

# Decision Paper



## Workers Compensation Insurance Renewal

September 21, 2016

### **ISSUE:**

Tahoe Donner Association's Workers Compensation insurance policy is set for renewal on October 1, 2016.

### **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 1.68 to 1.49 as a result another large claim year falling from the loss runs, and three years of low experiences and claims expenses. Additionally, the total claims reserves per year for the last four years provide a downward trend due to focus on claims management.

Tahoe Donner is currently carried by Safehold Special Risk (NOVA) with coverage expiring September 30, 2015; total premium of \$763,849 plus brokers fee of \$20,000 for a sum total of \$783,849. 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 the above discount. This results in a decrease to the base rate factor of 15%. Additionally, NOVA also extended an industry credit, which it applied to all its ski clients, of 15% off the downhill ski workers compensation premium rate. 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) provided in this year's proposal.

Safehold proposes coverage with NOVA, owned by Hanover, for a total premium of \$695,398, and broker's fee of \$22,000; a sum total of \$717,398. This is an 9% decrease in premium over last year's total cost of \$763,849.



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## **RECOMMENDATION:**

Management recommends the Board of Directors consider approving Safehold Special Risk's proposal for total cost of \$717,398 including taxes, fees and broker's fee for the Workers Compensation Insurance renewal for the policy year, October 1, 2016 through September 30, 2017.

Management recommends the Association proceeds with the 20% deposit and nine installment payment method, and comply with the Safehold Special Risk fee payment terms of four installments.

Prepared By: Annie Rosenfeld

Board Meeting Date: September 28, 2016

General Manager Approval to Place on the Agenda: \_\_\_\_\_





**A Custom Insurance Program For:**

**Tahoe Donner Association**

**Safehold Special Risk, Inc.**  
**Sports and Recreation**

Date Revised – September 20, 2016

The general description contained herein of proposed insurance coverage does not amend, alter, or replace the terms, conditions, exclusions and other provisions of the policies which would be issued to you, or which may be required by applicable laws, regulations, rating rules or plans. 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.

**Safehold Special Risk, Inc.**

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CA Non-Resident Lic. No. 0K38017



**Safehold**

SPECIAL RISK

A Wells Fargo Company

**Workers Compensation Group Program for Ski Resorts  
Tahoe Donner Association**

**Insurer:** Nova Casualty Insurance Company  
AM Best Rated A, XIV  
Guaranteed Cost Policy

**Policy Period:** October 1, 2016 - October 1, 2017

**Employer Liability Limits:** 1,000,000/1,000,000/1,000,000

	<b>10/1/16-10/1/17</b>	<b>10/1/15-10/1/16</b>
<b>Total Estimated Payroll:</b>	\$8,500,000	\$8,082,082
<b>Experience Mod:</b>	1.49	1.68
<b>*Estimated Premium:</b>	<b>\$695,398</b>	<b>\$763,849</b>
<b>**Safehold/Wells Fargo Special Risk Fee:</b>	\$22,000	\$20,000
<b>Total Cost:</b>	<b>\$717,398</b>	<b>\$783,849</b>
<b>Net cost:</b>	\$8.44	\$9.70

**Premium Payment Terms:** 20% Deposit (Plus Taxes & Assessments)  
and 9 Equal Installments

**Fee Payment Terms:** 4 Quarterly installments of \$5,500

Fee Installments due 10/1/16, 1/1/17,  
4/1/17 and 7/1/17

\* Including Taxes and Assessments

\*\* Signed Client Service Agreement must be received prior to binding

**Presented By:** Bill Curtis  
Safehold Special Risk, Inc.

**Accepted By:**  
Tahoe Donner Association