

Board Office Use: Legislative File Info.	
File ID Number	12-1776
Introduction Date	6-27-12
Enactment Number	12-1853
Enactment Date	6/27/12



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 *NEA*
Jerry Johnson, Risk Management Officer

Board Meeting Date June 28, 2012

Subject Approval by the Oakland Unified School District Board of Education for Insurance Premium Payments in the 2012-13 Fiscal Year

Action Requested Approval by the Board of Education of insurance premium payments and Joint Powers Authority ("JPA") membership contributions in the amount of \$2,170,231 for the coverages attached hereto, for the policy period of July 1, 2012 through June 30, 2013.

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 \$350,000 per claim. That coverage is procured from independent carriers through the District's current broker of record, Keenan & Associates.

The District is also self-insured for purposes of property, liability, and commercial automobile coverage, though with a more modest SIR of \$250,000. To mitigate the ultimate risk of loss above those levels, the District currently maintains membership in Northern California ReLiEF, a Joint Powers Authority comprised primarily of school districts in the greater Bay Area, and some surrounding regions. This JPA is also administered by Keenan & Associates.

Discussion The cost of coverage through these policies is proposed to increase by approximately 3.4% over the current Fiscal Year. This relatively modest increase is driven not by higher rates (although there is a slight rate increase sustained in two of the three layers of excess Workers Compensation coverage), but, primarily by increases in exposure. Primary among these are increased valuations of the District's real property holdings, along with discreet increases in gross payroll and Average Daily Attendance (ADA) numbers.

Recommendation Approval by the Board of Education of insurance premium payments and JPA membership contributions in the amount of \$2,170,231 to Northern California ReLiEF and Keenan & Associates, as its broker of record for all of the coverages attached hereto, for the policy period of July 1, 2012 through June 30, 2012.

Fiscal Impact Fund 67 Resource Code 0000, not to exceed \$2,170,231.

RENEWAL PROPOSAL

OAKLAND UNIFIED SCHOOL DISTRICT

Excess Workers' Compensation Proposal 2012 to 2013

June 13, 2012

File ID Number: 12-1776
Introduction Date: 6/27/12
Enactment Number: 12-1803
Enactment Date: 6/27/12
By: e

Presented By:

Keenan

Certified:

Edgar Rakestraw, Jr. 6/28/12
Edgar Rakestraw, Jr., Secretary
Board of Education

Ron Martin

Vice President

1111 Broadway, Suite 2000

Oakland, CA 94607

Phone: (510) 986-6750 x 8150

Fax: (510) 986-6756

E-mail: rmartin@keenana.com

EXPIRING PROGRAM

DETAILS	Expiring 2011-12		
	<i>Expiring 2011-12</i>	<i>Expiring 2011-12</i>	<i>Expiring 2011-12</i>
Estimated Annual Payroll	\$230,000,000	\$230,000,000	\$230,000,000
Carrier	Star Insurance Company Two (2) Year Rate Guarantee 1 st Year	Maiden Reinsurance Company	Maiden Reinsurance Company
A.M. Best Rated	A- IX Admitted Carrier	A- XI Admitted Carrier	A- XI Admitted Carrier
SIR	\$1,000,000	\$500,000	\$350,000
Workers' Comp Limit	STAT	\$500,000	\$150,000
Employer's Liability Limits	\$2,000,000 Occurrence/ \$2,000,000 Aggregate	Following Form Specific Ex. WC	Following Form Specific Ex. WC
Rate / \$100 Payroll	\$0.1189	\$0.1036	\$0.0676
Terrorism Risk Insurance Act Fee	INCL.	INCL.	INCL.
Estimated Annual Premium	\$273,470	\$238,280	\$155,480
Deposit Premium	\$273,470	\$238,280	\$155,480
Minimum Premium	\$273,470	\$238,280	\$155,480
Keenan & Associates Compensation	15%	5%	5%

RENEWING OPTIONS

DETAILS	Renewing 2012-13	Renewing 2012-13	Renewing 2012-13
	Estimated Annual Payroll	\$234,300,000	\$234,300,000
Carrier	Star Insurance Company Two (2) Year Rate Guarantee 2 nd Year	Maiden Reinsurance Company	Maiden Reinsurance Company
A.M. Best Rated	A- IX Admitted Carrier	A- XI Admitted Carrier	A- XI Admitted Carrier
SIR	\$1,000,000	\$500,000	\$350,000
Workers' Comp Limit	STAT	\$500,000	\$150,000
Employer's Liability Limits	\$2,000,000 Occurrence/ \$2,000,000 Aggregate	Following Form Specific Ex. WC	Following Form Specific Ex. WC
Rate / \$100 Payroll	\$0.1189	\$0.1088	\$0.0696
Terrorism Risk Insurance Act Fee	INCL.	INCL.	INCL.
Estimated Annual Premium	\$278,583	\$255,000	\$163,000
Deposit Premium	\$278,583	\$255,000	\$163,000
Minimum Premium	\$278,583	\$255,000	\$163,000
Keenan & Associates Compensation	15%	5%	5%

