

Decision Paper



Workers Compensation Insurance Renewal

September 12, 2018

ISSUE:

Tahoe Donner Association's Workers Compensation insurance policy is set for renewal on October 1, 2018.

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. Additionally, California Insurance Board approved an overall 10% decrease to base rates effective June 1, 2018.

Tahoe Donner's experience modification (ExMOD) rate continues to decrease this year from .89 to .82. This reflects the result of another large claim year falling from the loss runs, claims closure, and four years of low experiences and claims expenses. The total claims reserves per year for the last five years provide a downward trend due to focus on claims management as part of the risk management plan for the association.

In summary, state level changes coupled with Tahoe Donner's workers compensation claims management provides a favorable climate for positive renewal this year.

Tahoe Donner is currently carried by Interwest Insurance Services, Inc. (Startstone/Surebright) with coverage expiring September 30, 2018; total premium of \$502,876 plus brokers fee of \$20,000 for a sum total of \$522,868. Expiring policy year estimated payroll is \$9,035,000.

Estimated payroll for the 2018-2019 renewal is \$10,290,000; twelve (12.2%) percent increase over the expiring policy year estimated payroll. Interwest proposes coverage with Starstone for a total premium of \$505,898, and broker's fee of \$20,000; a sum total of \$525,898. This is a less than 1% increase in premium over prior year premium.

This year management worked with Interwest Insurance Services for a market proposal. Safehold Special Risk (NOVA), prior brokerage and Workers Compensation resort package declined to propose a quote for this year.

Interwest provided the market proposal recommending Starstone, owned by Enstar. Applied Underwriters (Berkshire Hathaway) was used as competitive quote. Starstone continues to recognize the tremendous efforts made in at Tahoe Donner towards controlling workers compensation injury frequency and severity.



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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, 2018 through September 30, 2019.

Prepared By: Annie Rosenfeld

Board Meeting Date: September 22, 2018

General Manager Approval to Place on the Agenda: _____

