

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: Lynn Peterson, Supervisor of Risk Management
DATE: May 19, 2015
SUBJECT: Workers' Compensation Specific Excess Insurance Renewal 7/1/2015

Background:

The current policy with *Arch Insurance Company* will expire on 6/30/15.

The workers' compensation excess policy for 2015-2016 will increase due to several factors. These factors include an increase in payroll and rising medical costs, an aging workforce and an increase to the limit of the Employer Liability coverage from \$1,000,000 to \$2,000,000. In addition, high cost claims (over \$200,000) have increased from last year.

Renewal:

Our insurance broker obtained quotes from the current carrier and two other competitors. Three additional competitors were approached, but declined to quote because their required minimum self-insured retention (deductible) is \$1,000,000. The best terms were offered by the incumbent carrier, *Arch Insurance Company*. *Arch* quoted a one year rate of 0.0711 per \$100 of ratable payroll. This rate represents a 5.65% increase over last year's rate. The policy terms and conditions will remain the same, except for the Employer Liability coverage and the policy period will be 7/1/2015 – 6/30/2016.

Recommendation:

I recommend we renew the rate quoted by *Arch Insurance Company*. The deposit premium will be \$179,609 assuming the ratable payroll of \$252,614,089.

If you have any questions, please let me know.

Attachment