

EFM SUBMISSION NO.: 2013em056

PRESENTED: 5-7-13

ADOPTED: 5-9-13

BY THE EMERGENCY FINANCIAL MANAGER:


Resolution Authorizing Towers Watson

The City of Flint is currently an authorized self-insurer for its' Automobile Liability coverages. As part of the application process the State of Michigan requires an actuarially calculated loss reserve methodology to be utilized. Since 2002 Towers Perrin, now Towers Watson, has been utilized to develop the methodology that would be used for this calculation.

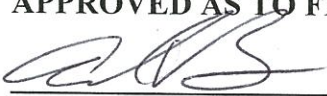
Towers Watson has submitted a proposal to provide the calculation methodology for the 2013 and 2014 application years for a fee of \$2,400.00.

Risk Management is recommending that Towers Watson be retained to continue providing the required actuarial calculation methodology for Fiscal years 2014 and 2015 due to their previous work on the methodology for the application due on May 30, 2013. Funding for these services is to come from Risk & Benefits Management Professional Services account 677-174.100-801.000 in the amount of \$2,400.00;

IT IS RESOLVED, that the appropriate city officials are authorized to engage Towers Watson to provide Actuarial services at a cost not to exceed \$2,400.00.

APPROVED AS TO FORM:


Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:


For Gerald Ambrose, Finance Director



Michael K. Brown, City Administrator

EFM DISPOSITION:

ENACT REFER TO COUNCIL _____ FAIL _____



Edward J. Kurtz, Emergency Financial Manager

DATED: 5-9-13

RESOLUTION STAFF REVIEW

DATE: 3-20-13

Agenda Item Title: Towers Watson Self Insured Auto Actuary

Prepared By: Robert C. Erlenbeck – Risk Management and Benefits Administrator

Background/Summary of Proposed Action: The State of Michigan requires that an actuary develop the loss reserves for an entity self insuring its Automobile Liability. Towers Perin has provided this service every two years since 2002. Towers Perin is now Towers Watson and submitted a two year proposal in the amount of \$2,400.00. This fee would cover the FY-14 and FY-15 self insured applications with the State of Michigan Assigned Claims Facility.

Financial Implications: Failure to utilize an actuarially developed loss reserve would result in the City losing its self-funded status and requiring a significant increase in cost through commercial insurance premiums. In addition, utilizing an Actuary other than the one providing these services for the last eight years would likely result in a cost increase due to the necessity to gather and process data already utilized by Towers Watson.

Budgeted Expenditure? Yes No Please explain if no:

Account No.: 677-174.100-801.000

Pre-encumbered? Yes No Requisition #

Other Implications (i.e., collective bargaining): The City's Self-Insured Status from the State of Michigan would be in jeopardy.

Staff Recommendation: It is Risk Management and Benefit Administration's recommendation that this Actuary be retained to provide these services as required by the State.

Staff Person: RE 3/21/13

Risk Mgmt. & Benefits Administrator

Approval: _____

City Administration