MARKETING SUMMARY

Castle Point National Insurance Company: Decline – Not Competitive

Hannover Reinsurance Company: Decline – Not Competitive

Everest Reinsurance Company: Decline – Not Competitive

Swiss Reinsurance Company: Decline – Not Competitive

TERMS AND CONDITIONS

STAR INSURANCE COMPANY TERMS AND CONDITIONS:

- 1) Terrorism charges are included in the rates
- 2) Deposit premium is due within 30 days of inception
- 3) Foreign Terrorism Premium Endt.
- 4) Catastrophe Premium Endt.
- 5) California Changes – Cancellation
- 6) Escalation Exclusion
- 7) Late Reporting Penalty
- 8) Voluntary Compensation
- 9) LTD All States

MAIDEN REINSURANCE COMPANY TERMS AND CONDITIONS:

- 1) Follow Form Specific Excess Workers' Compensation
- 2) Any Known or Unknown Defense Base Act Coverage is Excluded
- 3) Coverage A: Occurrence only, one person equals one occurrence as respects Occupational Disease and Cumulative Trauma
- 4) Industrial Aid Aircraft is Excluded
- 5) Coverage B: Employer's Liability Following Form
- 6) Adjustable based on Payroll, Estimated at \$234,300,000
- 7) ALAE Pro-Rata in Addition to Retained Limit and Reinsurance Limit

ACCEPTANCE AND DISCLOSURE

OAKLAND UNIFIED SCHOOL DISTRICT PROPOSAL ACCEPTANCE PAGE

This proposal provides a summary of coverages. In the event of a conflict, the actual terms, conditions, limitations and exclusions of the policy shall prevail.

DISCLOSURE STATEMENT:

Keenan & Associates is compensated for the various services we provide. For our efforts we are compensated by commissions paid by insurers. It is estimated that the total compensation to be received by Keenan for the 2012/2013 policy year from Star Insurance Company will not exceed 15% of the total premium and Maiden Reinsurance Company will not exceed 5% of the total premium.

For additional information concerning Keenan compensation, refer to www.keenan.com/disclosure.asp.

BIND COVERAGE EFFECTIVE 07/01/2012 WITH:

I have reviewed and accept the attached Excess Workers Compensation Proposal. Please accept this as our District's authorization to bind coverage effective July 1, 2012 per the terms and conditions detailed in this proposal.

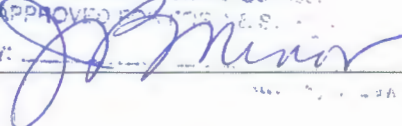
Carrier: _____

Limit: _____ SIR: _____ Rate: _____

Annual Premium: _____

Signature: _____ Date: _____

OAKLAND UNIFIED SCHOOL DISTRICT
Office of General Counsel

APPROVED BY: 
by: _____

OUSD or the District verifies that the Contractor does not appear on the Excluded Parties List at www.epls.gov/epls/search.do



Oakland Unified School District

Option : 3.00 MRL 250,000 / 250,000-FINAL

PROFORMA

July 1, 2012 to July 1, 2013

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

ReLiEF COVERAGES	MEMBER RETAINED LIMIT/ DEDUCTIBLE	CONTRIBUTION/ PREMIUM
LIABILITY \$5,000,000 Limit Of Liability	\$ 250,000	\$ 463,858
PROPERTY \$250,000,000 Total Insured Values (TIV)	\$ 250,000	\$ 782,573
ELECTRONIC DATA PROCESSING EQUIPMENT \$22,129,692 Total Insured Values (TIV)	\$ 250	\$ 57,758
CRIME \$5,000,000 Employee Dishonesty/Faithful Performance	\$ 500	\$ 8,779
EQUIPMENT BREAKDOWN \$100,000,000 Total Insured Values (TIV)	\$ 1,000	\$ 55,100
SUBTOTAL PROGRAM COSTS		\$ 1,368,068
EXCESS LIABILITY \$20,000,000 Excess Limit of Liability	\$ 5,000,000	\$ 105,580
TOTAL PROGRAM COSTS		\$ 1,473,648

LIABILITY

2010/2011 LOTTERY ADA	43,809
EX MOD. - RETAINED	83
EX MOD. - REINSURANCE	100

PROPERTY

TIV:	\$1,648,715,277
EX MOD. - RETAINED	100
EX MOD. - REINSURANCE	100

Service Team:
 Ron Martin, Vice President
 Tara Cooper-Salaiz, Account Manager



Run Date : 06/18/2012 05:01 PM
 Report Date:

