

Barton Community College

Board of Trustees

Board Meeting

June 23, 2020

PROPERTY, CASUALTY, WORKERS COMPENSATION, AND OTHER INSURANCE:

The college currently is insured by Midwest Higher Education Compact (MHEC). MHEC provides protection in 17 states. Most of the other Kansas Community Colleges participate in this program, which enables us all to share in the benefit of being in a large pool with the other colleges throughout the nation.

Unfortunately, the losses experienced by MHEC for Kansas/Nebraska/Oklahoma have greatly exceeded the total revenue generated by the consortium (all participating states). Kansas accounts for 53% of the losses while having only 16% of the insured value within the consortium.

- One of our Kansas CC's was non-renewed by the consortium and is expecting a \$1 million increase in the cost of their coverage.
- Another Kansas CC will see a ½ million increase in their premium this year.
- Fifty K-12 Kansas schools were non-renewed by their insurance carrier in the past six months.

On a global basis, the COVID19 pandemic is shaping up to be the largest single loss event in the history of insurance.

MHEC had been using certain common rate factors across all the states (same rate for all states). Kansas colleges have significantly benefited from this pricing methodology. Because of the ongoing losses, as well as huge losses of the consortium's investment income, MHEC has increased the wind/hail deductible to 5% of our total property coverage with a maximum of \$2.5 million. This is in addition to a substantial increase in the cost of insuring the property.

We have several options to "buy down" the deductible, however these options are expensive:

Option #1 – Do not buy down the wind/hail deductible leaving our deductible at \$2.5 million for wind/hail.

Option #2 – Buy down wind/hail deductible to \$100,000. The additional premium for this is \$241,675.

Option #3 – Buy down wind/hail deductible to \$250,000. The additional premium for this is \$217,508.

Option #4 – Buy down wind/hail deductible to \$500,000. The additional premium for this is \$174,006.

Option #5 – Buy down wind/hail deductible to \$1,000,000. The additional premium for this is \$120,000.

We have reached out to other companies in an attempt to secure coverage with a more reasonable wind/hail deductible, but for FY21, no other insurance company was willing to insure the Kansas Community Colleges. Because of the large increases in both deductible and rates submitted by MHEC, other companies have stepped in at the last minute and asked to be allowed to provide quotes.

As of this time, we have not received any quotes that are comparable for a lower cost.

MHEC Master Property Program Participating Institutions:

<u>Arizona</u>	<u>Kansas</u>	<u>Massachusetts</u>	<u>Nevada</u>
Pima County Community College	Barton Community College	Clark University	College of Southern Nevada
	Benedictine College		Desert Research Institute
<u>Colorado</u>	Bethany College	<u>Maine</u>	Great Basin College
Colorado School of Mines	Bethel College	University of Maine System	Nevada State College at Henderson
The Colorado College	Butler Community College		Truckee Meadows Community College
University of Northern Colorado	Cloud County Community College	<u>Michigan</u>	University of Nevada
	Coffeyville Community College	Ferris State University	Western Nevada College
<u>Idaho</u>	Cowley Community College	Grand Valley State University	
The College of Idaho	Dodge City Community College	Lake Superior State University	<u>Ohio</u>
	Emporia State University	Northern Michigan University	Belmont College
<u>Illinois</u>	Fort Hays State University	Saginaw Valley State University	Central Ohio Technical College
Aurora University	Fort Scott Community College		Clark State Community College
Chicago State University	Friends University	<u>Missouri</u>	Columbus State Community College
Eastern Illinois University	Garden City Community College	Lindenwood University	Eastern Gateway Community College
Governors State University	Hesston College	Harris-Stowe State University	Edison State Community College
Illinois State University	Highland Community College	Lincoln University	James A. Rhodes State College
Northeastern Illinois University	Hutchinson Community College	Missouri Southern State University	Lakeland Community College
Southern Illinois University	Independence Community College	Missouri State University	Northwest State Community College
University of Illinois at Chicago	Johnson County Community College	Missouri Western State University	Stark State College of Technology
Western Illinois University	Kansas State University	Northwest Missouri State University	Terra State Community College
Roosevelt University	Labette Community College	Southeast Missouri State University	Washington State Community College
	McPherson College	Truman State University	
<u>Iowa</u>	Neosho County Community College	University of Central Missouri	<u>Oregon</u>
University of Northern Iowa	Newman University	Saint Louis Community College	Lewis and Clark College
	Northwest Kansas Technical College	University of Missouri	Reed College
	Ottawa University	Missouri University of Science & Technology	Willamette University
	Pittsburg State University		
	Pratt Community College	<u>Nebraska</u>	<u>Utah</u>
	Seward County Community College	Chadron State College	Westminster College
	Sterling College	Peru State College	
	University of Kansas	Wayne State College	<u>Washington</u>
	University of Kansas-Medical Center	University of Nebraska	Seattle Pacific University
	Washburn University		Whitman College
	Wichita Area Technical College		
	Wichita State University		<u>Wyoming</u>
			University of Wyoming

