



FLOYD COUNTY BOARD OF EDUCATION
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Dr. Chandra Varia, Vice-Chair - District 2
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William Newsome, Jr., Member - District 3
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Addendum Agenda Item

DATE: May 18, 2017

CONSENT AGENDA ITEM: Consider/Approve the following for FY 2018: Workers Compensation Re-insurance with aggregate excess through New York Marine Insurance Company; Occupational Accident Buffer Insurance with Great American Insurance, Third Party Administrator Claims Administration with Alternative Service Concepts, and Annual Loss Control Program with Brooks Consulting Group.

APPLICABLE STATUTE(S), REGULATION(S), BOARD

POLICY/PROCEDURE(S): KRS Chapter 342, BOE Policy 1.11

FISCAL/BUDGETARY IMPACT: Fixed Cost are as follows; Excess Insurance \$105,558; Occupational Accident and Death Policy \$25,629.49; Claims Administration \$21,070, loss control \$15,600, and KY State Taxes \$24,768.44.

HISTORY/BACKGROUND: The Board elected to be self-insured beginning with the 2003 fiscal year. The FY 2018 fixed cost (excluding payouts) to the district for workers-comp is estimated to be \$192,625.93 down from \$193,582 in FY 2017 and \$196,212 in 2016.

STAFF RECOMMENDATION & RATIONALE: Approve as presented

CONTACT PERSON: *Matt Wireman*, Director of Finance

DIRECTOR

SUPERINTENDENT

The Floyd County Board of Education does not discriminate on the basis of race, color, national origin, age, religion, marital status, sex, or disability in employment, educational programs, or activities as set forth in Title IX & VI, and in Section 504.

**Floyd County Board of Education
2017-18 Self Insured Worker's Compensation Program
Breakdown of Fixed Costs**

<u>Reinsurance Premiums:</u>	<u>16-17 Costs</u>	<u>17-18 Costs</u>
Carrier:		
New York Marine "A", IX	\$105,529.00	\$105,558.00
Self Insured Retention (each accident): \$500,000		
Aggregate Excess Retention: <u>\$2,882,202 - (17-18) *</u>		
Aggregate Excess Retention: <u>\$2,898,731 - (16-17)*</u>		
Great American Insurance Occupational Accident & Death Policy	\$23,366.20	\$25,629.49
<i>(Note: there are other options provided by Gray Insurance on following page)</i>		
Claims Administration Services:	\$20,830.00	\$21,070.00
TPA – Alternative Service Concepts, Inc.		
Loss Control/Risk Management Services:	\$15,600.00	\$15,600.00
RGC – Brooks Consulting Group		
KY State Taxes (6.29%):	\$28,257.00	\$24,768.44.
2017-18 Taxes are based on a "simulated premium" of \$393,775 calculated by State of KY and are subject to change. These taxes are divided into quarterly payments.		
TOTAL FIXED COSTS:	<u>\$193,582.20</u>	<u>\$192,625.93</u>

*** - AGGREGATE EXCESS RETENTION:** The Aggregate Retention Limit has decreased slightly for 2017-18 is \$2,882,202. If Floyd BOE were to reach this level of losses for the policy term 7/1/17-18, the Insurance Carrier is agreeing that they will pay the next \$1,000,000 in losses and Floyd BOE will not have to pay any additional retentions/losses.

The Self Insured Retention (SIR) effective 7/1/17 will remain the same at \$500,000 per claim. We have also included the renewal offer from Great American Insurance (Rated A+) which, if continued, will provide additional coverage. This is not an excess work comp policy. It is an Occupational Accident and Death Policy. This policy will provide coverage of \$250,000 excess the first \$250,000 of all claims being paid by Floyd County Schools.

As an FYI, of March, 2017, the largest claims/loss total for Floyd BOE is \$2,142,984 in 2007-2008.

Total claims, by year, undeveloped, are as follows:

2005-06 - \$595,607; 2006-07 - \$230,645; 2007-08 - \$2,142,984; 2008-09 - \$178,059

2009-10 - \$266,023; 2010-11 - \$522,397; 2011-12 - \$611,380; 2012-13 - \$382,376;

2013-14 - \$403,853; 2014-15 - \$239,066; 2015-16 - \$772,380 and, though incomplete, the current policy term 2016-17 currently stands at \$194,726.

ADDITIONAL CARRIERS WHO WERE SOLICITED FOR PROPOSALS:

Excess Carriers solicited for proposals of insurance were:

Safety National Insurance – Safety National stated they could not offer a premium that is competitive with the current Carrier, NY Marine.

