

FORT BEND COUNTY ~~FY 2009~~ 2010
COMMISSIONERS COURT AGENDA REQUEST FORM

Return Completed Form by E-Mail to: Agenda Coordinator, County Judge's Office

Date Submitted: 09-29-2009	Submitted By: Risk Management
	Department:
Court Agenda Date: 10-06-2009	Phone Number: 281 341 8630

SUMMARY OF ITEM: Consent Agenda Item:

Consider and approve Property, Casualty, Liability and Workers Compensation coverage renewal as submitted by Arthur J. Gallagher Risk Management Service, Inc and approve renewals for third party administrator(s) and managed care administrator for policy period October 1, 2009 thru September 30, 2010.

RENEWAL AGREEMENT/APPOINTMENT YES NO
REVIEWED BY COUNTY ATTORNEY'S OFFICE: YES NO

FINANCIAL SUMMARY:

BUDGETED ITEM: YES X NO

FUNDNG SOURCE: Accounting Unit: 100410101 Account Number: 65500
Activity (If Applicable): \$ 1,584,199.44

DESCRIPTION OF LAWSOM ACCOUNT: _____

Instructions to submit Agenda Request Form:

- Completely fill out agenda form: incomplete forms will not be processed.
- Agenda Request Forms should be submitted by e-mail, fax, or inter-office mail, and all back-up information must be provided by Wednesday at 2:00 p.m. to all those listed below.
- All original back-up must be received in the County Judge's Office by 2:00 p.m. on Wednesday.

DISTRIBUTION:
Original Form Submitted with back up to County Judge's Office (✓ when completed)
If by E-Mail to ospindon@co.fort-bend.tx.us If by Fax to (281) 341-8609

Distribute copies with back-up to all listed below. If by fax, send to numbers below:

<input type="checkbox"/> Auditor (281-341-3774)	<input type="checkbox"/> Comm. Pct. 1 (281-342-0587)
<input type="checkbox"/> Budget Officer (281-344-3954)	<input type="checkbox"/> Comm. Pct. 2 (281-403-8009)
<input type="checkbox"/> Facilities/Planning (281-633-7022)	<input type="checkbox"/> Comm. Pct. 3 (281-242-9060)
<input type="checkbox"/> Purchasing Agent (281-341-8642)	<input type="checkbox"/> Comm. Pct. 4 (281-980-9077)
<input type="checkbox"/> Information Technology (281-341-4526)	<input type="checkbox"/> County Clerk (281-341-8697)
<input type="checkbox"/> Other:	<input type="checkbox"/> County Atty (281-341-4557)

RECOMMENDATION / ACTION REQUESTED:

Special Handling Requested (specify):



RISK MANAGEMENT DEPARTMENT

Fort Bend County, Texas

Wyatt O. Scott
Director

Phone: 281-341-8630
Fax: 281-341-3751

October 1, 2009

Commissioners' Court
Fort Bend County
301 Jackson Street
Richmond, TX 77469

Re: Renewal of the Fort Bend County Insurance Program and Policies

Dear Honorable Court Members:

Attached you will find a summary of the renewal of the existing Fort Bend County insurance program. Policies renewed are for property and casualty coverage with the primary layer coverage mostly provided by a Lloyd's of London Public Entity program and with other coverage lines (Medical Professional Liability and Pollution Legal Liability) provided by other Carriers. In addition to the primary layer coverages, existing excess coverages have also been renewed or replaced.

Please note that our exposures have significantly increased (new buildings by 53%, employee count 18%, payroll 12%), therefore the County realized an overall premium increase of 8.5% as a result. Although premium increased, Gallagher did a good job at mitigating the impact of increased exposures with program design and rate reductions. In their option II proposal (recommended), the proposal eliminates three excess policies by increasing the Lloyds of London Brit program limits to corresponding levels for those excess coverages replaced. Option II also eliminates the need for a Hartford Boiler and Machinery policy by adding the coverage to the Lexington Excess Property policy. The net of effect of this program change offsets the option I premium increase by \$121,495.

