

Workers Compensation Third Party Administrator and Stop Loss Coverage

December 12, 2006

SUMMARY:

This item requests approval of the Workers Compensation Third Party Administrator and Stop Loss Coverage.

PREVIOUS BOARD ACTION:

The Board approved the recommendation of the Texas Association of School Boards for Administrative Services Only for the Workers Compensation Fund on December 13, 2005.

BACKGROUND INFORMATION:

None

SIGNIFICANT ISSUES:

TASB offers stop loss coverage to Administrative Services Only (ASO) participants. We have received seven options from TASB for the stop loss coverage for 2007. Safety National and Midwest Employers Casualty quoted retention levels of \$350,000, \$400,000, \$450,000 and \$500,000 and options of aggregate retention of \$ 0 and \$1,000,000. In the past, the District has not purchased the aggregate retention coverage. Midwest Employers has offered options for 12 months and 18 months. The 18 month option will place the next renewal on June 30, 2008, which is the District's fiscal year end. This option will improve the process of obtaining actuarial information for audit purposes.

FISCAL IMPLICATIONS:

The recommended stop loss renewal premium is \$78,047 including the cash flow coverage. This option includes a specific retention of \$450,000 and an aggregate retention of \$1,000,000 for a period of 18 months. The proposed Program Administrative fees are \$7,500 annually. Claims Administration fees are as follows for all options:

Indemnity Claim	\$580 per claim
Medical Claim	\$ 98 per claim
Record Claim only	\$ 20 per claim

Other cost containment fees and loss prevention services are included on the Contribution and Coverage Summary.

BENEFIT OF ACTION:

The approval of stop loss coverage will protect the District in the event of a catastrophic event.

PROCEDURAL AND REPORTING IMPLICATIONS:

None

SUPERINTENDENT'S RECOMMENDATION:

Recommend that the District continue with TASB Risk Fund for Workers' Compensation – Administrative Services Only and accept the MidWest Employers Casualty option #6 for stop loss coverage with the \$450,000 retention and \$1,000,000 aggregate retention. The premium will be \$78,047, which includes the cash flow protection limit of \$180,000 for the first year, \$120,000 for the second year and \$100,000 for the third year.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director Budget & Finance
Paul Smith, Director Classified Personnel

ATTACHMENT:

TASB – Contribution and Coverage Summary – 12 month Renewal – Midwest Employers
TASB – Contribution and Coverage Summary – 18 month Renewal – Midwest Employers
TASB – Contribution and Coverage Summary – 12 month Renewal – Safety National

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____