

**Barton Community College**  
**Board of Trustees**  
**Board Meeting**  
**June 27, 2023**

**PROPERTY, CASUALTY, WORKERS COMPENSATION, AND OTHER INSURANCE:**

History - The College currently has been insured by a number of independent carriers in recent years starting with EMC, then switching to MHEC, then switching to Chubb/Philadelphia. Reasons for the changes were:

- EMC – long time carrier, canceled our coverage after the Dining Hall fire. They were exiting the Community College market.
- Midwest Higher Education Compact (MHEC) – Consortium of USD's, Colleges & Universities across the country. Due to significant losses, MHEC increased both their rates and deductibles, which made them non-competitive (increased deductibles to more than \$1,000,000 at the time of cancellation).
- Chubb/Philadelphia – Still competitive, but the cost of their coverage and the level of deductibles were not as good as Kansas Educational Risk Management Pool (KERMP). Limiting their clients to \$150 million in Property coverage.

## **What is KERMP (Kansas Educational Risk Management Pool)?**

- KERMP is a consortium of KANSAS USD's that have formed a consortium to meet common insurance needs.
- Must be a member of KASB.
- Must be approved to participate by the KERMP Governing Board.
- Initial membership of 2 years is required. We are in year 3.
- Once approved to participate, cannot be removed from the consortium.
- All members pay the same prorated fixed costs based on the value of their property.
- For the most part, coverages are much better with KERMP, and deductibles are lower.
- Possibility for dividend returns in future years.
- Risk is spread out among a potential 100 members (all Kansas).
- The consortium is managed by Gallagher (major insurance/benefit Management Company). Gallagher also manages the consortiums for Nebraska, Oklahoma, and Missouri.

Andover USD 385
Atchison County Community Schools USD 377
Auburn Washburn USD 437
Baldwin City USD 348
Barton County Community College
Basehor-Linwood USD 458
Bluestem USD 205
Bonner Springs/Edwardsville USD 204
Brewster USD 314
Bucklin USD 459
Burlingame USD 454
Burrton USD 369
Butler Community College
Cedar Vale 285
Central Heights USD 288
Centre USD 397
Centre USD 397
Clearwater USD 264
Colby Community College
Concordia USD 333
Derby USD 260
Easton USD 449
Elk Valley USD 283
El Saline USD 307
Ellsworth-Kanopolis-Geneseo USD 327
Emporia USD 253
ESSDACK
Eudora USD 491
Flint Hills USD 492
Fort Scott Community College
Fort Scott USD 234
Fowler USD 225
Galena USD 499
Garnett USD 365
Goessel USD 411
Golden Plains USD 316
Goodland USD 352
Great Bend USD 428
Haven USD 312
Hays USD 489
Haysville USD 261

# KERMP

## Membership List



93 Current Members

Healy USD 468
Hoisington USD 431
Jefferson West USD 340
Kansas City Kansas Community College
Kaw Valley USD 321
Kinsley Offerle USD 347
Lawrence USD 497
Lewis USD 502
Liberal USD 480
Manhattan-Ogden USD 383
Marysville USD 364
Marais Des Cygnes Valley USD 456
Mission Valley USD 330
Montezuma USD 371
Newton USD 373
North Jackson USD 335
Northern Valley USD 212
Northwest Kansas Technical College
Osage City USD 420
Palco USD 269
Paradise-Natoma-Walso USD 399
Pawnee Heights USD 496
Peabody-Burns USD 398
Perry USD 343
Pratt Community College
Pratt USD 382
Reno County Education Coop #610
Renwick USD 267
Republic County USD 109
Riverside USD 114
Riverton USD 404
Rock Creek USD 323
Rose Hill USD 394
Salina Area Technical College
Salina USD 305
Seaman USD 345
SE of Saline USD 306
Shawnee Heights USD 450
Smoky Hill Education Center
Silver Lake USD 372
Orion Education & Training
Tonganoxie USD 464
Topeka USD 501
Troy USD 429
Turner USD 202
Unified School District No. 265 Sedgwick County, Kansas (Goddard)
Wabaunsee USD 329
Wallace County Schools USD 241
Wamego USD 320
Washington USD 108
Wellsville USD 289
Weskan USD 242

# What does KERMP bring to my district?



1. **Home** – Your district will not be dropped
2. **Voice** – Each member gets a vote
3. **Competitive Pricing**
4. **Superior Coverage, NO % Wind/Hail Deductibles**
5. **Surplus** – Earn Previous Carrier Profit - **\$3.39M Net Position Increase**
6. **Transparency** – 100% transparent in pricing, membership, financials..etc.
7. **Market Diversification & Stability** – Don't put all your eggs in one basket
8. **Dedicated Third Party Administrator** – Claims are adjusted by independent party
9. **Risk Management Resources** – Onsite & online loss control, BRIT TEAM, Zywave, BetterWorks
10. **Bi Annual Full Membership Meetings** – January & June