The second mitigation strategy or rate decreases are realized as follows:

- Excess Workers' Compensation 33% reduction
- Excess Property 6% reduction
- Medical Professional Liability 7% reduction

Expiring premium is \$1,451,037.49 and the renewal premium is \$1,584,199.44 (including surplus lines tax and fees).

In addition to the insurance renewals, we have also extended our agreement with Argus Services Corporation (Argus) for medical cost containment services associated with the County's workers' compensation program for the 10/09-9/30/10 fiscal year. Argus has offered a flat renewal with no rate increase. The property and casualty claims administration agreement with Nova Pro Risk Solutions is renewed with a modest increase for Workers Compensation indemnity (other than medical only) files from \$923 per file to \$950 per file. An adjustment for an annual administration fee increased from \$1500 to \$3000.

Given the County's' growth and increased exposures, Option II of the Gallagher proposal is recommended by Risk Management. It should be noted, that due to the effects of Hurricane Ike in the area, the incumbent Property carrier has reduced the "Named Storm" sublimit from \$100 million dollars to \$50 million dollars. The reduced sublimit could be bought back for an additional \$100,000 premium (not recommended).

Thank you for your attention, if you should have any questions, please let me know.

Sincerely,



Wyatt Scott

Director of Risk Management

Option II
Fort Bend County
Exposure/Premium Comparison
 10/1/02009 Renewal Compared to 10/1/2008 Expiring
 at London Brit Package Increased Limit

Basis of Exposure	2008 Expiring		Premium at 2009 Exposure at 2008 Rates		Proposed 2009 Renewal Premiums				
	Exposure	% Increase /Decrease	2009 Exposure	% Increase /Decrease 08 versus 09	Premium (Excluding Tax and Fee)	Exposure	% Increase /Decrease 08 versus 09	Premium (Excluding Tax and Fee)	% Increase /Decrease 09 over 08
Net Operating Expense	214,362,881		\$ 237,378,737	10.74%		\$ 237,378,737			
Payroll	86,888,070		\$ 96,901,582	11.52%		\$ 96,901,582			
# Employees	1,936		2,300	18.80%		2,300			
Police - armed	581		816	40.45%		816			
Population	510,000		548,392	7.53%		548,392			
# Vehicles	754		788	4.51%		788			
TIV	290,456,006		\$ 394,360,861	35.77%		\$ 394,360,861			
Premium			\$ 625,000			\$ 740,465			27.920%

LONDON BRIT PACKAGE - Limit: \$4,900,000 x/s \$100,000 Self Insured Retention (SIR) EXCEPT \$900,000 Property x/s \$100,000/Mobile Equip x/s \$25,000/Auto Phy Dmg x/s \$10,000 SIR' and \$990,000 Crime x/s \$10,000 EXCEPT \$250,000 WC x/s \$250,000 SIR

Basis of Exposure	2009 Exposure	Rate	Premium (Excluding Tax and Fee)	Exposure	Rate	Premium (Excluding Tax and Fee)	% Increase /Decrease 09 over 08
Payroll	\$ 86,888,070	0.1323	\$ 114,953	\$ 96,901,582	0.1323	\$ 128,201	0.089
							-24.976%

EXCESS WORKERS' COMPENSATION - Midwest Employers Casualty Company Limit: Statutory x/s \$500,000 Self Insured Retention

Payroll	\$ 86,888,070	0.1323	\$ 114,953	\$ 96,901,582	0.1323	\$ 128,201	0.089	\$ 86,242	-24.976%
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EXCESS PROPERTY - Lexington Insurance Limit: \$250,000,000, x/s \$1,000,000 Except \$50,000,000 Named Windstorm x/s \$1,000,000/\$5,000,000, and Except \$5,000 Boiler & Machinery and including Terrorism and Boiler & Machinery

TIV	\$ 290,306,006	0.1655	\$ 480,456	\$ 393,360,861	0.1655	\$ 651,012	0.1556	\$ 613,500	27.691%
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BOILER & MACHINERY - Hartford Insurance Limit: \$50,000,000 x/s \$5,000 Deductible

