

AGENDA MATERIALS  
AND SUPPORTING DOCUMENTS  
FOR THE MEETING OF

OCTOBER 4, 1967

and

OCTOBER 5, 1967

Board Action  
Oct. 2, 1967

---

Dr. Gontash approved.

---

Oct. 5

Retirement -

Gussett - Room

Death benefit in service

After 1 yr. service

1 yr's salary - last preceding year's salary

Last year - 200-225 Deaths (State Employees)

Cost \$ 1,200,000 - 1,500,000

Action: Develop & Disburse Employee Costs, Rate increase -

Mr. P. C. Smith, Secretary  
State Budget and Control Board

I cast my vote as follows on the two items covered in your circular memorandum of August 15, 1967:

1. Disposal of Property by University of S. C.

|  |                                     |
|--|-------------------------------------|
| I approve                                      | <input checked="" type="checkbox"/> |
| I disapprove                                   | <input type="checkbox"/>            |
| Hold for discussion<br>at next regular meeting | <input type="checkbox"/>            |

2. Financing Regional Campus Libraries at Clemson University  
and University of South Carolina

|  |                                     |
|--|-------------------------------------|
| I approve                                      | <input checked="" type="checkbox"/> |
| I disapprove                                   | <input type="checkbox"/>            |
| Hold for discussion<br>at next regular meeting | <input type="checkbox"/>            |

It is understood that each of the above items will be considered as approved only upon a unanimously favorable ballot by the Board.

  
\_\_\_\_\_  
Member of the Board



STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES  
BUDGET AND CONTROL BOARD  
300 GERVAIS STREET  
COLUMBIA

FURMAN E. McEACHERN, JR.  
DIRECTOR

September 28, 1967

(mm)

To: State Budget and Control Board

From: F. E. McEachern, Jr.

Subject: Reinsurance of Risks in Insurance Sinking Funds

For a period prior to 1961 the Sinking Funds Commission insured selected risks such as the University and Clemson properties which constituted a small fraction of the half-billion dollars insurance in force at that time. In December of that year reinsurance was negotiated to cover all risks written by the Commission with a deductible of \$250,000 and no top limit on losses. The coverage was awarded to Michigan Mutual Insurance Company of the Improved Risks Mutual group.

On two occasions, as a result of favorable experience, the deductible was reduced and in 1963 the policy was extended five years to 1968. At that time the deductible was reduced to \$150,000 per occurrence and the insurance in force was almost \$700 million. Present coverage is over \$800 million.

In September, 1965 the Division of General Services awarded a contract to the American Motorists Insurance Company of the Kemper group covering boilers and machinery to a limit of \$1,000,000 in all property insured by the Insurance Sinking Fund. This coverage was added to our standard policy with no additional premium charge. Michigan Mutual agreed with the Division that cost of the boiler insurance be deducted from the gross premium income on which their premiums are based. This, in effect, resulted in a premium reduction.

In the spring of 1967 a study was made by Dr. Robert M. Crowe and Dr. Ronald C. Horn which included certain criticisms of our reinsurance contract. Michigan Mutual offered a revised policy changing the anniversary date to coincide with the beginning of the fiscal year and allowing an 8% gross premium deduction to continue to provide for cost of the boiler

State Budget and Control Board  
September 28, 1967

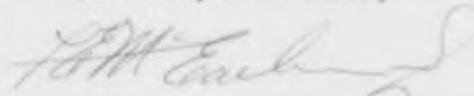
Page 2

coverage out of premium receipts. The proposed policy is dated July 1, 1967 and will extend for a five year period to July 1, 1972. It has not been accepted up to this time because of negotiations to bring the policy into conformity with recommendations of the University of South Carolina study.

In the meantime, on the assumption that the fire and extended coverage could be renewed to the advantage of the State, the Division has worked with American Motorists Insurance Company toward accomplishing revisions in the boiler coverage. This company proposes to rewrite its policy from September 18, 1967 to July 1, 1971 on a base annual premium of \$105,000 compared with the present base premium of \$124,000.

In view of the concessions and changes in coverage agreed to by both of these companies, it is recommended that each of these policies be renewed for the periods indicated above.

Respectfully submitted,



F. E. McEachern, Jr.  
Director

FEM:lc



E N D