

December 3, 2007

**SUBJECT:** Workers Compensation Insurance Renewal

**RECOMMENDATION:**

Staff recommend awarding the renewal of the Workers Compensation insurance contract to Texas Association of School Boards (TASB).

**RELATED BOARD POLICY OR PLANNING PRIORITY**

This item is consistent with Board Policy G-2 Purchasing

**RATIONALE**

The Workers Compensation insurance contract expires on February 1, 2008. A Request for Proposal (RFP) process was followed to provide insurance coverage. An assessment of the bids was performed and a selection made based on best value. Cost, coverage and rating of insurance carrier are used as the criteria for selection. Comparative data and bid results are provided as attachments.

**BUDGETARY CONSIDERATION**

Insurance costs are included in the FY 2008 budget. Approval of the recommended carrier will result in a savings of \$69,903 over FY 2007 costs for Workers Compensation insurance.

**RESOURCE PERSONNEL**

Ben Ferrell, Vice President for Business Services  
Becky S. Cole, Environmental Health Safety and Insurance Director  
Robert Rogers, Environmental Health Safety and Insurance Coordinator  
Robert Reim, Insurance Consultant

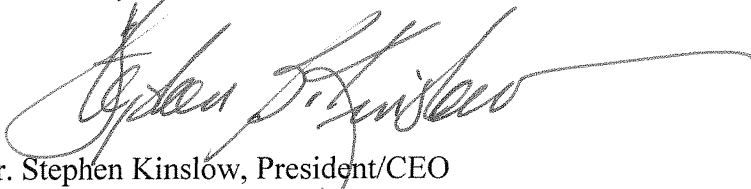
**ATTACHMENTS**

- A) Discussion
- B) Bid Results
- C) Recommendations

Respectfully Submitted By:



Ben Ferrell, Vice President for Business Services



Dr. Stephen Kinslow, President/CEO

Workers' Compensation Insurance  
 Discussion  
 December 3, 2007

- Workers' Compensation Insurance is currently with Deep East Texas Self Insurance Fund through Frost Insurance.
  - The current policy expires on February 1, 2008, with this year being the third year
  - Last RFP was done in 2004
  - RFP process is done every three years for insurance to insure best pricing and value
- RFP process initiated for Workers' Compensation Insurance.
- Sent out invitations for RFP and advertised in papers for two consecutive weeks.
- Received five bids from interested vendors.
- Assessed bids with assistance of *Bob Reim*, insurance consultant.
- Assessment of bids done for best value, with cost and rating as criteria.
- Based on assessment, recommend that the Board review and approve the purchase of the following:
  - Workers' Compensation Insurance – Texas Association of School Boards (TASB), at cost of \$149,097.
- Cost of insurance is contained in the FY2008 budget.
  - Decrease of \$69,903.00 from FY07 costs.
    - Successive decreases in premium are due to the improving risk management, safety programs and our favorable loss history.
    - Increased payroll typically drives increased premiums.
- Workers Compensation Cost History

	FY02	FY05	FY08
Workers Comp Cost	\$297,000	\$219,000	\$149,097
Payroll/Headcount	\$63.5M	\$85.9M	\$108.3M
Experience Modifier *	0.75	0.28	0.21
Cost rate per \$100 payroll at current experience modifier	\$0.38	\$0.31	\$0.14

\* Experience modifier is based on frequency and severity of claims as compared to other higher educational institutions in Texas.

**Justification:**

- Workers' Compensation – TASB provides lowest bid and best value to the college for coverage.

WORKERS COMPENSATION		DETSIF		DETSIF		DETSIF		TPS		TX Mutual		TX Mutual		TASB		
Classification/Payroll	Per Policy Current	Fixed Cost	Fixed Cost	Fixed Cost	Fixed Cost	Fixed Cost	Fixed Cost	Fixed Cost	Fixed Cost	Fixed Cost	Network	Network	Fixed Cost	Network	Cost Plus	
Drivers (9101)	46,495,408	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846	60,905,846
Schools, profes	3,558,885	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795	5,542,795
Schools, all oth	31,065,289	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436	41,895,436
Clerical (8810)	81,119,582	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077	108,344,077
Total Payroll																
Assumed Annual Average Losses - \$		104,513														
Assumed Annual Average Losses - #		40														
Assumed Annual O/S Claims - #		4														
Estimated Experience Modifier		0.23														
Employers Liability	500/500/500	500/500/500	500/500/500	500/500/500	500/500/500	500/500/500	500/500/500	500/500/500	500/500/500	500/500/500	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Named Insured: the District, Its Trustees & Foundations	74-1742306	Yes	Yes	Yes	Yes	Employees only	Employees only	Employees only	Employees only	Employees only	Employees only	Employees only	Employees only	Employees only	Employees only	Employees only
FEIN Number																
Covers Volunteers for Medical Only		Addtl Premium	Addtl Premium	Addtl Premium	Addtl Premium	Addtl Premium	Addtl Premium	Addtl Premium	Addtl Premium	Addtl Premium	No	No	No	No	No	No
All States Endorsement		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Covers USL&H on "if any" basis		No	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	No	No	No	No	N/A	N/A
Minimum Loss Prevention Hours Including Industrial Hygiene Reports		As Needed	As Needed	As Needed	As Needed	As Needed	As Needed	As Needed	As Needed	As Needed	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours
Quarterly Claim Review with Adjuster		As requested	As requested	As requested	As requested	As requested	As requested	As requested	As requested	As requested	Yes	Yes	Yes	Yes	Yes	Yes
Rate Guarantee		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year 1											Subject to Exp. Modifier & Fund Factor	Subject to Exp. Modifier & Fund Factor	Subject to Exp. Modifier & Fund Factor	Subject to Exp. Modifier & Fund Factor	Subject to Exp. Modifier & Fund Factor	Subject to Exp. Modifier & Fund Factor
Year 2											No	No	No	No	No	No
Year 3											No	No	No	No	No	No
Loss Reports Monthly (Yes/No)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
By Department & by Location		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
By Type of Injury		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Others on Demand		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
On Line		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Is Terrorism Covered?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other:		Grant money for non-slip shoes														

FULLY INSURED	One Year		Three Year	
	Frost	DETSIF	Frost	DETSIF
Agency Insurance Company	Frost	DETSIF	Frost	DETSIF
Best Rating	Not Rated	Not Rated	Not Rated	Not Rated
Subject to Texas Guaranty Fund	No	No	No	No
Standard Premium				
Deviation				
Schedule Credit				
Experience Modifier				
Premium Discount				
Other Discount				
Net Premium	\$219,000	\$168,210	\$166,800	\$149,097
				\$179,437
				\$714,049
				\$629,082

	<b>Limit</b>	<b>Deductible</b>	<b>RFQ FY08 Premium</b>
Texas Association of Public Schools (TASB)	None	None	\$149,097.00

**JUSTIFICATION:**

Texas Association of Public Schools provided lowest bid, which results in a decrease of \$69,000.00 from current year costs.