



**Port Jervis**  
SCHOOL DISTRICT

Enclosure No. 5

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**To:** Tom Bongiovi  
Board of Education

**From:** Lorelei Case *LC*

**Date:** June 19, 2017

**Subject:** Workers' Compensation Excess Insurance – Arch Insurance Company

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I recommend the Workers' Compensation Excess Insurance be awarded to Arch Insurance Company. This item has been placed on the July 5, 2017 agenda for approval.

LC:mo

**Port Jervis City School District**  
**Excess Workers' Compensation Insurance**

Current Policy

<b>Carrier:</b>	<b>Midwest Employers Casualty Company</b>
<b>A.M. Best Rating</b>	<b>A+ (Superior)</b>
Policy Term:	July 1, 2016 to July 1, 2017
Payroll:	\$31,041,963
WC Limit:	Statutory (Unlimited)
EL Limit:	\$1,000,000
Self-Insured Retention:	\$500,000
Rate /\$100 Payroll:	.1515
Premium:	\$47,029

Quotes for July 1, 2017

<b>Carrier:</b>	<b>Midwest Employers Casualty Company</b>
<b>A.M. Best Rating</b>	<b>A+ (Superior)</b>
Policy Term:	July 1, 2017 to July 1, 2018
Payroll:	\$31,758,209
WC Limit:	Statutory (Unlimited)
EL Limit:	\$1,000,000
Self-Insured Retention:	\$500,000
Rate /\$100 Payroll:	.1528
Premium:	\$48,527

<b>Carrier:</b>	<b>Arch Insurance Company</b>
<b>A.M. Best Rating</b>	<b>A+ (Superior)</b>
Policy Term:	July 1, 2017 to July 1, 2018
Payroll:	\$31,758,209
WC Limit:	Statutory (Unlimited)
EL Limit:	\$1,000,000
Self-Insured Retention:	\$500,000
Rate /\$100 Payroll:	.1306
Premium:	\$41,476

*Note: A submission was sent to Safety National Casualty Corporation but they stated that they could not be competitive at the \$500,000 self-insured retention level.*

## Excess Workers' Compensation Insurance Summary

### Overview:

The Port Jervis City SD is self-insured for their workers' compensation benefits. The maximum exposure for self insurance is the Self Insured Retention (SIR) limit of \$500,000 per occurrence. Excess Workers' Compensation Insurance is a policy that protects the district for any claims that exceed that \$500,000 limit. Without this policy the district would be responsible for the entire amount of any occurrence no matter how large. This protects you should there be a catastrophic occurrence. Although most occurrences involve just one employee, an occurrence can involve more than one person. For example, if 3 employees were in a vehicle for work related business and they were involved in an accident it would be considered one occurrence and not three (3) separate claims.

### Components of the Excess Workers' Compensation Policy:

**Workers' Compensation Limit:** The limit on the current policy and the proposed renewal is "Statutory". This means it is unlimited. No matter how large the claim the district is covered for all payments exceeding the \$500,000 SIR.

**Self Insured Retention (SIR):** The self insured retention is basically a per occurrence deductible. The current SIR is \$500,000.

**Employers' Liability (EL) Limit:** If an employee suffers a workers' compensation injury or illness his sole remedy against the district is Workers' Compensation. However, if the injury was contributed by a third party's action or product (ie: an employee falling from a scaffolding) the employee can file suit against the manufacturer and provider of that equipment. Those parties could in turn file suit against the district (failure to maintain properly, etc.). The Employers' Liability section of the policy covers the district for these types of suits. The limit for this coverage is \$1,000,000.

**Rate:** The rate is what drives our premium. In excess workers' compensation the premium is based on the rate per \$100 of payroll. So the premium calculation is the rate multiplied by the payroll and divided by 100.