Premium Comparison Summary

	2019-2020		2020-2021			2019-2020		2020-2021	
	MHEC/ Wright		MHEC/ Liberty			MHEC/ Wright		MHEC/ Liberty	
	Limits	Premium	Limits	Premium		Limits	Premium	Limits	Premium
	MHEC Program		MHEC Program			Wright / Markel Ins Co		Liberty Mutual	
Property:		\$ 85,613		\$ 166,957	General Liability		\$ 28,320		\$ 50,454
Blanket Building	\$ 123,540,355		\$ 129,927,652		Aggregate	\$ 2,000,000		\$ 2,000,000	
Blanket BPP	Included		Included		Product & Completed Operation Aggregate	\$ 2,000,000		\$ 2,000,000	
Scheduled Equipment- Included in Blanket	\$ 612,833		\$ 612,833		Personal & Advertising Injury	\$ 1,000,000		\$ 1,000,000	
Fine Arts	Included		Included		General Liability - Occurrence	\$ 1,000,000		\$ 1,000,000	
Business Income/Extra Expense	Included		Included		Fire Damage Liability	\$ 500,000		\$ 500,000	
Deductible - All Other Perils	\$ 25,000		\$ 25,000		Medical Payments (Excluding Students)	\$ 5,000		\$ 15,000	
Deductible - Wind/Hail	\$ 300,000		\$ 2,500,000		Employee Benefits - Occurrence	\$ 1,000,000		\$ 1,000,000	
Deductible - Water Damage	\$ 100,000		\$ 100,000		Employee Benefits - Aggregate	\$ 2,000,000		\$ 3,000,000	
Surplus Lines Tax		\$ 3,596		\$ 6,719	Retro Date	07/01/14		07/01/14	
Total PROP		\$ 89,209		\$ 173,676	Deductible	\$ 1,000		\$ 1,000	
	Conrade Ins Group		Conrade Ins Group		Sexual Misconduct Occ/Agg	\$ 1,000,000		\$ 1,000,000	
Fee					L Enforcement Liability	\$ 1,000,000		\$ 1,000,000	
Agent		\$ 5,000		\$ 5,000	Deductible	\$ 5,000		not applicable	
Broker		\$ 250		\$ 250	Educators Legal Liability	\$ 19,988		Included	
Total Fee		\$ 5,250		\$ 5,250	Board Liability & Professional Educators Liability	\$ 1,000,000		\$ 1,000,000	
	Lloyd's of London				Retro Date	07/01/00		07/01/00	
Wind/Hail Deductible Buy Back:		\$ 37,125	See Below		Deductible	\$ 5,000		\$ 5,000	
Total Insured Values	\$ 123,540,355				Nurses Professional Liability				
Maximum Value per Occurrence	\$ 300,000				Aggregate	\$ 3,000,000		Included	
Insured's Retention per Occurrence	\$ 25,000				Occurrence	\$ 1,000,000		Included	
Total WDBB		\$ 37,125		\$ -	Deductible (per individual)	\$ 5,000			
	Travelers Insurance		Axis		Athletic Participation	Not Excluded		Not Excluded	
Cyber Liability		\$ 12,412			Crisis Management Expense - Each Event	\$ 300,000		Included	
Privacy & Security	\$ 1,000,000		\$ 1,000,000		Total Liability Package		\$ 48,308		\$ 50,454
Breach Response	\$ 1,000,000		\$ 1,000,000			Wright / Markel Ins Co		Liberty Mutual	
Continuity and Prior & Pending Date	07/23/13		Full Prior Acts		Excess:		\$ 13,267		\$ 13,693
Deductible	\$ 10,000		\$ 15,000		Occurrence	\$ 5,000,000		\$ 5,000,000	
Computer Fraud	\$ 1,000,000		\$ 1,000,000		Aggregate	\$ 5,000,000		\$ 5,000,000	
Funds Transfer Fraud	\$ 1,000,000		\$ 1,000,000		Retention	\$ 10,000		\$ 10,000	
Continuity and Prior & Pending Date	07/23/13		Full Prior Acts		Total EXLL		\$ 13,267		\$ 13,693
Deductible	\$ 10,000		\$ 15,000			United Heartland		United Heartland	
