

ERIE COUNTY TECHNICAL SCHOOL
PROPOSED AGENDA ITEM

BOARD MEETING DATE: June 24, 2004

SUBJECT:

CATEGORY: Business: X Operations: Policy: Information: Personnel

INITIATED BY: Paul Fritz, Business Manager

DESCRIPTION:

Proposals have been received on June 16, 2004 for Property, Liability and Worker Compensation insurance policies effective July 1, 2004.

Proposals were received from:

<u>Agency-Company</u>	<u>Property/liability/auto</u>	<u>Worker Comp</u>
SA Wagner-Utica (Current carrier)	\$63,657	
SA Wagner – PSBA	\$69,345	
Wagner-Giblin-Zurich	\$65,200	\$18,130 (Current carrier-PSBA)
First National-PICS		\$16,635
First National-Peerless (Errors & Omissions only)	\$10,986	

RECOMMENDATION:

Motion to approve the insurance policies effective July 1, 2004 as listed:

Property, Liability, Auto: SA Wagner-Utica	\$63,657
Worker Compensation: Wagner-Giblin-PSBA	\$18,130

(Worker compensation recommendation based on the good working relationship developed over many years with PSBA-Old Republic)

McPHERSON MANAGEMENT COMPANY

INSURANCE CONSULTANTS - NO SALES

137 BERRY ROAD, P.O. BOX 366, FREDONIA, NEW YORK 14063-0366

E-MAIL - MCPHER@NETSYNC.NET

June 21, 2004

(716) 673-1777 FAX (716) 673-1760

TOLL-FREE (877) 220-8111

WARREN D. McPHERSON, CPCU, ARM

Paul D. Fritz, Business Manager
Erie County Technical School
8500 Oliver Road
Erie, PA 16509-4699

re: INSURANCE BID REPORT

Dear Mr. Fritz,

We have reviewed the three quotations for property & liability insurance which were submitted on Wednesday, June 16th and have the following recommendations and observations.

Two of the bids substantially comply with the specifications and both companies have a satisfactory A. M. Best rating.

RECOMMENDATIONS FOR LINES OTHER THAN WORKERS' COMPENSATION

We recommend accepting the bid of the S. A. Wagner using Utica Mutual Insurance Company for all lines except School Officials' Liability & "Umbrella" Liability coverages which are quoted through P. S. B. A. The total premium quoted for these coverages is \$63,657. Expiring annual cost of comparable coverages is \$63,548, almost identical.

As asked for in the insurance bid specifications, S. A. Wagner presented an alternate quotation for the property coverages using a \$5,000 deductible per loss in lieu of the current \$1,000 deductible. The annual "saving" is \$1,918 per year. We highly suggest the higher deductible as it is an excellent "trade -off" risking just \$4,000 for any one loss (the difference between \$5,000 & \$1,000).

S. A. Wagner also presented a quotation using P.S.B.A. for all lines of insurance. It's quotation was \$69,345 and since it is higher than either the other two, we do not suggest it be considered. Even by using an alternative bid with a \$25,000 deductible for property coverages, it was still higher than S. A. Wagner's quotation with Utica/PSBA as per above.

The third agency participating, First National Agency (formerly Gelvin-Jackson-Starr), presented a quotation for School Officials' Liability only. It's quote was about 50% higher than either of the other two quotations for this coverage and we cannot recommend it be considered.

Paul Fritz
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RECOMMENDATION FOR WORKERS' COMPENSATION

We recommend accepting the Workers' Compensation bid presented by Wagner-Giblin Agency using P. S. B. A.'s Old Republic Insurance Company. The estimated premium is \$18,130 (subject to year end audit of payroll, etc.). They are the incumbent company and agency for this line.

First National Agency presented a bid for Workers' Comp. using the PICS program. It's bid is 8.2% less than that of the incumbent's (\$16,635 compared with \$18,130) and we have no strong recommendation here. We leave the decision to you except to say that there is value in a continuity of a relationship which may outweigh the "saving" were you to change carriers.

Considering the current insurance marketplace, the school has done well to have received three complete quotations. Competitive bidding can work well even in a difficult market.

Thank you for the opportunity to again serve Erie County Technical School.

A handwritten signature in cursive script, reading "Warren D. McPherson".

Warren D. McPherson, CPCU