COUNTY DEPARTMENT AGENDA REQUEST

Department:	Human Resources	Presenter(s):	Connie Boehnke
Meeting Date:	Thursday, May 26, 2011	Type of Request:	New Business

Wording for the Agenda:

Consideration of staff's recommendation to renew the County's agreement for excess Workers' Compensation insurance and claims service with Midwest Employers Casualty Company, for one year, in the amount of $85,927.

Background/History/Details:

Fayette County's Workers' Compensation coverage is a "self-insured" arrangement utilizing third parties for excess insurance and claims administration. The County has utilized Midwest Employers Casualty Company for excess insurance and claims service since 2000. The County switched from Underwriters' Safety and Claims, Inc. to Affinity Service Group on January 1, 2011 as the third party administrator for workers' compensation claims administration.

Other excess coverage providers were invited to bid, however Midwest was the only vendor that chose to do so.

Staff recommends a one year renewal with Midwest for excess insurance with a specific retention of $400,000 at a rate of .2761 per $100 of payroll. This rate reflects a 40% increase over the current rate.
$61,126 = Current rate
$85,927 = New Rate for FY 2012

Renewal rate specifics are attached for your review.

What action are you seeking from the Board of Commissioners?

Approval of staff's recommendation to renew the County's agreement with Midwest Employment Casualty Company for a period of one year,in the amount of $85,927, for Workers' Compensation excess insurance and claims service.

If this item requires funding, please describe:

These funds reside in the Workers' Compensation Self-Insured Fund.

Has this issue come before the Commissioners in the past?	Yes	If so, when?	Thursday, April 22, 2010
Do you need audio-visual for the presentation?	No	Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	Yes
Approved by Purchasing	Yes	Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

Fayette County GEORGIA

Where Quality Is A Lifestyle

To: Board of Commissioners
Jack Krakeel

From: Connie Boehnke

Date: May 12, 2011

Subject: Workers' Compensation Insurance Renewal

Attached is a copy of the proposed renewal for excess workers' compensation coverage and claims service with Midwest Employers Casualty Company. The County has utilized Midwest Employers Casualty Company for excess insurance and claims service since 2000. The County switched from Underwriters' Safety and Claims, Inc. to Affinity Service Group on January 1, 2011 as the third party administrator for workers' compensation claims administration. Other excess coverage providers were invited to bid, however Midwest was the only vendor that chose to do so.

Human Resources is recommending renewing for another one year contract at a cost of $85,927. This is a rate of .2761 per $100 of payroll, which reflects an overall increase of 40%. Self-insured retention will increase from $350,000 to $400,000 for all employees. As in the past, aircraft coverage is included in this rate quote. The service period is from July 1, 2011 to June 30, 2012.

The workers' compensation segment of the insurance industry has been under assault for the past two years during the down turn in the economy. The result has been an increase in rates across the board for all excess coverage for both self funded and self insured clients. The main issue is in the governmental and community workers compensation arena where nationwide claims have sky rocketed. Layoffs and cut backs to staff in these areas has produced increased claims activity. Since this increase in claims activity was not projected in the actuarial calculations, the insurance industry is playing catch by increasing rates across the board. Local governments and municipalities who have had poor claims experience will suffer greater increases in rates. Fortunately Fayette County has had rather good claims experience over the years but is nonetheless feeling the effect of the industry wide rate increases that are being instituted.

ATLANTIC GENERAL
Underwriters

Fayette County Board of Commissioners

140 Stonewall Avenue

Fayetteville, Georgia 30214

Re: Renewal of Excess Workers Compensation

Dear Connie:

The Excess Covers for the Workers Compensation over the Self Insured Retention for Fayette County is as follows:

Specific Limit:	Statutory
Specific Retention:	**$350,000**
Employers Liability:	$1,000,000
EL Retention:	$350,000
Premium(EST:	$93,937.00
Deposit:	$93,937.00
Terrorism:	$2818.00
Total 2011-2012:	$96,755.00

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Options for the 2011-2012:

Option #1-Greater Retention on the part of Fayette County

Specific Retention:	**$400,000**
EL Retention:	$400,000
Premium (EST):	$83,424.00
Deposit:	$83,474.00
Terrorism:	$2503.00
Total:	$85,927.

Option #2

Specific Retention:	**$500,000**
EL Retention:	$500,000
Premium(EST):	$77,775.00
Deposit:	$77,775.00
Terrorism:	$2104.00
Total:	$79,979.00

Carrier: Midwest Employers Casualty Company

AM Best Rated: A+XV

Effective Date: 07-01-2011

This is a recap if the Quote for the renewal of the Policy # EWC006548 by MECC. I do expect a quote from Safety Insurance Company. Please tell me if you need this quote in a different format and do you need an invoice from Atlantic General to be submitted as well. I expect the other quote around the middle of next week (May4-6).

Thank you,

John R. Young, MLIS

President

Atlantic General Underwriters, Inc

101 Devant Street Suite 503

Fayetteville, Ga. 30214