

INSURANCE FUND

	2020 Actual	2021 Budget	2021 YTD	2021 Projected	2022 Executive	2022 Adopted
Cash and Other Assets	4,731,452	5,571,522	5,462,071	5,462,071	5,468,840	5,468,840
Claims Payable and Other Liabilities	(4,006,590)	(4,006,590)	(3,529,838)	(3,529,838)	(3,529,838)	(3,529,838)
Net Assets: January 1	<u>\$ 724,862</u>	<u>\$ 1,564,932</u>	<u>\$ 1,932,233</u>	<u>\$ 1,932,232</u>	<u>\$ 1,939,001</u>	<u>\$ 1,939,001</u>
REVENUES						
Billings to Departments	3,350,000	2,850,002	1,187,501	2,850,002	2,750,000	2,750,000
Interest Income	11,561	12,000	1,510	6,000	12,000	12,000
Appropriation from Other Funds	997	-	-	-	-	-
Insurance Recoveries	280,752	200,000	(9,205)	180,000	200,000	200,000
Miscellaneous Revenue	225	10,000	416	1,000	-	-
WMMIC Dividend	154,905	120,000	120,998	121,100	120,000	120,000
Total Revenues	<u>\$ 3,798,440</u>	<u>\$ 3,192,002</u>	<u>\$ 1,301,220</u>	<u>\$ 3,158,102</u>	<u>\$ 3,082,000</u>	<u>\$ 3,082,000</u>
EXPENSES						
Liability Premium	727,042	870,000	791,805	791,805	885,000	885,000
Property Premium	660,752	733,125	734,395	734,395	803,000	803,000
Other Premiums	71,674	87,000	90,543	95,000	98,000	98,000
Claims	514,902	950,000	131,177	950,000	800,000	800,000
Reserve Adjustment	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Loss Payments to Departments	300,576	200,000	203,705	300,000	200,000	200,000
Emergency Management	-	-	-	-	-	-
Driver Simulator	-	-	-	-	-	-
Administrative Expense	316,123	280,133	118,317	280,133	289,321	291,406
Total Expenses	<u>\$ 2,591,069</u>	<u>\$ 3,120,258</u>	<u>\$ 2,069,942</u>	<u>\$ 3,151,333</u>	<u>\$ 3,075,321</u>	<u>\$ 3,077,406</u>
Net Assets: December 31	1,932,233	1,636,676	1,163,511	1,939,001	1,945,680	1,943,595
Net Asset Goal	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>1,550,000</u>
Surplus (Deficiency)	<u>\$ 382,233</u>	<u>\$ 86,676</u>	<u>\$ (386,489)</u>	<u>\$ 389,001</u>	<u>\$ 395,680</u>	<u>\$ 393,595</u>

Note on Reserve Policy:

The City's Insurance Fund reserve policy is to maintain a net asset balance equal to or greater than the current year aggregate self-insured retention (SIR) contained in the City's liability insurance coverage as established by Wisconsin Municipal Mutual Insurance Company (WMMIC) policy.

On December 3, 2013, the Common Council authorized an additional appropriation of \$1,000,000 to the Insurance Fund from the City General Fund (Legistar #32182, RES-13-00882).

On December 2, 2014, the Common Council authorized an additional appropriation of \$150,000 to the Insurance Fund from the City General Fund (Legistar #36230, RES-14-00873).

On January 5, 2016, the Common Council authorized an additional 2015 appropriation of \$500,000 to the Insurance Fund from the City General Fund (Legistar #40817, RES-16-00012).

The City of Madison aggregate SIR for 2015 is \$1.55 million. Based on the reserve policy, the Insurance Fund is expected to be above its net asset goal by \$278,430 at the end of 2015. Claims are reserved at a 95% confidence level.

In 2017, the confidence level at which claims are reserved is changed to 85%. This means in 85 out of 100 cases, the amount reserved will be sufficient to pay outstanding claims.

In 2016, premiums in the Insurance Fund are increasing for two primary reasons. First, significant rate increases were expected in the Local Government Property Insurance Fund (LGPIF) due to past changes by the Legislature and incurred losses. As an alternative, the City sought a proposal from the newly formed Municipal Property Insurance Corporation (MPIC). This proposal was \$100,000 less than the LGPIF, but still represents an increase of \$50,000. However, MPIC does not cover auto physical damage. The City also worked with the Transit Mutual Insurance to secure that coverage. On the liability side, the City is facing a liability premium increase of approximately \$45,000 for 2016. Second, the fund is also in the midst of defending a larger number of litigated files than in past years resulting in increases in the reserve adjustment. Administrative costs are also increasing due to additional staff support for the program and other salary and benefit adjustments.

In 2017, billings to agencies are increased by \$650,000.

In 2017, \$16,000 was added for Emergency Management. These funds include money for training, plan development, active shooter exercises and supplies. Madison Police Department will supply Risk Management with a report detailing goals and progress of active shooter training and a plan for cost recovery of training to outside entities.

In 2018, WMMIC dividend was reduced by \$300,000 based on projections; billings to agencies increased by \$250,000.

In 2019, premiums and insurance claims increased by \$291,000; billings to agencies increased by \$150,000.

In 2020, billings to agencies for Workers Compensation decreased by \$900,000 and increased by \$950,000 for Insurance in order to improve the Insurance fund balance without affecting agency budgets. Budgeted Insurance premiums increased by \$129,000.

In 2021, billings to agencies for the Insurance Fund decreased by \$500,000, and increased by \$500,000 in the Worker's Compensation Fund. This modification restores a portion of a change in billings between the two funds in the 2020 budget that addressed a deficit in the Insurance Fund.

In 2022, billings to agencies for the Insurance Fund decreased by \$100,000 and increased by \$100,000 in the Worker's Compensation Fund. This modification restores a portion of a change in billings between the two funds in the 2020 budget that addressed a deficit in the Insurance Fund.