

RESOLUTION NO. \_\_\_\_\_

**AUTHORIZATION TO RENEW EXCESS WORKERS' COMPENSATION COVERAGE**

Item No. 5H

WHEREAS, the Louisville Metro Housing Authority (LMHA) has been successfully self-insured with excess coverage for workers' compensation claims; and

WHEREAS, the LMHA submitted requests for proposals for Excess Workers' Compensation Insurance on June 12, 2019; and

WHEREAS, proposals were received and publicly opened on July 2, 2019; and

WHEREAS, the original contract award to Arch Insurance Company included four, one-year renewal options; and

WHEREAS, staff is requesting approval of the fourth, one-year renewal option.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE LOUISVILLE METRO HOUSING AUTHORITY, that the Louisville Metro Housing Authority purchase Excess Workers' Compensation Insurance with a self-insured retention of \$600,000 offered by Arch Insurance Company, through Underwriters Safety and Claims, Inc. for a one-year deposit premium of \$118,077 for the policy year of August 1, 2023 to July 31, 2024.

## RESOLUTION BACKGROUND STATEMENT

### AUTHORIZATION TO RENEW EXCESS WORKERS' COMPENSATION COVERAGE

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#### I. STATEMENT OF FACTS:

The Louisville Metro Housing Authority (LMHA) has been successfully self-insured with excess coverage for its workers' compensation claims since August 1, 2002. On June 12, 2019, proposals for Excess Workers' Compensation Insurance were submitted to nineteen insurance agents. Additionally, advertisements were made in local newspapers, and the request for proposal was posted on LMHA's website.

LMHA enlisted the services of an experienced Insurance Consultant (Risk Insurance Solutions) to analyze and assess the proposals submitted. In addition to price, other factors used in determining the best coverage for LMHA included the AM Best rating for each company, financial size (assets) of each company, and the absence of unfavorable conditions, such as reporting penalties, commutation provisions, and the requirement that the insurance carrier approve of any changes LMHA may make regarding its third-party administrator (TPA).

LMHA's Insurance Consultant reviewed the proposal forms and actual specimen policy that was submitted by Arch Insurance Company, through Underwriters Safety and Claims, Inc. Upon review, the policy contained virtually no unfavorable conditions and had an AM Best Rating of A+ (Superior). With a self-insured retention of \$600,000 for each claim or incident, Arch quoted a rate of .5930 per each \$100 of estimated payroll for a deposit premium of \$118,077 for the policy year of August 1, 2023 to July 31, 2024.

Underwriters Safety and Claims, Inc. furnishes Workers' Compensation claims administration and loss control services under a separate contract. For the past five years, LMHA has averaged \$216,120 annually for workers' compensation claims paid.

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#### II. ALTERNATIVES:

- Purchase Excess Workers' Compensation Insurance with a self-insured retention of \$600,000 offered by Arch Insurance Company, through Underwriters Safety and Claims, Inc., for a one-year deposit premium of \$118,077 for this policy year of August 1, 2023 to July 31, 2024.
- Develop a new request for proposal and advertise for a new insurance carrier.

#### III. RECOMMENDATION:

Staff recommends alternative "A."

#### IV. JUSTIFICATION:

- Arch Insurance Company's proposal and specimen policy, through Underwriters Safety and Claims, Inc., was clear, offered broad coverage, and had virtually no penalties or restrictions noted and quoted an estimated annual deposit premium reasonable to LMHA.
- Underwriters Safety and Claims, Inc. is under contract to the Housing Authority for claims administration and loss control services.
- Excess coverage is needed to insure against potential catastrophic losses.

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**V. BUDGET APPROVAL:**

Funding for this project is provided from the Operating Budget.

\_\_\_\_\_  
Jeffrey Ralph, Director of Finance

\_\_\_\_\_  
Date

**VI. PROCUREMENT CERTIFICATION:**

The procurement of this insurance coverage is in compliance with the Louisville Metro Housing Authority's procurement policies and procedures.

\_\_\_\_\_  
Steve Webb, Purchasing Agent

\_\_\_\_\_  
Date

Submitted by: Jeffrey Ralph  
Director of Finance  
August 15, 2023