Arch Insurance – Declined to quote because they could not compete with NY Marine and would have to offer an SIR higher than \$500,000.

Midwest Employers Insurance – Declined to offer a quote stating SIR and premium would be higher than current NY Marine policy.

State National Insurance Company – Declined to quote. They stated they could not be competitive due to loss experience.

We also solicited additional proposals from Carriers able to offer a “buffer layer” of coverage that would be equal, or better, than the current coverage provided through Great American Insurance who provides a layer of coverage as follows:

For each claim, the School District provides the first \$250,000 of coverage followed by the Great American Buffer layer who provides the next \$250,000 of coverage. NY Marine then provides statutory limits coverage for all claims in excess of \$500,000.

We received a proposal from Gray Insurance Company with three options of excess work comp coverage. The option of \$250,000 (which matches the level of coverage offered by the Great American policy) has an annual premium of \$72,400. Options 2 and 3 have lower premiums but offer increased risk sharing by the School District up to levels of \$300,000 and \$350,000 per claim with premiums of \$47,300 and \$27,400, respectively. Though this coverage is true excess work comp, the premiums are higher than what the District is currently paying.

2017 - 2018 FLOYD COUNTY BOARD OF EDUCATION
LOSS CONTROL SERVICE PLAN
&
MEETING/TRAINING SCHEDULE:

- | | |
|-------------|--|
| July 2017 | Update 10 Year Workers' Compensation Loss Analysis |
| July 2017 | Superintendent/Risk Manager Meeting to Discuss Action Plan for 2017-2018 Meetings and Training |
| July 2017 | Distribute safetyinschools.com online Safety Training <ul style="list-style-type: none">▪ Administrators▪ Custodial▪ Maintenance▪ School Nutrition▪ Transportation▪ Teachers |
| August 2017 | Provide Food Service Safety In-Service <ul style="list-style-type: none">▪ Safety Culture▪ Slip/Fall Prevention▪ Manual Material Handling▪ Cut Prevention▪ Burn Prevention▪ Back Injury Prevention▪ Electrical Safety▪ Emergency Evacuation Procedures▪ Fire Safety▪ Chemical Safety |
| August 2017 | Provide Custodial Safety In-Service <ul style="list-style-type: none">▪ Stripping & Waxing Floors Safely▪ Ladder Safety▪ Manual Material Handling Safety▪ Heat Stress Prevention▪ Back Injury Prevention▪ Personal Protective Equipment |
| August 2017 | Provide Maintenance Safety In-Service <ul style="list-style-type: none">▪ Safety Culture in Schools▪ Personal Protective Equipment▪ Lockout/Tagout▪ Ladder Safety▪ Defensive Driving▪ Aerial Lift Device Safety▪ Powered Industrial Truck |
| August 2017 | Provide Transportation Safety In-Service <ul style="list-style-type: none">▪ Preventing Slips/Falls▪ Review of Bus Incidents in Schools▪ Preventing Rear Ends, Intersectional, Sideswipe, and Head On Incidents▪ Defensive Driving▪ Dealing with Behavior Issues on the Bus▪ Proper Pre Trip Inspection and Why it is Important |

- | | |
|--------------|---|
| October 2017 | Provide review of updated loss information |
| October 2017 | <p>Attend & Participate in Principals Meeting</p> <ul style="list-style-type: none"> ▪ Discuss Employee Training ▪ Discuss District Wide Safety Team ▪ Historical Workers' Compensation & Property Casualty Experience ▪ How Departments Can Work Together to Improve Risk Management & Safety ▪ Refresher on Workers' Compensation Claim Reporting and Handling ▪ Review of Return to Work/Alternative Duty Practice in Floyd County Schools |
| January 2018 | <p>Attend & Participate in Safety Team Meeting</p> <ul style="list-style-type: none"> ▪ Review Claims ▪ Review Safety Suggestions ▪ Discuss Needed Safety Measures ▪ Discuss Training |
| April 2018 | <p>Attend & Participate in Safety Team Meeting</p> <ul style="list-style-type: none"> ▪ Review Claims ▪ Review Safety Suggestions ▪ Discuss Needed Safety Measures ▪ Discuss Training |
| June 2018 | <p>Update Written Safety Program and Employee Safety Handbook for Floyd County Schools</p> <ul style="list-style-type: none"> ▪ Bloodborne Pathogens ▪ Compressed Gas ▪ Confined Space ▪ Electrical Safety ▪ Emergency Eyewash ▪ Fall Protection ▪ Fire Safety ▪ Hand Tool Safety ▪ Hazard Communication ▪ Hearing Conservation ▪ Ladder Safety ▪ Lockout Tagout ▪ Machine Guarding ▪ Personal Protective Equipment |



BRENTWOOD REINSURANCE INTERMEDIARIES, INC.