Manager: Keenan & Associates, 2355 Crenshaw Blvd, Suite 200, Torrance, CA 90501
 (310) 212-3344, Fax (310) 212-0300 License No. 0451271




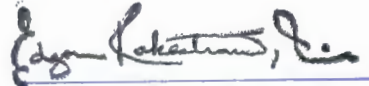
Oakland Unified School District

Option : 3.00 MRL 250,000 / 250,000-FINAL

PROFORMA

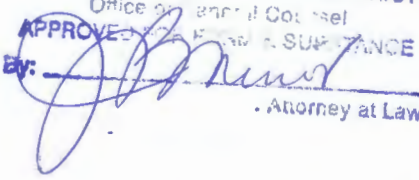
July 1, 2012 to July 1, 2013

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

Latest Real Property Appraisal Date	04/30/2008
Next Real Property Appraisal Date	04/30/2013
Accepted by:	 <u>Jody London</u> Authorized District Representative President, Board of Education
	 <u>Edgar Rakestraw, Jr.</u> Secretary Board of Education
Title:	<u>Authorized District Representative</u>
Witnessed by:	<u>Ron Martin</u>

SIGNATURE OF THE AUTHORIZED REPRESENTATIVE WILL BIND COVERAGE.

Keenan is compensated for the various services it provides in connection with the management and administration of Northern California ReLIEF ("NCR"), including general administration, financial processing, claims administration, loss control, reporting, marketing, underwriting, brokerage (reinsurance and other coverages) and reinsurance/insurance services. The compensation paid to Keenan is approved by the governing board of NCR and is included in the cost of member contributions. It is anticipated that the total compensation to be received by Keenan for these services for the 2012/2013 program year will not exceed 13% of total member contributions. This compensation does not include amounts payable to Keenan pursuant to separate contracts for services provided directly to individual members, the cost of allocated loss adjustment services provided in connection with individual claims, or reinsurance premium payable to Meritage Insurance Group, a wholly-owned subsidiary of Keenan, pursuant to a reinsurance contract. For additional information concerning Keenan compensation, see www.keenan.com/disclosure.asp.

OAKLAND UNIFIED SCHOOL DISTRICT
 Office of General Counsel
 APPROVED FOR EXECUTION AND SUBSTANCE
 By: 
 . Attorney at Law

OUSD or the District verifies that the Contractor does not appear on the Excluded Parties List at www.epls.gov/epls/search.do



Run Date : 06/18/2012 05:01 PM
 Report Date:

Manager: Keenan & Associates, 2355 Crenshaw Blvd, Suite 200, Torrance, CA 90501
 (310) 212-3344, Fax (310) 212-0300 License No. 0451271



Oakland Unified School District
Estimated Contribution/Premium Summary
July 1, 2012 to July 1, 2013
Member Retained Limit
Liability \$250,000 Property \$250,000

Proforma Footnote Report

- 1. RF ADA:** Risk Factor ADA is calculated to determine each district's total risk exposure within the JPA. This is based on each district's lottery ADA from Department of Education and reported number/type of vehicles multiplied by the risk factor rate developed by the Actuary. The higher the total risk factored ADA, the higher the allocated liability contribution will be within a JPA.
- 2. T.I.V. Property:** Total Insurable Values(T.I.V.) based upon Statement of Values as confirmed by the District (TIV for Charter Schools, EDP and COC included, if applicable.)
- 3. T.I.V. - EDP:** EDP T.I.V. as confirmed by the District.
- 4. Liability:** Risk Factored ADA x adjusted ReLIEF rate plus ADA x \$4 Mil excess of \$1 Mil rate.Does not consider Special Agency flat fees and Super Pool minimum contributions.
- 5. Excess Liability:** Lottery ADA x Excess Liability Rate
- 6. Property** TIV/\$100 x Property Rate
- 7. 2010/2011 Lottery ADA:** Average Daily Attendance from the Department of Education, with the exception of Special Agencies which use other than ADA for exposure data. ADA has been updated by a factor provided by the Department of Education in compliance with Government Code Section 8880.5(l) to compensate for the rate of excused absences.
- 8. EDP:** EDP TIV/\$100 x EDP Rate
- 9. Crime:** Lottery ADA x Crime Rate
- 10. Equip Brkdn:** Equipment Breakdown (B&M) Property TIV/\$100 x Equipment Breakdown Rate
- 11. Program Total:** Sum of Liability, Excess Liability, Property, EDP, Crime and Equipment Breakdown.