in future years.

### **ATTACHMENTS:**

OMAG 2019-2020 Renewal Participation Agreement