



## Legislation Text

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**File #:** GID-1718-25, **Version:** 1

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CONSIDERATION OF THE CITY'S APPLICATION FOR PERMISSION TO CARRY ITS OWN RISK WITHOUT WORKERS' COMPENSATION INSURANCE IN THE AMOUNT OF \$1,000.

**BACKGROUND:** Title 85 of Oklahoma Statutes requires the City, as an employer, to provide Workers' Compensation to its employees who are injured on the job. Workers' Compensation can be provided by buying private workers' compensation insurance, applying for coverage under a state-run insurance plan (now "CompSource"), or carrying its own risk as a self-insured employer.

The City has elected to operate as a self-insured employer covering its own risk associated with workers' compensation losses at least since 1988. By electing to "self-insure," the City does not purchase insurance from an outside insurance agency but rather pays such claims as they are agreed to by the City. To make sure funds are available for injured workers when injuries occur, the City budgets annually for anticipated workers compensation claims.

The decision of previous Councils to self-insure has been strictly a financial decision resulting in cost savings to the City. Over the years, it has been more cost effective for the City to carry its own risk of workers' compensation claims than to buy insurance coverage.

In order to self-insure, it is necessary each year for the City to complete an application to the State of Oklahoma Worker's Compensation Commission for permission to be "own risk" (i.e., self-insure) and pay a \$1,000 fee. The City's current own risk permit will expire on October 31, 2017.

**DISCUSSION:** Please find included with this agenda item the City's application for permission to carry its "own risk" (with attachments) that are due to be submitted to the State of Oklahoma Workers' Compensation Court by August 31, 2017. The information contained in the application is designed to help the Workers' Compensation Commission Administrator assess the City's ability, through budgeting of adequate reserves, to financially manage the anticipated workers compensation claims that may be incurred over the permit period. The application asks for similar information that is requested by the Workers' Compensation Commission annually. It is anticipated the City's application will be approved by the Workers' Compensation Commission Administrator, if the City is authorized to present it by Council.

**RECOMMENDATION:** It is recommended that the City Council approve this application for submission to the State of Oklahoma Workers' Compensation Commission and pay the \$1,000 fee. Funding is available in the Risk Management Fund, Other Professional Services (043-3004-415.40-99). Staff will be available to answer any questions that Council may have.