



## ITEM 15 Travis County Commissioners Court Agenda Request

**Meeting Date:** Tuesday, October 30, 2012

**Prepared By/Phone Number:** C.W. Bruner, 854-9760

**Elected/Appointed Official/Dept. Head:** Cyd Grimes

**Commissioners Court Sponsor:** Judge Biscoe

**Approve Modification No. 4 to Contract No. 440000027 (HTE Contract No. 08T00263OJ), Frost Insurance Agency, for excess workers compensation insurance.**

- **Purchasing Recommendation and Comments:** Purchasing concurs with department and recommends approval of requested action. This procurement action meets the compliance requirements as outlined by the statutes.

This contract provides Excess Workers Compensation Insurance coverage for Travis County.

Pursuant to the Request for Proposals Number P120213-CW, this Modification No. 4 is issued as a novation of the contract resulting in the extension and expansion of that Agreement which amends Policy Number EWC007085 issued to Travis County by Midwest Employers Casualty Company through its agent Frost Insurance Company to be effective November 1, 2012. The novation amends the contract to provide a new one-year term, through October 31, 2013, and the option to extend the contract for three (3) additional one (1) year periods.

The recommendation is based on policy terms option # 0171078 due to statutory limits and the catastrophic occurrence protection.

The premium rate offered by Midwest Employers Casualty Company underwriters is \$0.0733 per \$100 of actual payroll based on an annual audit. The deposit premium will be \$179,269.00 with an additional flat charge of \$24,758 per helicopter due with the deposit premium and the minimum premium for a one year policy will be \$161,342.00. The final premium will be based on the actual payroll developed over the period and determined by audit.

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Cheryl Aker in the County Judge's office, [Cheryl.Aker@co.travis.tx.us](mailto:Cheryl.Aker@co.travis.tx.us) by Tuesdays at 5:00 p.m. for the next week's meeting.

Modification No. 3 was previously issued to extend the contract period for an additional two (2) year term, from November 1, 2010 through October 31, 2012. It was approved by the Commissioners Court on September 28, 2010.

Modification No. 2 was previously issued to adjust the premium due for the initial contract term period based on the results of an audit of the number of employees covered and their respective occupational categories. The results of the audit for the year ending October 31, 2009 indicated that an increase of \$810.00 was payable for the first policy year. The purpose of Modification No. 2 was to correct the premium due to the Contractor, for the period ending October 31, 2009, for this contract (First Year). It was approved by the Purchasing Agent on January 26, 2010.

Modification No. 1 was previously issued to amend the wording of Paragraph 5, "Payments" clause, sub-paragraph 5.2, in the contract. It was approved by the Purchasing Agent on December 18, 2008.

- **Contract Expenditures:** Within the last twenty-four (24) months \$206,349.00 has been spent against this contract/requirement.
  
- **Contract Modification Information:**
  - Modification Amount: \$161,342.00 (Estimated amount)
  - Modification Type: Requirements
  - Modification Period: November 1, 2012 to October 31, 2013
  
- **Solicitation-Related Information:**

Solicitations Sent: 26	Responses Received: 1
HUB Information: N/A	% HUB Subcontractor: N/a
  
- **Funding Information:**
  - SAP Shopping Cart # / Funds Reservation #: 300000393
  - Funding Account(s):
  - Comments:



Updated 10-25-2012 @ 4:25 p.m.

## *Human Resources Management Department*

700 Lavaca St. 4<sup>th</sup> Floor

● P.O. Box 1748

● Austin, Texas 78767

● (512) 854-9165 / FAX(512) 854-4203

# Memorandum

October 16, 2012

To: Cyd Grimes, County Purchasing Agent

From: William Paterson, Risk Manager, HRMD

Re: Excess Workers Compensation RFP Proposal Review

After reviewing the options from Frost Insurance Agency, Inc., the only respondent:

It is the recommendation of Risk Management that the contract be awarded to Frost Insurance Agency, Inc. with Midwest Employers Casualty Company as the carrier. The recommendation is based on option # 0171078 due to statutory limits and the catastrophic occurrence protection. The line item from which the premium will be paid from is GL 515310 and cost center # 1110048955. If you have any questions please call me at 854-9650. Thank you.

