

**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 17, 2016  
SUBJECT: Workers' Compensation Specific Excess Insurance Renewal 7/1/2016

**Background:**

The current policy with *Arch Insurance Company* has a self-insured retention (deductible) of \$750,000 and will expire on 6/30/16.

**Renewal:**

Our insurance broker obtained quotes from the current carrier and one other competitor. Three additional competitors were approached, but declined to quote because their required minimum self-insured retention is \$1,000,000. Two additional competitors did not respond to the request for a quote. The best terms were offered by the incumbent carrier, *Arch Insurance Company*. *Arch* quoted a one year rate of 0.06610 per \$100 of ratable payroll. This rate represents a 7.03% decrease over last year's rate. This decrease was mainly due to the decrease in total payroll. The policy terms and conditions will remain the same. The policy period will be 7/1/2016 – 6/30/2017.

**Recommendation:**

I recommend we renew the rate quoted by *Arch Insurance Company*. The deposit premium will be \$162,984 assuming the ratable payroll of \$246,571,151.

If you have any questions, please let me know.

Attachment



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

May 17, 2016

	<b>Current Program (with updated payroll)</b>	<b>Option 1</b>	<b>Option 2</b>
Estimated Annual Total Payroll	\$246,571,151	\$246,571,151	\$246,571,151
Policy Term	1 year	1 year	1 year
<b>Specific Retention</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$750,000</b>
<b>Specific Limit</b> <b>W.C.</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>
<b>E.L.</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>Rate (per \$100 of Payroll)</b>	<b>0.07110</b>	<b>0.06610</b>	<b>0.06618</b>
<b>Annual Policy Premium</b>	<b>\$175,312</b>	<b>\$162,984</b>	<b>\$163,181</b>
Minimum Premium	\$175,312	\$162,984	\$163,181
Carrier	Arch Insurance Company	Arch Insurance Company	New York Marine & General Insurance Company
Carrier's A.M. Best Rating	A+, XV	A+, XV	A, IX

\*Current program was written with \$252,614,089 in payroll which generated a premium of \$179,609.

**Note:**

- Option 1 from Arch includes the same limits and SIR as expiring with a 7.03% rate decrease.**
- Option 2 from New York Marine includes the same limits and SIR as expiring with a 6.92% rate decrease**

**Other Companies Approached for Quote:**

**State National** declined to quote due to lowest SIR being \$1,000,000 and uncompetitive pricing.

**Midwest Employers** declined to quote due to lowest SIR being \$1,000,000 and uncompetitive pricing.

**Safety** declined to quote due to uncompetitive pricing and the lowest SIR being \$1,000,000.

**Travelers** did not respond to our request.

**ACE** did not respond to our request.



**SCHOOL BOARD OF SARASOTA COUNTY  
Historical Policy Information**

Policy Period	Policy Number	Self Insured Retention	Specific Limits	Employers Liability Limits	Carrier	Total Payroll	Rate (per \$100 of Payroll)	Premium	Rate Increase/ Decrease
7/1/96-97	W12580050	500,000	Statutory	1,000,000	C N A	134,242,566	0.0384	51,549	
7/1/97-98	W128581375*	500,000	Statutory	1,000,000	C N A	139,379,699	0.0320	44,602	-16.67%
7/1/98-99	W128581375	500,000	Statutory	1,000,000	C N A	144,516,832	0.0320	46,245	0.00%
7/1/99-00	W128581375	500,000	Statutory	1,000,000	C N A	149,653,966	0.0320	47,889	0.00%
7/1/00-01	RSU0901517	500,000	Statutory	1,000,000	Republic Western	157,913,306	0.0278	45,868	-13.13%
7/1/01-02	RSU0901517	500,000	Statutory	1,000,000	Republic Western	166,706,788	0.0278	46,344	0.00%
7/1/02-03	3372-SO-FL	750,000	25,000,000	1,000,000	Midwest	176,186,586	0.0549	96,726	97.48%
7/1/03-04	3372-SO-FL	750,000	25,000,000	1,000,000	Midwest	202,038,939	0.0650	131,325	18.40%
7/1/04-05	W128588620	750,000	25,000,000	1,000,000	C N A	227,989,626	0.0619	141,126	-4.77%
7/1/05-06	W128588620A	750,000	25,000,000	1,000,000	C N A	252,180,919	0.0629	158,622	1.62%
7/1/06-07	EWC007635	750,000	25,000,000	2,000,000	Midwest	272,163,735	0.0587	159,760	-6.68%
7/1/07-08	EWC007635	750,000	25,000,000	2,000,000	Midwest	280,960,397	0.0498	139,918	-15.16%
7/1/08-09	EWC007635	750,000	25,000,000	2,000,000	Midwest	273,170,441	0.0498	136,039	0.00%
7/1/09-10	EWC007635	750,000	25,000,000	2,000,000	Midwest	259,433,715	0.0459	119,080	-7.83%
7/1/10-11	EWC007635	750,000	25,000,000	2,000,000	Midwest	255,680,711	0.0459	117,357	0.00%
7/1/11-12	WCE-0699383-11	750,000	25,000,000	2,000,000	Star	242,383,368	0.0350	84,834	-23.75%
7/1/12-13	WCE-07-5865-12	750,000	25,000,000	2,000,000	Star	247,440,110	0.0350	86,604	0.00%
7/1/13-14	WCE-07-5865-13	750,000	25,000,000	2,000,000	Star	250,378,827	0.0406	101,654	16.00%
7/1/14-15	WCX005712700	750,000	25,000,000	1,000,000	Arch	255,461,682	0.0673	171,926	65.76%
7/1/15-16	WCX005712701	750,000	25,000,000	2,000,000	Arch	252,614,089	0.0711	179,609	5.65%
7/1/16-17	TBD	750,000	25,000,000	2,000,000	Arch	246,571,151	0.0661	162,984	-7.03%