TIV	\$ 290,306,006	0.007	\$ 20,321	\$ 388,360,861	0.00700	\$ 27,185		\$ 388,360,861	Included in Lexington Property
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EXCESS LIABILITY - Chartis Limit: \$4,000,000 x/s \$1,000,000

Flat Premium	At 18.82% Average Exposure	Increase in Exposure	At 18.82% Average Increase in Exposure	Included in London Brit Package increased Limits
	\$ 90,475		\$ 107,502	Included in London Brit Package increased Limits

Option II
Fort Bend County
Exposure/Premium Comparison
10/1/02009 Renewal Compared to 10/1/2008 Expiring
at London Brit Package Increased Limit

EXCESS PUBLIC OFFICIALS LIABILITY - Illinois National Limit \$3,000,000 x/s \$1,000,000

Flat Premium		\$ 45,000	At 12.35% Average Increase in Exposure	\$ 50,557	At 12.35% Average Increase in Exposure	Included in London Brit Package increased Limits
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EXCESS CRIME COVERAGE - Hartford Insurance Limit: \$500,000 x/s \$500,000

Number of Employees	1,936	1,947	\$ 3,769	\$ 2,300	1,947	\$ 4,478	\$ 2,300	Included in London Brit Package increased Limits
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MEDICAL PROFESSIONAL LIABILITY - Admiral Insurance Limit: \$1,000,000/\$3,000,000 x/s \$5,000 Deductible

# OF OPV'S	14,000	1,14285	\$ 16,000	\$ 1,14285	14,000	1,06071	\$ 14,850	-7.188%
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TOTAL PREMIUMS

Total Premium	\$ 1,395,975	\$ 1,723,556	\$ 1,514,092	8.461%
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Option III

EXCESS NAMED WINDSTORM - Insurers to be Determined Limit \$50,000,000 x/s \$50,000,000

Optional Named Windstorm \$60,000,000 x/s \$60,000,000 Limit	Flat	Included	ESTIMATED	\$ 100,000	ESTIMATED	\$ 100,000	N/A
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Total Premium with Optional Named Windstorm	\$ 1,395,975	\$ 1,823,556	\$ 1,614,092	15.625%
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IMPORTANT NOTE: Premiums shown above do not include Surplus Lines Tax and Stamping Fees - See proposal for Taxes, Fees and Options being offered. Taxes and fees Estimated at \$70,107.44

Fort Bend County, Texas

OPTION 2 - PROTECTED SELF - INSURANCE STRUCTURE

BRIT PACKAGE AND EXCESS

Lexington Excess Property \$250,000,000	BRIT Excess Liability \$4,900,000	BRIT Excess Liability \$4,900,000	BRIT Excess POL \$4,000,000 (3)	BRIT Excess Liability \$4,000,000 (3)	BRIT Excess Crime \$990,000 (2)	Midwest Employers \$1,000,000 xS \$500,000 SIR (4) BRIT \$250,000	BRIT Excess Loss Fund Protection \$2,100,000	Admiral Ins. Co. \$1,000,000 each Claim / \$3,000,000 agg (6)
BRIT \$900,000								
\$100,000 SIR except Auto PD \$10,000 and IM \$25,000	\$100,000 SIR	\$100,000 SIR	\$100,000 SIR	\$100,000 SIR	\$10,000 SIR	\$250,000 SIR	\$25,000 SIR	\$6,000 Per Claim - Include Expenses
\$500 maintenance deductible					\$500 maintenance deductible			
Property Mobile Equip Auto Physical Damage	General Liability Law Enforc.	Automobile Liability	Errors & Omissions	Employee Benefits Liability	Crime	Workers' Compensation Employers' Liability	Pollution and Remediation Legal Liability	Medical Professional Liability (Ft. Bend Co Clinical Health Services

NOTES:

