

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

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TO: Bruce Monson, Executive Director of Financial Services
FROM: Bert Palmer, Risk Manager
DATE: May 11, 2006
SUBJECT: WORKERS' COMPENSATION SPECIFIC EXCESS INSURANCE
Renewal: 07/01/2006

We have received the renewal quote from our excess broker.

Our expiring policy with *Continental Casualty Company (CNA)* was a one (1) year rate guarantee that covered the period 07/01/2005 through 06/30/2006. The expiring rate per \$100 of payroll is \$0.0629. The policy has a specific retention of \$750,000 per claim and a specific limit of \$25,000,000 per claim. The employer liability limit is \$1,000,000. The deposit premium [subject to year end payroll audit] was \$140,157.00.

We received a quote from **CNA** [incumbent] and Midwest Employers Casualty Company [**Midwest**]. The broker approached several other carriers to solicit quotations. The carriers were ACE American [declined to quote], Safety National [declined to quote], AIG [declined to quote]. The only viable quotes were from **CNA** and **Midwest**.

The expiring and renewal quote comparison is based upon the same policy limits as the expiring policy, and an estimated payroll of \$251,358,564. The comparison is as follows:

Carrier	Rate Per \$100 Expiring [Incumbent]	Rate Per \$100 Renewal	% Change +/-
Continental Casualty (CNA)	0.062922	0.069200	+ 9.98%
Midwest	0.062922	0.058700	- 6.71%

Carrier	Expiring Deposit Premium [Incumbent]	Renewal Deposit Premium	% Change +/-
Continental Casualty (CNA)	\$158,160	\$173,940	+ 9.98%
Midwest	\$158,160	\$147,547	- 6.71%

The quote is for a twelve (12) month policy period. The carrier would not offer a multiple year guarantee.

Recommended: Renew with *Midwest Employers Casualty Company*, with a limit of \$25,000,000 and a SIR of \$750,000. The deposit premium and rate per \$100 of payroll is 6.71% lower than the expiring program, and 15.17% less than the renewal premium quoted by CNA.

If you have any questions, please let me know.

Attachment

Re-Ex Insurance Brokers, LLC

SCHOOL BOARD OF SARASOTA COUNTY EXCESS WORKERS' COMPENSATION QUOTE

May 8, 2006

	Current Program*	Option 1	Option 2	Option 3
Estimated Annual Total Payroll	\$251,358,564	\$251,358,564	\$251,358,564	\$251,358,564
Policy Term	1 year	1 year	1 year	1 year
Specific Retention	\$750,000	\$750,000	\$750,000	\$750,000
Specific Limit	W.C.	\$25,000,000	\$25,000,000	\$50,000,000
	E.L.	\$1,000,000	\$1,000,000	\$2,000,000
Rate (per \$100 of Payroll)	0.062922	0.069200	0.058700	0.062100
Annual Policy Premium	\$158,160	\$173,940	\$147,547	\$156,094
Annual Minimum Premium	\$158,160	\$173,940	\$132,793	\$140,484
Carrier	Continental Casualty Company (C N A)	Continental Casualty Company (C N A)	Midwest Employers Casualty Company	Midwest Employers Casualty Company
Carrier's A.M. Best Rating	A	A	A	A

*Current program was written with a payroll of \$222,747,932, which resulted in a premium of \$140,157.

Notes:

1. Options 2 & 3 include increased Employer Liability Limits. Previously, the policy included \$1,000,000; the proposed Employer Liability limit is \$2,000,000.
2. Option 1 (from the incumbent carrier) includes an increase in payroll from last year of 13% with a 10% increase in rate.
3. Option 2 from Midwest Employers Casualty Company includes approximately 7% decrease in rate.
4. Options 2 & 3 from Midwest Employers Casualty Company include the following value added services at no cost: Annual Benchmarking Report, Safety Cornerstones online services and online tracking systems. See attached descriptions.
5. Option 3 includes specific limits of \$50,000,000. From 7/1/96-7/1/02, the School Board carried statutory limits. In 2002, the carrier would not offer those limits, therefore from 7/1/02-7/1/06, the specific limits have been \$25,000,000.
6. Both policies (C N A & Midwest) include the following endorsements:
 - a) Employers Liability Limitation Endorsement
 - b) Claims Expense Amendatory Endorsement