

THIS IS A DECISION PAPER

TO: Members of the Nelson County Board Of Education

FROM: Tim Hockensmith, Chief Operating Officer

CC: Anthony Orr, Superintendent

DATE: June 17, 2014

RE: Workers Compensation Insurance FY 14-15

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ISSUE: Choice of workers compensation insurance carrier and agent for fiscal 2014-2015 with the option to renew for an additional year.

RECOMMENDATION: I recommend the Nelson Co Board of Education approve USI as the agent for KEMI for workers compensation coverage for fiscal 2014-2015.

RECOMMENDED MOTION: I move that the Nelson County Board of Education approve USI as the agent for KEMI for workers compensation coverage for fiscal 2014-2015.

## Hockensmith, Tim

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**From:** Todd Lanham <Todd.Lanham@usi.biz>  
**Sent:** Thursday, June 12, 2014 10:19 AM  
**To:** Hockensmith, Tim  
**Cc:** Kerry Goetzinger  
**Subject:** 7/1/14 Work Comp Recommendation  
**Attachments:** Proposal.docx; Assessability.pdf

**Importance:** High

Tim,

Further to our conversation yesterday and the attached proposal, we approached all competitive Workers' Compensation markets on your behalf and the two most competitive options for renewal are **Seneca (\$115,561)** and **KEMI (\$118,092)** which are both less than the renewal option from your incumbent carrier, BrickStreet, at \$135,301 and your **expiring premium of \$125,287**.

Although I've personally worked with both companies and have positive experience from each, I've discussed loss control and claims management services from both Seneca and KEMI and feel that KEMI would provide the best value to the Nelson Co school system based on the following factors:

### KEMI:

- Currently service 131 school systems.
- Dedicated loss control representative exclusively for schools. Katie Hill was a former teacher and works directly with schools to direct and demo their resources, work with school safety committees, inspect and offer recommendations for improvement. On-line system with risk management tools also available to assist schools.
- Provide free CPR training (only cost is \$7 per person for the certification card).
- Offer educations sessions for bus drivers and off-site education sessions for all school systems as needed throughout the year.
- Dedicated claims staff of 9 who work exclusively on schools. In-house registered nurse to consult on large/complex claims.
- On-line claims access and annual claims review.
- A- financial rating from AM Best for 14 consecutive years and, although they are assessable by definition of a mutual, KEMI maintains a surplus of \$195M and would only be able to access for a 12 month look back (vs multiple years). Therefore if their financials ever started to turn you could leave them and be away in time to avoid an assessment. *\*See attached document for additional detail.*

### Seneca:

- Currently work with other schools.
- No dedicated loss control representative or exclusive services for schools. Service would be provided by underwriter.
- Claims outsourced to TPA. No dedicated school team.
- A financial rating from AM Best.

Please let me know if you have any questions or I can provide additional information. Thank you for the opportunity to work with Nelson County Board of Education.

**Todd Lanham, CIC, CRM**  
USI Insurance Services LLC

## Premium and Exposures Summary

Coverage	Exposures at Inception	Renewal Exposures	Expiring Premium .84 mod	Proposed Premium .76 mod
Worker's Compensation	\$25,050,000	\$25,676,250	\$125,287	See Below

### Quote Options:

Coverage	Carrier	Premium	Notes
Worker's Compensation	Brickstreet Option 1:	\$135,301	Renewal Quote **\$500,000 Limits** (no deductible)
	Option 2:	\$111,333	\$5,000 deductible
	Option 3:	\$93,284	\$10,000 deductible
	Seneca	\$115,561	Quote received **\$1,000,000 Limits** (no deductible options available)
	KEMI	\$118,092	Quote received **\$500,000 Limits** (no deductible options available)

### Binding Requirements:

- Signed "Client Authorization To Bind"
- If you choose Seneca option**, please note that the following must be received prior to the 7/1/14 effective date:
  - Deposit premium including \$5 installment charge, payable to Seneca Ins. Co.
  - Workers' compensation application **signature required (does not require superintendent; Tim Hockensmith signature will suffice)**
- If you choose KEMI option**, please note that coverage cannot be "bound" and policy will be issued upon receipt of the following information prior to the 7/1/14 effective date:
  - Deposit premium, payable to KEMI
  - Workers' compensation application **signed by the Superintendent**
  - Separate listing showing all locations plus the number of employees at each of those locations, including note of which locations are within 500 feet of each other

### Payment Terms:

- Brickstreet installment option 15% down + 10 monthly installments
- Seneca installment options are as follows (\$5 installment charge, per installment each plan):
  - Semi-Annual: 50% down with balance due at day 158
  - 40/30/30: 40% down with 2 installments due at days 121 and 231
  - Four-Pay: 25% down with 3 installments due quarterly
  - Nine-Pay: 20% down with 8 installments due monthly
- KEMI installment option 25% down + 9 monthly installments (deposit must be paid prior to effective date of coverage)





## MARKETING RESULTS (2014)

COVERAGE	INSURER	COMMENTS
<b>Workers' Compensation</b>	Brickstreet	See Quote Options in Proposal
	Seneca	See Quote in Proposal
	KEMI	See Quote in Proposal
	Eastern Alliance	Premium indication: \$150,000
	Summit/Bridgefield	Declination: uncompetitive pricing
	KESA	Declination due to class of business
	PMA	Declination: can't quote guaranteed cost & premium not large enough for PMA deductible option
	Midwestern	Declination due to class of business
	Employers' Mutual	Declination due to class of business

