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OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools,
Thriving Students

Memo

To Board of Education

From Tony Smith, Ph.D., Superintendent
Vernon Hal, Deputy Superintendent Business Services and Operations ✓
Jerry Johnson, Risk Management Officer

Board Meeting Date June 26, 2013

Subject Approval by the Oakland Unified School District Board of Education for Excess Workers Compensation Insurance Premiums for the 2013-14 Fiscal Year

Action Requested Approval by the Board of Education of insurance premium payments in the amount of \$699,500, for the coverages outlined below, for the policy period of July 1, 2013 through June 30, 2014.

Background The District is permissibly self-insured for purposes of California Workers Compensation coverage. The ultimate risk of such self-insurance is mitigated by the purchase of excess Workers Compensation coverage above a self-insured retention ("SIR") of \$500,000 per claim. That coverage is procured from independent carriers through the District's broker of record, Alliant Insurance Services.

Discussion The cost of coverage through these policies is proposed to increase by approximately 1.0% over the current Fiscal Year. This modest increase results from three opposing factors: (1) the withdrawal of the District's prior year buffer layer carrier (Maiden Reinsurance) from this market, and (2) a general hardening of the California workers compensation insurance market (both of which have driven rates higher), offset by (3) an increase in the program SIR.

Recommendation Approval by the Board of Education of insurance premium payments in the amount of \$699,500 to Alliant Insurance, as its broker of record for the coverages outlined below, for the policy period of July 1, 2013 through June 30, 2014.

Fiscal Impact Fund 67 Resource Code 0000, not to exceed \$699,500.

**OAKLAND UNIFIED SCHOOL DISTRICT
WORKERS' COMPENSATION COVERAGE
2013-2014 INSURANCE PROPOSAL**

INSURANCE COMPANY	PROPOSED New York Marine/ Star Insurance
A.M. BEST GUIDE RATING:*	A (Superior): Financial Size Category IX (\$250 Million to \$500 Million)/ A- (Superior): Financial Size Category IX (\$250 Million to \$500 Million)
STANDARD & POOR'S RATING:*	N/A/N/A
CALIFORNIA STATUS:	Admitted
COVERAGE TERM:	July 1, 2013 – July 1, 2014
LIMITS:	
Workers' Compensation	\$ Statutory
Employer's Liability	\$ 1,000,000
ESTIMATED ANNUAL PAYROLL:	\$225,000,000
SELF INSURED RETENTION:	\$500,000
ESTIMATED ANNUAL PREMIUM:	\$699,500
RATE PER \$100 OF PAYROLL:	0.3105
LOSS CONTROL (included in premium):	\$800
MINIMUM EARNED PREMIUM:	\$637,818.68
ENDORSEMENTS & EXCLUSIONS <i>(Including but not limited to):</i>	Star Insurance <ul style="list-style-type: none"> • Terrorism Premium Endt • Catastrophe Premium Endt • Escalation Exclusion • California Changes • Communicable Disease Endorsement • Voluntary Compensation
TERRORISM OPTION:	\$7,200 not included in the primary premium.
PAYROLL AUDITABLE:	Yes
QUOTE VALID UNTIL:	July 1, 2013
BINDING CONDITIONS:	<ol style="list-style-type: none"> 1. Final Premium will be at least and not less than the minimum premium stated above. 2. Require retention of TPA, approved by New York Marine and General Insurance Company, throughout the policy period. 3. 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. 4. Please sign and return the attached Terrorism Disclosure. Same must be received within thirty (30) days of binding. 5. New York Marine and General Insurance Company has the right, but not the obligation, to audit TPA listed above. 6. Require our employee concentration form (attached) to be completed in its entirety prior to binding.

**OAKLAND UNIFIED SCHOOL DISTRICT
WORKERS' COMPENSATION COVERAGE
2013-2014 INSURANCE PROPOSAL**

DATE PREPARED: June 14, 2013

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
Lilian Vanvieldt, Senior Vice President
Maria Gregoris, CSRM, Account Executive
Debra Hardwick, CSRM Account Manager

THIS PROPOSAL IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.


Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com. To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov.



David Kakishiba
President, Board of Education

6/27/13



Edgar Rakestraw, Jr., Secretary
Board of Education

6/29/13

Approved
[Signature]
General Counsel