

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Mitsi Corcoran, Chief Financial Officer

FROM: Bert Palmer, Risk Manager

DATE: May 27, 2009

SUBJECT: WORKERS' COMPENSATION SPECIFIC EXCESS INSURANCE
Renewal: 07/01/2009

Our expiring policy with *Midwest Employers Casualty Company (MECC)* was a two (2) year rate guarantee that covered the period 07/01/2007 through 06/30/2009. The expiring rate per \$100 of payroll is \$0.0498. The policy has a self-insured retention of \$750,000 per claim and a specific limit of \$25,000,000 per claim. The employer liability limit is \$2,000,000. The gross deposit premium before adjustments [subject to year end payroll audit] was \$146,914.00.

We received a quote from **MECC** [incumbent], Safety National Casualty Company [**SNCC**] and New York Marine [**NYM**]. The broker approached several other carriers to solicit quotations. The carriers were ACE American [declined to quote], ARCH [declined to quote] and USF&G [declined to quote]. The most competitive quotes were from **MECC**, **SNCC** and **NYM**.

The expiring and renewal quote comparison is based upon the same policy limits as the expiring policy, and an estimated ratable payroll of \$286,607,701 [for calculating renewal deposit]. The comparison is as follows:

Carrier	Rate Per \$100 Expiring [Incumbent]	Rate Per \$100 Renewal	% Change +/-
MECC	0.0498	0.0459	- 7.83%
NYM	0.0498	0.0565	+ 13.45%
SNCC	0.0498	0.0461	- 7.43%

Carrier	Expiring Deposit Premium [Incumbent]	Renewal Deposit Premium	% Change +/-
MECC	\$146,914	\$131,553	- 10.46%
NYM	\$146,914	\$161,794	+ 10.13%
SNCC	\$146,914	\$132,126	- 10.07%

The renewal quote from MECC is guaranteed for two-years (24 months) for the policy period 7/01/2009 to 7/01/2011. All of the other carrier quotes are for one year only.

Recommended: Renew with *Midwest Employers Casualty Company (MECC)*, with a per claim limit of \$25,000,000 and a SIR of \$750,000. The rate per \$100 of payroll is 7.83% lower than the expiring program and lower than all the other quotes. **MECC** is the only carrier that will guarantee its rate for two years.

If you have any questions, please let me know.

Attachment



**SCHOOL BOARD OF SARASOTA COUNTY
EXCESS WORKERS' COMPENSATION QUOTES**

May 26, 2009

	Current Program	Option 1	Option 2
Estimated Annual Total Payroll	\$286,607,701	\$286,607,701	\$286,607,701
Policy Term	2nd Year	2 years	2 years
Specific Retention	\$750,000	\$750,000	\$750,000
Specific Limit	W.C. \$25,000,000 E.L. \$2,000,000	\$25,000,000 \$2,000,000	Statutory \$2,000,000
Rate (per \$100 of Payroll)	0.049800	0.045900	0.049400
Annual Policy Premium	\$142,731	\$131,553	\$141,584
Total Policy Premium	\$289,645	\$263,106	\$283,168
Minimum Premium	\$260,681	\$236,795	\$254,852
Carrier	Midwest Employers Casualty Company	Midwest Employers Casualty Company	Midwest Employers Casualty Company
Carrier's A.M. Best Rating	A+	A+	A+

***Current program was written with a payroll of \$295,008,416, which resulted in a premium of \$146,914.**

Notes:

1. Option 1 includes the same SIR and limits as last year - with an 8% drop in the rate generating a savings of >\$11,000. An additional savings of \$4,000 is realized from the drop in payroll.
2. All options from Midwest Employers Casualty Company include the following value added services at no cost: Annual Benchmarking Report, Safety Cornerstones online services & online tracking systems.
3. Option 2 includes statutory limits. Statutory limits were carried last in 2002.
4. Midwest's policy includes the following endorsements:
 - a) Employers Liability Limitation Endorsement
 - b) Claims Expense Amendatory Endorsement
 - c) Volunteers Endorsement
 - d) Jones Act- limited coverage - coverage is limited to state benefits up to the policy limit.
 - e) USL&H - limited coverage - coverage is limited to state benefits up to the policy limits.
 - f) Terrorism Risk Insurance Act Endorsement
 - g) Communicable Disease - the retention applies per disease, not per claim.

Other Markets:

Safety quoted \$25,000 limits xs. \$750,000 SIR at a premium of \$132,126 and statutory limits at \$142,157.
New York Marine (NY Magic) quoted statutory limits xs. \$750,000 SIR at a premium of \$161,794.
ARCH declined to quote due to short time-frame and uncompetitive pricing.
ACE declined to quote due to uncompetitive pricing.
USF&G (through Discover Re) declined to quote due to uncompetitive pricing.