Social Engineering Fraud	\$ 100,000		\$ 100,000		Workers Compensation (MultiState):		\$ 80,886		\$ 82,682
Telecom Fraud	\$ 100,000		\$ 100,000		Employer Liability	Mil / \$1Mil / \$1Mil		\$1Mil / \$1Mil / \$1Mil	
Continuity and Prior & Pending Date	07/23/13		Full Prior Acts		Code 8868	On File		On File	
Deductible	\$ 5,000		\$ 15,000		Deductible - Per Claim	\$ 500		\$ 500	
Total CYBER		\$ 12,412		\$ 10,065	Stop Gap- WA				
	Cincinnati Ins Co (3yr pol)		Cincinnati Ins Co(3yr pol)		Experience Modification	0.81		0.76	
Fiduciary and Crime Liability		\$ 4,621		\$ 4,621	Total WC		\$ 80,886		\$ 82,682
Fiduciary Liability	\$ 1,000,000		\$ 1,000,000		Total		\$ 345,449		\$ 379,994
Continuity and Prior & Pending Date	07/01/10		07/01/10						
Deductible	\$ 1,000		\$ 1,000						
Crime Coverage									
Employee Theft	\$ 500,000		\$ 500,000						
ERISA	Included		Included						
Forgery or Alteraion	\$ 250,000		\$ 250,000						
Theft of Money and Securities-Inside	\$ 250,000		\$ 250,000						
Theft of Money and Securities-Outside	\$ 250,000		\$ 250,000						
Computer Fraud	\$ 100,000		\$ 100,000						
Deductible	\$ 1,000		\$ 1,000						
Terrorism	Included		Included						
Total Fiduciary and Crime Liability		\$ 4,621		\$ 4,621					
	Wright / Markel Ins Co		Liberty Mutual						
Auto Package		\$ 54,371		\$ 39,553					
Commercial Auto - Combined Single Limit	\$ 1,000,000		\$ 1,000,000						
Hired Car Physical Damage	\$ 40,000		\$ 50,000						
Comprehense and Collision Deductible	\$500/\$1,000		\$1,000/\$1,000						
Garage Liability	\$ 1,000,000		included in GL						
Garagekeepers	\$ 300,000		\$ 300,000						
Deductible- Comprehensive	\$250/\$1,000		\$250/\$1,000						
Deductible- Collision	\$ 250		\$ 500						
Total Auto Package		\$ 54,371		\$ 39,553					

This presentation is designed to give you an overview of the insurance provided for illustration purposes only; it is not a legal contract. It is provided to facilitate your understanding of your insurance program. Please refer to the actual policies for specific terms, coverage, conditions, limitations and exclusions that will govern the event of a loss.

Wind Hail Deductible Options

Based on TIV \$110,697,515	Premium	Total Program Premium
Option 1: \$2.5M to \$100,000	\$ 241,675	\$ 621,669
Option 2: \$2.5M to \$250,000	\$ 217,508	\$ 597,502
Option 3: \$2.5M to \$500,000	\$ 174,006	\$ 554,000
Option 4: \$2.5M to \$1M	\$ 120,000	\$ 499,994

Conrade Insurance Group is our current broker, and coordinates all of the different insurance companies under the MHEC umbrella (Lexington, Wright, Cincinnati, Hartford, Travelers, Liberty, etc.).

Recommendation:

The college administration is recommending that the Board approve the renewal as presented from Conrade Insurance Group without the buy down on the wind and hail deductible. In the event that we receive a better rate between now and June 30th, Administration is requesting that the Board allow us to sign with the provider that provides the lowest rate for comparable coverage. Our new insurance will take effect on July 1, 2020.