**APPLICATION FOR EXCESS WORKERS
COMPENSATION**

APPLICANT'S NAME: Floyd County Board of Education

(Exact name to appear on contract)

Address: 106 North Front Street, Prestonburg, KY 41653

FEIN# 61-6001347 **Quote need by date:** _____

States in which the applicant has qualified for self insurance: Kentucky

How long has applicant been self insured: Since 7/1/2002

Description of Operations: Public School System K-12

Describe any changes in operations that have occurred or are planned: _____

PRESENT PROGRAM:

Carrier: New York Marine and General Ins. Co. **Expiration:** 7/1/2017

Specific Limits: Statutory **Retention:** \$500,000 **Employers' Liability Limit:** \$1,000,000

Aggregate Limit: \$1,000,000 **Aggregate Retention:** 944% of Manual Prem. Min \$2,898,731

Endorsements: Voluntary Compensation, Foreign Special Coverage including Repatriation and Board
Form all States for Employee Travel, Premium Endorsement

DESIRED PROGRAM:

Specific Limits: _____ **Retention:** _____ **Employers' Liability Limit:** _____

Aggregate Limit: _____ **Aggregate Retention:** _____

Options: _____

Endorsements: _____

INSURED'S CLAIM MANAGEMENT:

Name of Insured Claims Contact: Matt Wireman, CFO

Address: 106 North Front Street, Prestonsburg, KY 41653 **Telephone:** 606-886-2354

CLAIMS ADMINISTRATION:

Name of Claims Provider: Alternative Service Concepts

Name of Claims Manager: Kristi Vaughn

Address: PO Box 221558, Louisville, KY 40252-1558 **Telephone:** 800-289-1060

Services Provided: Claims Administration

How long has Company held contract: Since 7/1/2002

APPLICANT'S NAME: Floyd County Board of Education

RATING INFORMATION:

State	Code No.	Classification	No. of Employees	Estimated Gross Annual Payroll
KY	7380	Bus Drivers	100	1,780,000
KY	8868	Professional	482	31,450,000
KY	9101	All Other	451	3,804,000
TOTAL			1,033	37,034,000

Current Experience Modification Factor: _____ Effective Date _____

APPLICANT'S NAME: Floyd County Board of Education

Completion of this application creates no obligation upon the applicant to accept insurance or upon the company to offer such insurance; however, in the event that such is accepted by the applicant or that it is issued by the company, this application will form the basis for that acceptance and issuance.

Florida *Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.*

Louisiana *Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.*

Maryland *Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.*

New Jersey *Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.*

New York *Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.*

Washington *It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.*

Other States *Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing false or deceptive statement is guilty of insurance fraud.*

Applicant: Floyd Co. Board of Education

Name: _____

Address: 106 North Front Street, Prestonsburg, KY

Title: _____

Date: _____

Signature: _____



POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION
ACT COVERAGE

Insured's Name**Policy Number**

Definitions

The definitions provided in this disclosure are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this disclosure are defined in the Act, the definitions in the Act will apply.

1. "Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments thereto, including any amendments resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2015.
2. "Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States as meeting all of the following requirements:
 - a. The act is an act of terrorism.
 - b. The act is violent or dangerous to human life, property or infrastructure.
 - c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
 - d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Insured Loss" means any loss resulting from an act of terrorism (and, except for Pennsylvania, including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.
4. "Insurer Deductible" means, for the period beginning on January 1, 2015, and ending on December 31, 2020, an amount equal to 20% of our direct earned premiums, during the immediately preceding calendar year.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a calendar year and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000; and for aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

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Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed:
 - a. \$100,000,000, with respect to such Insured Losses occurring in calendar year 2015, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
 - b. \$120,000,000, with respect to such Insured Losses occurring in calendar year 2016, the United States Government would pay 84% of our Insured Losses that exceed our Insurer Deductible.
 - c. \$140,000,000, with respect to such Insured Losses occurring in calendar year 2017, the United States Government would pay 83% of our Insured Losses that exceed our Insurer Deductible.
 - d. \$160,000,000, with respect to such Insured Losses occurring in calendar year 2018, the United States Government would pay 82% of our Insured Losses that exceed our Insurer Deductible.
 - e. \$180,000,000, with respect to such Insured Losses occurring in calendar year 2019, the United States Government would pay 81% of our Insured Losses that exceed our Insurer Deductible.
 - f. \$200,000,000, with respect to such Insured Losses occurring in calendar year 2020, the United States Government would pay 80% of our Insured Losses that exceed our Insurer Deductible.
2. Notwithstanding Item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed \$100,000,000,000.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$3,825 and does not include any charges for the portion of losses covered by the United States government under the Act.

