



# UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

**TOPIC** \_\_\_\_\_ Award of District Workers' Compensation Insurance Program \_\_\_\_\_

**SUBMITTED BY:** \_\_\_\_\_ Robert Chapa \_\_\_\_\_ **OF:** \_\_\_\_\_ Risk Management \_\_\_\_\_

**APPROVED FOR TRANSMITTAL TO SCHOOL BOARD:** \_\_\_\_\_

**DATE ASSIGNED FOR BOARD CONSIDERATION:** \_\_\_\_\_ May 20, 2015 \_\_\_\_\_

**RECOMMENDATION:**

Staff has finalized negotiations for Workers' Compensation program proposals and recommends the district contract be awarded to Texas Mutual Insurance (TMIC). The proposal is for 5 years with the first year at fixed rates as proposed and subsequent years negotiated annually and based on loss ratio results.

**RATIONALE:**

TMIC is the incumbent carrier and submitted the lowest quote. TMIC has proposed an 8.7% increase in current rates. The proposed increase is a result of continued increases in medical care costs and an increase in the severity of injuries throughout the year. The total dollar increase will be approximately \$167,186.

**BUDGETARY INFORMATION**

Premiums included in the 2015-16 budget.

**BOARD POLICY REFERENCE AND COMPLIANCE:**





# United Independent School District Laredo TX

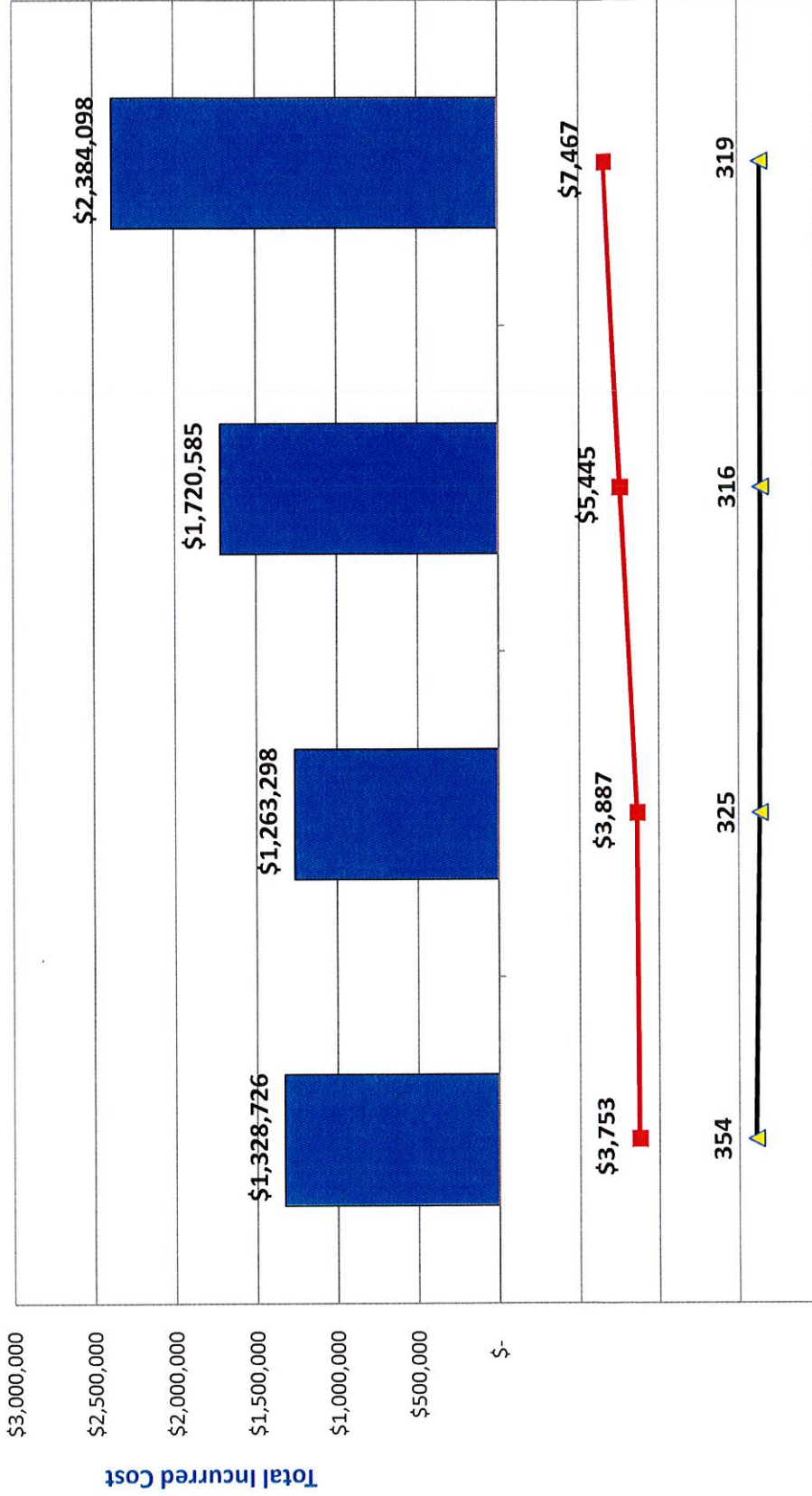
## Worker's Compensation - Fully Insured September 1, 2015 - September 1, 2016

