COUNTY AGENDA REQUEST

Department:	Human Resources	Presenter(s):	Lewis Patterson
Meeting Date:	Thursday, June 13, 2013	Type of Request:	Consent

Wording for the Agenda:

Approval of staff's recommendation to renew a contract with Midwest Employers Casualty Company, as outlined under "Option 3", for a period of one year, beginning July 1, 2013 and expiring June 30, 2014, in the amount of $98,528.00, and authorization for the Chairman to sign the contract and related documents.

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 Employee 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.

Atlantic General's broker, Quadrant Insurance, contacted the only four providers of this type of coverage in the United States: Midwest Employers Casualty Company, Safety National Insurance Company, Allianz Insurance Co/Munich Re, and Chartis/AIG Insurance Company. The only quote received was from our current carrier, Midwest. The other three either refused to quote or were asking for as much as thirty years of claims history from the County before determining if they were even interested in submitting a quote. It should be noted that this industry only enters into one year contracts due to the nature of the coverage being provided.

Staff recommends a one year renewal with Midwest for excess insurance with a specific retention of $500,000 at a rate of .2788 per $100 of payroll, at an annual cost of $98,528 as listed under option 3 on the attached backup. This is a slight reduction from the current rate of $99,732 which is is a result of changing the specific retention from $400,000 to $500,000.

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 a contract with Midwest Employers Casualty Company, as outlined under "Option 3", for a period of one year, beginning July 1, 2013 and expiring June 30, 2014, in the amount of $98,528.00, and authorization for the Chairman to sign the contract and related documents.

If this item requires funding, please describe:

These funds reside in the Workers Compensation Self-Insurance Fund.

Has this request been considered within the past two years?	Yes	If so, when?	June 14, 2012
Is Audio-Visual Equipment Required for this Request?*	No	Backup Provided with Request?	Yes

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing	Not Applicable	County Clerk's Approval	Yes
Administrator's Approval			

Staff Notes:

Even though this request is budgeted and within my authority to approve, since we only had one vendor respond, I felt it prudent to bring it up in the public meeting for full disclosure and Board of Commissioner approval.

Lewis Patterson

From: Lori Smith
Sent: Friday, May 31, 2013 9:33 AM
To: Lewis Patterson
Subject: FW: Workers Comp Renewal

From: John Young [mailto:john@atlgen.net]
Sent: Wednesday, May 29, 2013 1:52 PM
To: Lori Smith
Cc: jackie@atlgen.net
Subject: RE: Workers Comp Renewal

Dear Lori Smith & Lewis Patterson:

May 29, 2013

Re: MECC Renewal for Excess WC Coverage.

Good Morning

I wanted to take the time to address the renewal information that I had sent you concerning the MECC Quotes. First, the Quotes are firm quotes and may been bound on July 1, 2013 for the next term of 12 months from that date. There will not be any Adjustments to these rates or premiums for the term of the policy, from the Company. You may, however make or ask for changes to the
Policy doing the term.

In the last three years, Municipality Insurance has not had good experience with the Insurance Market. I have been discussing the future of
This account and the future in general, of Self Funded Products. The quotes that you have before you, have given the County the options of choosing
From several options. As stated, the options have started to dwindle and become more restrictive. The days of $400,000 -$450,000 retentions are fading fast.
The standard in the future will be $500,000 across the board due to the following conditions.

1) Claims experience on Municipality business in general
2) Medical Claims experience trending upward across the nation due to cost of Care from Hospitals & Providers
3) Cut backs to Government budgets-this results in EE's being laid off or dismissed-(Disability and WC claims are rising due to this factor).
4) Large increase in WC claims filed by Fire-Police-EMT…resulting in longer claims cycle and ending with permanent Disability or ongoing WC Claims (3-5 years).

Safety Mutual Insurance Company as sent me a indication of pricing for their company. First, their minimum retention is $500,000 for all class codes for WC. Second, they have indicated that
Due to the claims from last year (firefighter-roof collapse claim) they would not entertain any pricing that would be below what the current carrier is proposing. Further, they would like to be 10-15%
More in pricing for this account. The other Carrier (Chartis / AIG) would not quote unless the risk was within 30 days of renewal, as they did not want to keep their quote good for more than 30 days, then
They would like to re-price the account.