1. The SIR is a per occurrence retention. Only one retention applies in the event of a multiple loss, and the higher retention shall apply.
2. See Crime sublimits.
3. Errors & Omissions and Employee Benefits Liability are on a claims-made basis, with an aggregate.
4. Safety National's Excess Worker's Compensation limits are as follows -
Maximum Limit of Indemnity Per Occurrence is Statutory
Employer's Liability Maximum Limit of Indemnity Per Occurrence is \$1,000,000
5. XL Ins. Co. (Indian Harbor) provides Storage Tank/Pollution and Remediation coverage for 7 locations with a limit of \$1,000,000 each loss/\$2,000,000 aggregate. This is a 3 year policy term to expire 10/01/2010.
6. Admiral Ins. Co. provides Medical Professional Liability coverage for the County with a \$1,000,000 limit each Claim/\$3,000,000 Aggregate



Option I
Fort Bend County
Exposure/Premium Comparison
10/1/02009 Renewal Compared to 10/1/2008 Expiring Limit Structure

LONDON BRIT PACKAGE - Limit: \$900,000 x/s \$100,000 Self Insured Retention (SIR) EXCEPT \$25,000 Mobile Equip SIR/\$10,000 Auto Phy Dmg EXCEPT \$490,000 Crime x/s \$10,000 and \$250,000 WC x/s \$250,000 SIR		2008 Expiring			Premium at 2009 Exposure at 2008 Rates			Proposed 2009 Renewal Premiums			
		Exposure	% Increase /Decrease	Premium (Excluding Tax and Fee)	2009 Exposure	% Increase /Decrease 08 versus 09	Premium (Excluding Tax and Fee)	Exposure	% Increase /Decrease 08 versus 09	Premium (Excluding Tax and Fee)	% Increase /Decrease 09 over 08
Net Operating Expense	214,362,881			\$ 237,378,737	10.74%		\$ 237,378,737				
Payroll	86,888,070			\$ 96,901,582	11.52%		\$ 96,901,582				
# Employees	1,936			\$ 2,300	18.80%		\$ 2,300				
Police - armed	581			\$ 816	40.45%		\$ 816				
Population	510,000			\$ 548,392	7.53%		\$ 548,392				
# Vehicles	754			\$ 788	4.51%		\$ 788				
TIV	290,456,006			\$ 394,360,861	35.77%		\$ 394,360,861				
Average % Increase/Decrease					18.47%						
Premium			\$ 625,000			\$ 740,465			\$ 715,000		14.400%

Basis of Exposure	Exposure	Rate	Premium (Excluding Tax and Fee)	2009 Exposure	Rate	Premium (Excluding Tax and Fee)	Exposure	Rate	Premium (Excluding Tax and Fee)	% Increase /Decrease 09 over 08

EXCESS WORKERS' COMPENSATION - Safety National Casualty Corp. Limit: Statutory x/s \$500,000 Self Insured Retention

Payroll	\$ 86,888,070	0.1323	\$ 114,953	\$ 96,901,582	0.1323	\$ 128,201	\$ 96,901,582	0.125	\$ 121,127	6.371%
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EXCESS PROPERTY - Lexington Insurance Limit: \$250,000,000 x/s \$1,000,000, Except \$50,000,000 Named Windstorm x/s \$1,000,000/\$5,000,000 and including Boiler & Machinery & Terrorism

TIV	\$ 290,306,006	0.1655	\$ 480,456	\$ 393,360,861	0.1655	\$ 651,012	\$ 394,360,861	0.1542	\$ 608,020	26.580%
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BOILER & MACHINERY - Hartford Insurance Limit: \$50,000,000 x/s \$5,000 Deductible

TIV	\$ 290,306,006	0.007	\$ 20,321	\$ 388,360,861	0.00700	\$ 27,185	\$ 388,360,861	0.006561	\$ 25,480	25.387%
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EXCESS LIABILITY - Chartis Limit: \$4,000,000 x/s \$1,000,000

