



CITY OF COLUMBIA
AGENDA MEMORANDUM

MEETING DATE: August 2, 2016

DEPARTMENT: Risk Management

FROM: *Joseph Timmons, Risk Manager*

SUBJECT: Council is asked to approve the Renewal of Workers' Compensation Excess Loss Insurance Coverage effective July 1, 2016 through June 30, 2017, as requested by the Risk Management Division. Award to NY Marine & General Insurance Company in the amount of \$162,813.00. This vendor is located in New York, NY.

FINANCIAL IMPACT: Funding Source: Workers' Comp Administration, 6098939/636200 Insurance and Bonding

ATTACHMENTS:

- workers compensation_excessloss (PDF)



CITY OF COLUMBIA

Risk Management Division

1924 Calhoun Street | Columbia, South Carolina 29201
Phone: 803-545-4263 Fax: 803-545-3988

INTEROFFICE MEMORANDUM

TO: ERICA MOORE, CITY CLERK
FROM: CHIP TIMMONS, RISK MANAGER
SUBJECT: WORKERS COMPENSATION EXCESS LOSS INSURANCE COVERAGE
DATE: 6/15/2016
CC: MAYOR AND CITY COUNCIL
TERESA WILSON, CITY MANAGER
DANA THYE, ASST. CITY ATTORNEY
TOSCA WALLS, COMPANION TPA

Please place the attached quote for Workers' Compensation Excess Loss Insurance Coverage on the June 21, 2016 agenda for City Council's consideration. This quote is for the placement of an insurance policy with NY Marine & General Insurance Company providing statutory coverage in excess of \$1,250,000. The policy renews July 1, 2016 and runs until June 30, 2017.

Workers' Compensation Excess Loss coverage is statutorily required of all self-insured Workers Compensation carriers. The premium cost, outlined in the attached document is \$162,813 for \$1,250,000 in retention. This means that the City is responsible for the first \$1,250,000 in any single claim. Once a claim reaches \$1,250,000, the insurance policy takes over and any further costs are borne by the insurer.

NY Marine & General Insurance Company is the incumbent carrier. I recommend purchasing coverage through NY Marine for the amount quoted at the \$1,250,000 retention level.

The funding source for this request is *Workers' Comp. Administration 6098939/636200 Insurance and Bonding*. Please let me know if you have any questions regarding this request.

Date: 06/8/2016

To: Steve Robertson
 Atlantic Intermediaries, LLC
 Burlington, NC

From: Don Altese - DAltese@midman.com

Account: City of Columbia
 1737 Main Street
 Columbia, SC 29201

Quoting on behalf of:
 NEW YORK MARINE & GENERAL INSURANCE COMPANY
 Specific Excess & Aggregate Excess Workers' Compensation and Employers' Liability Quote
 A.M. Best Rated: "A" (Excellent), IX

We are pleased to provide the following quotation terms as follows:

<i>Quote Option MMC105447</i>	
Policy Term	July 1, 2016 / July 1, 2017
Estimated Manual Premium	\$3,999,416
Estimated Total Payroll	\$98,191,348
Covered State(s)	SC
Specific Retention	\$1,250,000
Specific Limit	Statutory
Employers Liability Limit	\$1,000,000
Aggregate Attachment Rate	NIL
Minimum Aggregate Attachment	NIL
Aggregate Limit	NIL
Maximum Loss Accruing Aggregate	NIL
Excess Rate (per \$100 of payroll)	0.1648
Estimated Premium Excluding Terrorism	\$161,819
Terrorism Charge	\$993
Total Minimum Premium (90% of Deposit Premium)	\$146,531
Total Deposit Premium	\$162,813

Commission: 7.50%, included in above premium.

Quote Expiration: July 1, 2016

TPA: Companion TPA

Payment Plan: Premium is due in full at inception of policy period.

The above quote is subject to:

1. Final Premium will be at least and not less than the minimum premium stated above.
2. Require full implementation of safety/loss control program and retention of TPA, approved by New York Marine and General Insurance Company, throughout the policy period.
3. Receipt of completed and signed excess application within 30 days of binding. App currently on file is not signed.
4. The Terrorism Charge is calculated separately and not included in the total rate above. It is subject to adjustment at audit.
5. Applicable state endorsements plus other coverage additions/exclusions may apply. All other endorsements desired must be requested prior to binding and are subject to approval.
6. Please sign and return the attached Terrorism Disclosure. Same must be received within thirty (30) days of binding.
7. New York Marine and General Insurance Company has the right, but not the obligation, to audit the TPA listed above.
8. Please provide the most recent copy of the audited financials.

Risk Control Services: See attached document listing services available

Please do not hesitate to contact me with any questions, Thank you.

Regards,

Don Altese

New York Marine and General Insurance Company

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT COVERAGE

City of Columbia _____

Insured's Name

Policy Number

Coverage for acts of terrorism is included in your policy. This disclosure addresses the requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015.

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.

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 \$993 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