

Decision Paper



Workers Compensation Insurance Renewal

September 12, 2017

ISSUE:

Tahoe Donner Association's Workers Compensation insurance policy is set for renewal on October 1, 2017.

BACKGROUND:

The underlying costs (indemnity and medical) of Workers Compensation Insurance continued to grow this last year, while the Workers Compensation Insurance Review Bureau (WCIRB) reports exposure (actual losses) has not increased at the rate it has been over the last several years. Thus, carriers are reporting a general decrease to base rates between 5-9%.

Tahoe Donner's experience modification (ExMOD) rate decreased this year from 1.49 to .89 a result of another large claim year falling from the loss runs, claims closure, and four years of low experiences and claims expenses. Additionally, the total claims reserves per year for the last five years provide a downward trend due to focus on claims management.

Staff has made significant inroads towards improving the long-term outlook of workers compensation premiums through claims management and enhanced focused as is evident by the large discount of \$200,158 (21% reduction in schedule credit) in last year's renewal and reflective again in this year's renewal with over 10% in schedule credits.

Tahoe Donner is currently carried by Safehold Special Risk (NOVA) with coverage expiring September 30, 2017; total premium of \$695,398 plus brokers fee of \$22,000 for a sum total of \$717,398. This year management worked with Safehold for a proposal and Interwest Insurance Services for a market proposal.

Safehold Special Risk Proposal:

Nova continues to hold Tahoe Donner in the preferred tier, due to the continuing diligence in progressive claims handling, documented and implemented risk reduction action plan, all of which ensures consideration for discount including a decrease to the ski class code base rate factor and risk control programming discount.

Safehold proposes coverage with NOVA, owned by Hanover, for a total premium of \$646,509, and broker's fee of \$24,200; a sum total of \$670,709. This is an 8% decrease in premium over prior year premium.



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Interwest Insurance Services Proposal:

Interwest provided the market proposal recommending Starstone, owned by Enstar, as competitive quote. Starstone recognized the tremendous efforts made in at Tahoe Donner towards controlling workers compensation injury frequency and severity.

Interwest proposes coverage with Starstone for a total premium of \$502,876, and broker's fee of \$20,000; a sum total of \$522,868. This is an 25% decrease in premium over prior year premium.

RECOMMENDATION:

Management recommends the Board of Directors consider approving Interwest Insurance Service's proposal for total cost of \$522,868 including taxes, fees and broker's fee for the Workers Compensation Insurance renewal for the policy year, October 1, 2017 through September 30, 2018.

Management recommends the Association proceeds with the 15% deposit and nine installment payment method, and comply with the Interwest Insurance Service's Client Service fee payment terms.

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Board Meeting Date: September 23, 2017

General Manager Approval to Place on the Agenda: _____