| LIMITS   | Texas Mutual Renewal  |                    | Texas Political Subdivision |                    | AIG                |                    | Zurich             |                    | Hartford           |                    |
|--|-----------------------|--------------------|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | Yes                   | Yes                | Yes                         | Yes                | Yes                | Yes                | Yes                | Yes                | Yes                | Yes                |
| Workers Compensation - Statutory               | Yes                   |                    | Yes                         |                    | Yes                |                    | Yes                |                    | Yes                |                    |
| Employers Liability - \$100,000 BI by Accident | Yes                   |                    | Yes                         |                    | Yes                |                    | Yes                |                    | Yes                |                    |
| - \$100,000 BI By Disease each employee        |                       |                    |                             |                    |                    |                    |                    |                    |                    |                    |
| - \$500,000 BI By Disease Policy Limit         |                       |                    |                             |                    |                    |                    |                    |                    |                    |                    |
| <b>TERMS &amp; CONDITIONS:</b>                 |                       |                    |                             |                    |                    |                    |                    |                    |                    |                    |
| Experience Modifier - Actual                   | 1.56                  | 1.56               | 1.56                        | 1.56               | 1.56               | 1.56               | 1.56               | 1.56               | 1.56               | 1.56               |
| Negotiated                                     | 1.05                  | 1.35               |                             |                    |                    |                    |                    |                    |                    |                    |
| Classifications - Payroll                      |                       |                    |                             |                    |                    |                    |                    |                    |                    |                    |
| 8810 - Clerical Office Employees               | \$40,738,377          | \$40,738,377       | \$40,738,377                | \$40,738,377       | \$40,738,377       | \$40,738,377       | \$40,738,377       | \$40,738,377       | \$40,738,377       | \$40,738,377       |
| 8868 - School: Professional Employees          | \$200,726,929         | \$200,726,929      | \$200,726,929               | \$200,726,929      | \$200,726,929      | \$200,726,929      | \$200,726,929      | \$200,726,929      | \$200,726,929      | \$200,726,929      |
| 9101 - School: All other Employees             | \$42,187,423          | \$42,187,423       | \$42,187,423                | \$42,187,423       | \$42,187,423       | \$42,187,423       | \$42,187,423       | \$42,187,423       | \$42,187,423       | \$42,187,423       |
| Total Payroll                                  | \$283,652,729         | \$283,652,729      | \$283,652,729               | \$283,652,729      | \$283,652,729      | \$283,652,729      | \$283,652,729      | \$283,652,729      | \$283,652,729      | \$283,652,729      |
| <b>ESTIMATED ANNUAL PREMIUM:</b>               | <b>\$2,277,366</b>    | <b>\$2,397,785</b> | <b>\$2,397,785</b>          | <b>\$2,397,785</b> | <b>\$3,926,000</b> | <b>\$3,926,000</b> | <b>\$4,501,081</b> | <b>\$4,501,081</b> | <b>\$4,191,953</b> | <b>\$4,191,953</b> |
| Carrier:                                       | Texas Mutual Ins. Co. |                    | Texas Political Subdivision |                    | AIG                |                    | Zurich             |                    | Hartford           |                    |
| A.M. Best Rating                               | A XV                  |                    | Pool (Not Rated by AM Best) |                    | A XV               |                    | A+ XV              |                    | A XV               |                    |

# United ISD: Workers Compensation Overview by Policy Year

Data: PY 2011 - 2013 Total Incurred Cost, Average Claim Cost and Total Claim Count as of 3/27/15.

PY 2014 data is trended to provide an estimate of the data as of 3/30/16\*



Policy Year (2014 Data is trended based on PY 2013 Growth Pattern from 2014 - 2015)

■ Total Incurred Cost   
 ▲ Claim Count   
 ■ Average Claim Cost