

Board Action Request

SUBJECT: FY 20/21 Workers' Compensation Insurance

DATE: April 29, 2020

FROM: Cheryl Horvath, Fire Chief

Background:

Tubac Fire District staff is in the process of assessing Workers Compensation (WC) insurance policies for FY 20/21. The current WC carrier for the District is 7710 Insurance with an annual premium of \$113,299.

As the board is aware, the state of Arizona legislature has been considering expanding presumptive cancer legislation (S1160) that could potentially impact workers' compensation costs for fire districts and fire departments in Arizona. Research indicates firefighters are at increased risk for developing certain cancers given their exposure to cancer-causing carcinogens through either inhalation to skin absorption. This new legislation has strong momentum in the state however progress has been slowed due to the pandemic causing a temporary recess of the Arizona Legislature.

Insurance carriers that provide workers compensation coverage for Arizona fire districts have announced plans to either leave the market (Copperpoint Insurance) or to substantially increase rates (7710 Insurance Company notified fire districts their insurance premium rates will increase by at least 270% starting July 1, 2020. 7710 has since adjusted the rate increase to 128%).

A solution to address the WC issue is a proposed WC firefighter risk pool, Arizona Fire District Workers' Compensation Pool. This proposal is supported by the PFFA, AFCA and AFDA. The initial firefighter risk pool would be initiated by the fire districts, and then would be open to municipal fire participation at a future date.

Representatives from Mahoney Group (Drew Newton) and 7710 (Bill Adamson, President/CEO) will present the 7710 Insurance Workers Compensation policy and projected annual premium for FY 20/21.

Representatives from Ashton Tiffany will present the Arizona Fire District Workers Compensation Pool and projected premium and capitalization costs for FY 20/21.

This item is information-only. Staff will work with James Vincent Group to review the two programs and bring forth a recommendation to the fire board at the May meeting.

Fiscal Impact:

To be determined

Alternate Option:

Provide staff with additional direction

Legal Review: Staff may request a legal review prior to the May meeting.

Staff Recommendation:

Information Only

Proposed Motion:

Information Only

See Attachments:

- 7710 Power Point Presentation for TFD
- 7710 Cover Letter for TFD
- 7710 Renewal Quote 7/1/20-21 for TFD
- The Mahoney Group Rate & Premium Comparison 2020 v 2019 for TFD
- AZFD WC Power Point Presentation for TFD
- AZFD WC TFD Proposal
- AZFD WC Capitalization for TFD
- AZFD WC Sample resolution, draft bylaws, draft participation agreement