The portion of the Insured's annual premium that is attributable to coverage for certified "acts of terrorism" may be adjustable at audit and is calculated based on a percentage of the Insured's total audited payroll.

I ACKNOWLEDGE THAT WE HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2015, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER THIS POLICY COVERAGE MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT, MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE THIS COVERAGE AND WE HAVE BEEN NOTIFIED OF THE PORTION OF THE PREMIUM ATTRIBUTABLE TO THIS COVERAGE.

Policyholder's Signature

Date

ALTERNATIVE SERVICE CONCEPTS, LLC
Floyd County Schools
July 1, 2017 to June 30, 2018
Life of Partnership Handling

New Claims

Service	Number Of Claimants	Per-Claimant Fee	Total Fee
Workers' Compensation Claims			
Indemnity	12	\$710	\$8,520
Medical Only	30	\$165	\$4,950
Incident Only	TBD	\$40	---
Catastrophic Claims **	TBD		---
Total Claims Fee			\$13,470
Systems and Data Processing			\$ 2,500
On-Line Access (One User)			No Charge
Additional Users			\$25/User/Month
MMSEA – Annual Transmission Fees (includes query & submissions)			\$ 2,100
Account Administration Fee			\$ 3,000
Total Fee			\$21,070

Claims will be handled for ***Life of Partnership*** with no additional per-claim fees. Fees are based on claims volume provided. At the conclusion of the contract, any claims that exceed the claim count stated above will be invoiced at the quoted per-claim rate.

"ASC's" minimum contract claims fee is \$13,470. All claims handled by "ASC" will be credited towards the minimum fee by multiplying the actual number of claims by the fee per claimant. If the fee for the actual number of claims is more than \$13,470, "ASC" will invoice the "Client" for the difference between the actual fee and \$13,470.

The account administration fee includes:

- Account Setup

ASC

Alternative Service Concepts, LLC

- New Claim Setup
- Client Meetings
- Excess Reporting
- State Reporting
- Claim File Storage

***** Any event resulting in 10 or more claimants/suffixes will be treated as a catastrophe and billed the quoted per claim rate for the first 10 claimants/suffixes and any claim/suffix over 10 will be billed at a per claim rate of \$350 per claim.***

Medical Cost Management

Medical Bill Review.....\$9.00 per bill
PPO Usage.....30% of Savings

Additional Services and Fees

Client Claims Data Transmission/Release.....\$2500 Per Release
Carrier Data Transmission\$400 Per Release
Reports Produced by Client.....No Charge
Reports Produced by ASC.....\$50 Per Copy
Systems TrainingT&E (\$85 Per Hour)
Customized ProgrammingT&E (\$180/Hour)
Customized Reports..... T&E (\$85 Per Hour)

Subrogation Pursuit and Recovery

15% of Recovery

Banking

Should the "Client" wish for "ASC" to manage the claims payment account, a setup fee and annual support fee will apply.

Allocated Expenses

Allocated expenses will be charged to the claim file and include fees for:

- Legal services
- State-mandated EDI
- Court reporters
- Professional photographs
- Official documents and transcripts
- Experts' / rehabilitation services
- Architects, contractors, engineers, chemists
- Police, fire, coroner, weather reports

ASC

Alternative Service Concepts, LLC

- Accident reconstruction
- Property damage appraisals
- Subrogation collection cost payable to third party
- Extraordinary travel at client's request
- Medical records
- IMEs, MRIs, etc.
- Managed care
- Medical bill review
- Index Bureau reporting
- Outside investigation
- Surveillance
- Any other expense requiring "Client" approval

Claims Handling at Contract Conclusion

At the conclusion of the contract, the following options are available for continued handling of open claims:

- Annual per-claimant fee at "ASC's" prevailing rates
- Claims returned to "Client"

Workers' Compensation Claims Definitions

Medical Only Claims - Work-related claims that require medical treatment only and do not exceed \$2,500 in total payments.

Indemnity Claims - Work-related claims that involve disability benefits or medical claims that require payment of medical and other expenses in excess of \$2,500 or require the pursuit of subrogation.

ALTERNATIVE SERVICE CONCEPTS, LLC

WITNESS: _____

BY: _____

TITLE: COO

DATE: _____

FLOYD COUNTY BOARD OF EDUCATION

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____