Flat Premium	\$ 90,475			At 18.82% Average Increase in Exposure		\$ 107,502			\$ 105,777	16.913%
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Option I
Fort Bend County
Exposure/Premium Comparison
 10/1/02009 Renewal Compared to 10/1/2008 Expiring Limit Structure

EXCESS PUBLIC OFFICIALS LIABILITY - Illinois National Limit \$3,000,000 x/s \$1,000,000											
Flat Premium		\$	45,000	At 12.35% Average Increase in Exposure	\$	50,557		\$	41,677	-7.384%	
EXCESS CRIME COVERAGE - Hartford Insurance Limit: \$500,000 x/s \$500,000											
Number of Employees	1,936	\$	3,769	2,300	\$	4,478	2,300	1,590	\$	3,656	-3.008%
MEDICAL PROFESSIONAL LIABILITY - Admiral Insurance Limit: \$1,000,000/\$3,000,000 x/s \$5,000 Deductible											
# OF OPV'S	14,000	\$	16,000	14,000	\$	16,000	14,000	1,060	\$	14,850	-7.188%
TOTAL PREMIUMS											
TOTAL PREMIUMS		\$	1,395,975		\$	1,725,400		\$	1,635,587	17.164%	

Option III

EXCESS NAMED WINDSTORM - Insurers to be Determined Limit \$50,000,000 x/s \$50,000,000										
Optional Named Windstorm \$60,000,000 x/s \$60,000,000 Limit	Flat	Included	ESTIMATED	\$	100,000	ESTIMATED	\$	100,000	N/A	
Total Premium with Optional Named Windstorm		\$	1,395,975		\$	1,825,400		\$	1,735,587	24.328%

IMPORTANT NOTE: Premiums shown above do not include Surplus Lines Tax and Stamping Fees - See proposal for Taxes, Fees and Options being offered. Taxes and Fees are estimated at \$65,689



September 24, 2009

Wayne Scott
FORT BEND COUNTY
Rosenberg Annex
4520 Reading Road, Suite # A
Rosenberg, Texas 77471

RE: RFP # 04-048
WORKER'S COMPENSATION & ADDITIONAL LINES OF COVERAGE FOR FORT BEND COUNTY

Dear Mr. Scott,

Argus Services Corporation would like to offer to extend JOB # 04-048 for an additional year beginning October 1, 2009 and ending September 30, 2010. This offer includes keeping our pricing the same as last year and adhering to all existing terms and conditions as outlined in the original contract.

We would welcome the opportunity to work together with you and your staff for another year.

Best Regards,

A handwritten signature in cursive script that reads "R. B. Williams".

Roger B. Williams



RECEIVED
FORT BEND COUNTY
RISK MANAGEMENT

2009 SEP 23 PM 2:18

September 22, 2009

Wyatt Scott
Director of Risk Management
Fort Bend County
301 Jackson Street
Richmond, TX 77469

RE: FEE PROPOSAL FOR FORT BEND COUNTY

Dear Mr. Scott:

Thank you for the opportunity to offer the following fee proposal to renew our Third Party Administration program for Fort Bend County.

LIFE OF CONTRACT FEES

Workers' Compensation

Medical Only	\$150
Indemnity	950
Record Only	40

Auto Liability & General Liability

Property Damage	\$300
Bodily Injury	500
Professional	800
Products	600
Record Only	40


Property

Losses under \$10,000	\$375
Losses \$10,001-\$25,000	750
Losses over \$25,000	T&E

Annual Administrative Fee \$3,000

Pricing includes: State regulatory and CMS reporting.

Pricing does not include: Allocated Loss Adjustment Expenses (ALAE), Bill Review and Medical Cost Containment, Handling of potential bad faith and coverage disputes. The Client shall pay NovaPro for time and expense on file handling related to bad faith and coverage



disputes. It is understood that NovaPro activities are limited to assisting Client in the defense of these disputes.

This proposal is effective for the renewal period beginning 10/01/09 for a period of two (2) years.

Thank you for the opportunity to service your claims.

Sincerely yours,

NOVAPRO RISK SOLUTIONS



Helana Barmore
Branch Manager