Thank you,

John Young

John R. Young
President
Atlantic General Underwriters, Inc
770 365 5543c
770-692-2629p

QUADRANT

QUOTATION
QUADRANT INSURANCE MANAGERS℠

FROCH UNDERWRITING MANAGEMENT AGENCY CORP
301 W. SCHROCK RD., SUITE 301, WESTERVILLE, OHIO 43081
PHONE 614/841-1425 – FAX 614/841-1426

QUOTE NO.: 13F349004

TO: John Young
Atlantic General Underwriters, Inc.

FROM: Mark D. Harris, CIC

INSURED: Fayette County BOC

ADDRESS: 140 Stonewall Avenue West, Fayetteville, GA 30214

COVERAGE: Excess Workers Compensation

INSURER: Midwest Employers Casualty Company
AM BEST RATING: A+ XV (Admitted)

EXPIRING POLICY NUMBER: EWC006548

PERIOD: Effective date – 07/01/2013
Term – one year, starting at 12:01 a.m. Local Standard Time

STATE: Georgia

	Quote Options		
Policy Terms	Option 1	Option 2	Option 3
SPECIFIC:			
Specific Limit	Statutory	Statutory	Statutory
Specific Retention	$400,000	$450,000	$500,000
Specific Retention – 7720	$500,000		N/A
Specific Retention – 7710		$500,000	N/A
Specific Retention – 7720		$500,000	N/A
Specific Retention – 7710	$500,000		N/A

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EMPLOYERS LIABILITY:			
Employers Liability Limit	$1,000,000	$1,000,000	$1,000,000
Employers Liability Retention	See Specific	See Specific	See Specific
AGGREGATE:			
Aggregate Limit	N/A	N/A	N/A
Aggregate Retention	N/A	N/A	N/A
Estimated Aggregate Retention	N/A	N/A	N/A
Minimum Aggregate Retention	N/A	N/A	N/A
RATING BASE:			
Est. Annual Payroll	$35,340,175	$35,340,175	$35,340,175
Est. Annual Manual Premium	$ 1,257,730	$ 1,257,730	$ 1,257,730
Length of Policy Period (Years)	One	One	One
Est. Policy Period Normal Premium	$ 1,257,730	$ 1,257,730	$ 1,257,730
Rate per $100 of Payroll	.3043	.2905	.2788
PREMIUM:			
Total Est. Policy Period Premium (Including Flat Charges)	$ 107,540	$ 102,663	$ 98,528
Policy Period Minimum Premium	$ 96,786	$ 92,397	$ 88,676
Deposit Premium	$ 107,540	$ 102,663	$ 98,528
Deposit Flat Charge(s)	N/A	N/A	N/A
Total Deposit Due*	$ 107,540	$ 102,663	$ 98,528
Terrorism Risk Ins Act of 2002 (Inc. in Total Deposit Due Above)	$ 3,226	$ 3,080	$ 2,956

*The following state is subject to a premium surcharge: GA. The amount of the surcharge is not included in any premium amount shown above; it is in addition to the premium amount(s) above. The amount of the surcharge is subject to change as directed by the Department of Insurance and other agencies.

POLICY FORMS & ENDORSEMENTS:

-SO-10 Amending Item 10 – Classification of Operations
-IO-31 Voluntary Compensation
-IO-66 Definition of Payroll Pertaining to Volunteer Workers
-IO-74A Aircraft Coverage – Policy Limit $10,000,000; MAOL $2,000,000
-IO-85 Notice of Terrorism Insurance Coverage
-IO-86 Claims Information
-IO-86-GA Claims Information
-IO-GA Georgia

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POLICY FORMS & ENDORSEMENTS: (Applicable to Quote Options 1 & 2)

-SO-8(3) Amending Item 6 – Specific Retention (SIR) (3)

CONDITIONS:

-MECC must be notified of any aircraft changes occurring during the policy period.

SUBJECT TO:

The Company's receipt, review and approval of the following items and additional information:

-None

No binding authority is extended.

Payment is due 10 days after binding. Flat cancellation is not permitted.

This Quote is good until 07/01/2013