CC: Leslie Browder, County Executive Planning and Budget  
Diane Poirot, Director, HRMD  
C.W Bruner/Purchasing



**Excess Workers Compensation  
Quotation Sheet**

Insured: Travis County  
Policy #: EWC007085

Policy Effective Date: 11/01/2012  
Quote Date: 10/03/2012  
Quote Expiration Date: 60 Days

**QUOTE OPTIONS**

POLICY TERMS	0171078					
State(s)	TX					
<b>SPECIFIC:</b>						
Specific Limit	STATUTORY					
Specific Retention	\$600,000					
<b>EMPLOYERS LIABILITY:</b>						
Employers Liability Limit	\$1,000,000					
Employers Liability Retention	\$600,000					
<b>AGGREGATE:</b>						
Aggregate Limit	NA					
Aggregate Retention	NA					
Estimated Aggregate Retention	NA					
Minimum Aggregate Retention	NA					
<b>RATING BASE:</b>						
Est. Annual Payroll	\$244,568,544					
Est. Annual Manual Premium	\$4,853,166					
Length of Policy Period (Years)	1.000000					
Est. Policy Prd Normal Premium	\$4,853,166					
Rate per \$100 of Payroll	.0733					
<b>PREMIUM:</b>						
Total Est Policy Prd Premium (including Flat Charges)	\$253,543					
Policy Prd Minimum Premium	\$161,342					
Deposit Premium	\$179,269					
Deposit Flat Charge(s)	\$74,274					
<b>Total Deposit Due</b>	<b>\$253,543</b>					
Terrorism Risk Ins Act of 2002 (incl in Total Deposit Due above)	\$7,606					

**CONDITIONS / COMMENTS:**

- \* MECC must be notified of any aircraft changes occurring during the policy period.
- \* A signed application must be received prior to policy issuance.



**Endorsement Schedule  
Quotation**

Insured: Travis County  
Policy #: EWC007085

Policy Effective Date: 11/01/2012  
Quote Date: 10/03/2012  
Quote Expiration Date: 60 Days

**Quote Option(s) 171078 Include(s) the following Endorsements:**

- |          |  |
|----------|--|
| SO-6 (3) | Amending Item 6 - Specific Retention (SIR) (3)                   |
| SO-10    | Amending Item 10 - Classification of Operations                  |
| IO-31    | Voluntary Compensation   |
| IO-32    | Longshoremen and Harbor Workers' Coverage - Limited to State Act |
| SO-46    | Specific Excess Annual Retention - 45% 30% 25%                   |
| IO-74A   | Aircraft Coverage - Policy Limit \$5,000,000; MAOL \$1,000,000   |
| IO-85    | Notice of Terrorism Insurance Coverage                           |
| IO-86    | Claims Information   |
| IO-TX    | Texas  |
| IO-TXA   | Texas - Important Notice   |
| IO-TXB   | Texas - Additional Insured                                       |



**Policyholder Disclosure  
Notice of Terrorism  
Insurance Coverage**

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act as amended, (the "Act"), is included in the quote for your renewal policy.

You are hereby notified that under the Act the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury--in concurrence with the Secretary of State, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act.

However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism as defined in the Act, is 3%, and does not include any charges for the portion of losses covered by the United States government under the Act.

Name of Insurer: Midwest Employers Casualty Company  
Name of Insured: Travis County  
Policy Number: EWC007085

Updated: 10-25-2012 @ 4:23 p.m.  
**MODIFICATION OF CONTRACT NUMBER: 08T00263OJ, Excess Workers Compensation PAGE 1 OF 2 PAGE**  
**(SAP # 4400000027)**

ISSUED BY: PURCHASING OFFICE 700 LAVACA STREET 8 <sup>TH</sup> FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST: CW Bruner TEL. NO: (512) 854-9760 FAX NO: (512) 854-4211	DATE PREPARED: <b>October 22, 2012</b>
ISSUED TO: 1000004612 Frost Insurance Agency Attn: Cyndi White 3611 Paesanos Parkway, Suite 100 San Antonio, TX 78231	MODIFICATION NO.: <b>4</b>	EXECUTED DATE OF ORIGINAL CONTRACT: <b>October 28, 2008</b>
ORIGINAL CONTRACT TERM DATES: <u>November 1, 2008 – October 31, 2010</u> CURRENT CONTRACT TERM DATES: <u>November 1, 2012 – October 31, 2013</u>		

**FOR TRAVIS COUNTY INTERNAL USE ONLY:** Original Contract Amount: \$97,899.00    Current Modified Amount \$253,543.00

**DESCRIPTION OF CHANGES:** Except as provided herein, all terms, conditions, and provisions of the document referenced above as heretofore modified, remain unchanged and in full force and effect.

