

**Carson City
Agenda Report**

Date Submitted: June 12, 2012

Agenda Date Requested: June 21, 2012

Time Requested: Consent

To: Mayor and Supervisors

From: Nick Providenti, Director of Finance

Subject Title: For Possible Action: Action to enter into an excess liability insurance policy with Midwest Employers Casualty Insurance Company for excess workers compensation liability insurance services for a total premium of \$87,570.

Staff Summary: Staff is recommending that Carson City continue our relationship with Midwest Casualty Insurance Company for workers compensation excess liability insurance services for FY 12-13. The total premiums for FY 11-12 were \$72,885 so the total increase would be 20.15%.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to enter into an excess liability insurance policy with Midwest Employers Casualty Insurance Company for excess workers compensation liability insurance services for a total premium of \$87,570.

Explanation for Recommended Board Action: A copy of the coverages and the premiums is included. Although Midwest Employers Insurance Company quoted Carson City an amount of \$87,570 vs the quote from New York Marine of \$75,597, we are recommending that we continue with our current carrier as we were not happy with the language provided by New York Marine. New York Marine's policy form limits each occurrence for an insured event to a 24 hour period which could result in additional financial exposure to Carson City. The coverage enhancement endorsements offered by Midwest Employers Casualty are broader and clearer and they have a higher A.M. Best Financial Rating vs New York Marine - Midwest Employers Casualty has an A+XV with policyholder surplus exceeding \$2 Billion compared to New York Marine's rating of A IX with policyholder surplus of \$250 Million to \$500 Million. We anticipate that the city will continue to save approximately \$900,000 in FY 11-12 and in FY 12-13 based on the premiums we were paying to the Public Agency Compensation Trust (PACT).

Applicable Statue, Code, Policy, Rule or Regulation: n/a

Fiscal Impact: \$87,570 in insurance premiums.

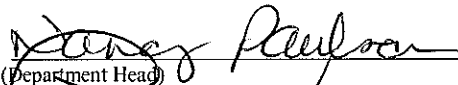
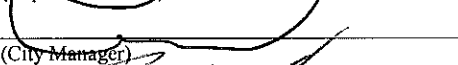
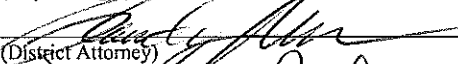
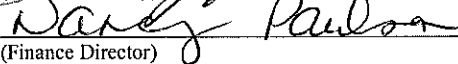
Explanation of Impact: Savings estimated at \$900,000- \$1,000,000 when compared to the fully insured plan with the PACT which will allow us to reduce our premiums paid by the funds and to continue to build our contingency reserve in the Worker's Compensation Fund.

Funding Source: Workers' Compensation Insurance Fund

Alternatives: Elect not to enter in the agreements and pursue other options for worker's compensation insurance.

Supporting Material: A copy of the quotes.

Prepared By: Nick Providenti

Reviewed By:  Date: 6/12/12
(Department Head)
 Date: 6/12/12
(City Manager)
 Date: 6/12/12
(District Attorney)
 Date: 6/12/12
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____ _____

(Vote Recorded By)

Option 1:	\$2,000,000/\$750,000 SIR Split	
Premium Summary	2011-2012	2012-2013
Capped Payroll	\$20,998,197	\$21,452,703
Rate / \$100	\$0.3471	\$0.4082
Annual Premium	\$72,885	\$87,570
<i>Commission</i>	12%	12%
<i>Policy Period Minimum Premium</i>	\$65,596	\$78,813

Limits of Insurance	Workers' Compensation	Employer's Liability
Limit Each Accident	Statutory	\$1,000,000
Limit Each Employee/Disease	Statutory	\$1,000,000

Self-Insured Retentions	Firefighters, Police Officers (7710, 7720)	All Other Employees
Each Accident	\$2,000,000	\$750,000
Each Employee/Disease*	\$2,000,000	\$750,000

* The Each Employee/Disease retention would also apply a per employee retention for communicable disease.

THIS PROPOSAL IS MERELY A DESCRIPTIVE SUMMARY OF COVERAGE PROVIDED BY THE INSURANCE COMPANIES BEING PROPOSED AND SHOULD BE USED FOR REFERENCE PURPOSES ONLY. THIS IS A QUOTATION OF COVERAGE ONLY. IT IS NOT A BINDER. THIS PROPOSAL DOES NOT AMEND OR ALTER THE INSURANCE CONTRACT. COVERAGES OUTLINED ARE IN SUMMARY ONLY. ALL COVERAGES WILL BE SUBJECT TO THE TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS DESCRIBED IN THE POLICY.