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Date: November 7, 2011

AGENDA ITEM 3c

TO: MEMBERS, BOARD OF DIRECTORS

I. SUBJECT: CONSENT CALENDAR: Authorization to secure a renewal workers' compensation program effective January 1, 2012

II. PROGRAM: Risk Management

III. RECOMMENDATION: That the President/CEO be authorized to secure a workers' compensation program effective January 1, 2012 at terms most favorable to State Fund

IV. ANALYSIS:
State Fund's current approach regarding risk transfer with respect to its workers' compensation program is to purchase statutory limits excess of a \$2 million retention. The current Excess Workers' Compensation Program expires on January 1, 2012. The level of risk retention by State Fund is not expected to increase. Alternatives to the current carriers and program structure are being investigated. Risk Management recommends that the President/CEO be authorized to secure a workers' compensation program effective January 1, 2012 at terms most favorable to State Fund for the following coverage: Workers' Compensation.

V. RESULTS/COSTS:
The insurance policy renewals fulfill a prime Risk Management responsibility. The following details the current insurance carriers, the policy limits and deductible.

EXCESS INSURANCE ON STATE FUND'S OWN EMPLOYEE WORKERS' COMPENSATION CLAIMS

The expiring Excess Workers' Compensation policy is currently with Midwest Employers Casualty and ACE American Insurance Company. State Fund retains the first \$2,000,000 of liability on each claim. The next \$25,000,000 of loss excess of \$2,000,000 per claim is insured with Midwest for a premium of \$459,464 subject to audit.

Coverage above \$27,000,000 to statutory workers' compensation limits per claim is provided by ACE American Insurance Company for a premium of \$341,101 subject to audit.

MARY ANN SLIVINSKI, Risk Manager