This modification number four to Policy Number EWC007085 Issued to Travis County, Texas by Midwest Employers Casualty is made by the following parties: Frost Insurance Agency (“Contractor”) and Travis County, Texas (“County”).

**RECITALS:**

In 2008, County and Contractor entered into a contract for Excess Workers Compensation Insurance Coverage to be provided by Midwest Employers Casualty that began November 1, 2008 and ended October 31, 2010. Paragraph 7.0 of the Contract authorized County to extend the Contract for one additional two year period. County exercised its option for the period from November 1, 2010 to October 31, 2012.

In 2012, County issued RFP P120213-CW. Contractor submitted the best negotiated response. This modification 4 creates the first novation this contract and the extension of Policy Number EWC007085 by Midwest Employers Casualty. It amends the contract as stated in this modification 4. During this additional term and the options all other terms and conditions remain unchanged.

**AGREEMENT**

- The contract is amended adding the following section after section 3.0 Details of Workers Compensation Coverage:
  - Details of Workers Compensation Coverage Commencing November 1, 2012: The coverage covers the Workers’ compensation law of Texas. The specific workers compensation limit is the statutory requirement. Commencing November 1, 2012, the workers’ compensation retention is \$600,000 per occurrence for all classification codes. The Business Operations of County include all its governmental functions, including the operation of a rescue program.

**Note to Vendor:**  
 Complete and execute (sign) your portion of the signature block section below for all copies and return all signed copies to Travis County.  
 DO NOT execute and return to Travis County. Retain for your records.

LEGAL BUSINESS NAME: _____	<input type="checkbox"/> DBA <input type="checkbox"/> CORPORATION <input type="checkbox"/> OTHER
BY: _____ SIGNATURE	
BY: _____ PRINT NAME	DATE: _____
TITLE: _____ ITS DULY AUTHORIZED AGENT	

TRAVIS COUNTY, TEXAS	DATE: _____
BY: _____ CYD V. GRIMES, C.P.M., CPPO, TRAVIS COUNTY PURCHASING AGENT	

TRAVIS COUNTY, TEXAS	DATE: _____
BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	

Updated 10-25-2012 @ 4:25 p.m.

2. The contract is amended adding the following section after section 4. Details of Employers Liability Coverage:

4.1 Details of Employers Liability Coverage: The employers liability limit is \$1 million each accident or each employee for disease. Under the employers' liability coverage, commencing November 1, 2012, the \$600,000 Self Insured Retention for each accident or each employee for disease applies to all classification codes.

3. The contract is amended adding the following section after section 7. Option To Extend:

7.1 Term of Novation and Option To Extend Novation: The term of the Novation coverage is from 12:01 a.m., November 1, 2012 through 12:01 a.m., October 31, 2013. County shall submit its projected annual payrolls to Contractor at least 120 days before expiration of the current term of the contract. Contractor shall notify County of the premium rate applicable to the next option year at least 90 days before the expiration of the current term of the contract. If the premium rate for the next option term is within ten percent (10%) of the expiring rate stated in this contract, County may unilaterally extend this Contract for three (3) additional one (1) year terms and three (3) additional one (1) month periods ("Option to Extend Novation"), and all provisions of this Contract, except for term and rates determined in compliance with this section, shall remain unchanged and in full force and effect. County shall exercise an Option to Extend no later than thirty (30) days prior to expiration of the then current term. The total term of this Contract, including the Options to Extend, shall not exceed fifty-one (51) months.

4. The contract is amended adding the following section after section 8. Premium:

8.1 Premium During Term of Novation: The annual premium shall be \$0.0733 per \$100 of actual payroll based on an annual audit. The minimum premium for the first one year term shall be \$161,342.00. The amount of the Deposit Premium is \$179,269.00 per one year term of the contract. An additional flat charge of \$24,758 per Aircraft is payable as part of the Deposit for each one year term of the contract.