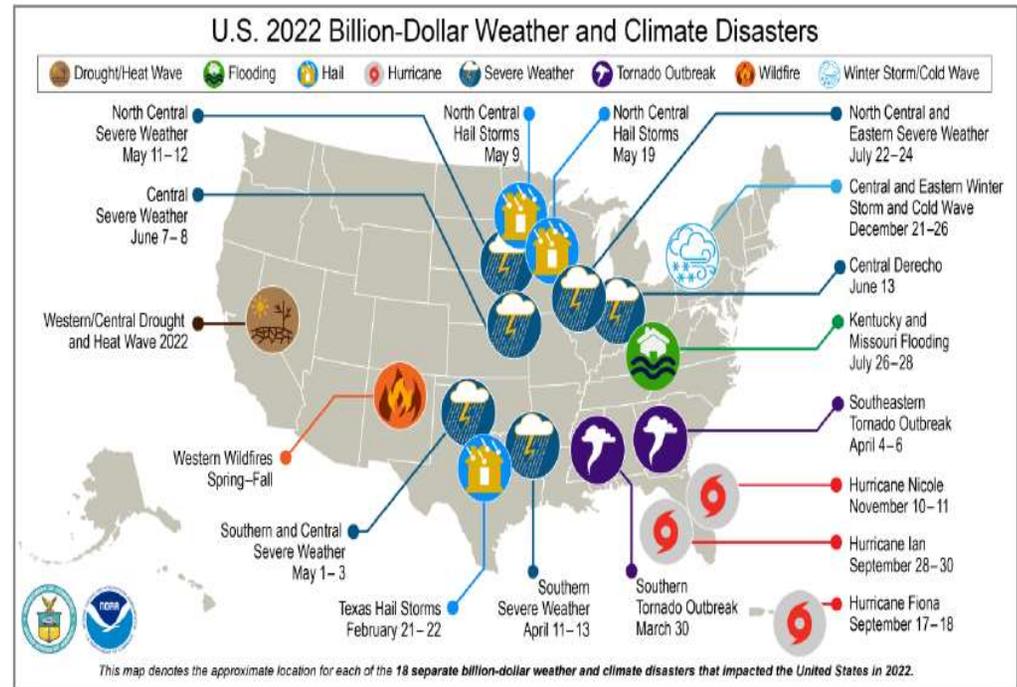
**8 Year** of service to  
**Kansas Schools!**

# Key Driver #1: Frequency & Severity of Losses



## Continued Trend of Severe Weather :

- Global Insured Losses from Natural Disasters topped **\$165B in 2022 – 3rd costliest year on record**
  - Ian tied for the 2nd strongest hurricane on record
  - Winter Freeze – December 25, 2022
    - (Major impacts on 1.1, reinsurance treaties)
- Severe Convective Storms (SCS) one of the main drivers of the above losses now that % deductibles have been applied on coastal risks
- Primary insurers are looking to pass off more risk to Midwest insureds by adding percentage deductibles for secondary perils such as Hail/Tornado/Flood/Etc. (1-3%) and cosmetic roof exclusions
- Insureds with losses will see larger rate increases than those with clean losses



1980-2022 United States Billion-Dollar Weather and Climate Disasters (CPI-Adjusted)

EVENT COST		EVENT COUNT	
2017	\$373.2	2020	22
2005	\$352.5	2021	20
2022	\$165.0	2022	18
2021	\$155.3	2017	18
2012	\$150.3	2011	18
2020	\$114.3	2018	15
Average	\$57.6	Average	7.9



# State of the Insurance Marketplace in one Slide



- **Property**
- **Property Valuations**



**Extremely Hard Market:** Rates increasing, terms eroding, shrinking capacity. (If you get something good take it and run)

- **General Liability & Abuse**
- **Auto**
- **Excess Liability**
- **Pollution**



**Hard Market:** Challenging renewals. General rate increase but options and coverage readily available.

- **Cyber**



**Soft/Softening:** Carriers compete for KERMP's business. We can drive down rates and costs. In some cases market is still hard but shows dramatic signs of improvement (Cyber)

- Property valuations, increased construction costs, and property losses are increasing insurance costs by 35-45%. This is the number one factor in renewal costs. Many organizations have been underinsured and insurance companies are requiring appraisals of property values before they will renew coverage.
- Liability is also a driving factor as insurance claims involving employee/employer interaction (discrimination/sexual abuse) have increased by 25% over the previous year. This includes Board liability and officers/director liability. KERMP is evaluating workplace practices, policies, and procedures for all clients.
- Auto losses have increased above pre-pandemic numbers due to the unavailability of vehicles, increased technology required to repair them, increased use of cell phones/texting while driving (distracted driving accident losses), and inflationary costs. **Barton's annual mileage driven (Fleet vehicles) have returned to pre-pandemic levels.**
- Cyber markets have stabilized and have returned to values of 3-4 years ago due to the emphasis placed on cyber and the fact that most entities have cleaned up their technology-based infrastructure and improved employee cyber training.

KERMP required approximately 1/3 of their clients to get updated property appraisals prior to renewal. This was required due to the fact that insurance coverage and payments were not covering replacement costs for property within the State of Kansas. Barton property was last appraised by EMC in 2013.

# KERMP 2023 Appraisal Results

## REMINDER – 23 Districts



Row Labels	Sum of Previous Building Value	Sum of Replacement Building Value	Difference on appraisal (when pivot to left is condensed)
	\$95,604,100.00	\$143,500,000.00	50%
<b>Average +44%</b>	\$12,657,700.00	\$16,285,000.00	29%
	\$19,906,000.00	\$24,015,000.00	21%
	\$124,459,600.00	\$179,245,000.00	44%
	\$27,047,800.00	\$55,681,000.00	106%
	\$12,990,000.00	\$16,870,000.00	30%
	\$42,164,500.00	\$59,910,000.00	42%
	\$8,531,000.00	\$13,050,000.00	53%
	\$48,499,700.00	\$64,535,000.00	33%
	\$90,028,500.00	\$140,904,000.00	57%
	\$10,765,600.00	\$16,360,000.00	52%
	\$146,254,000.00	\$194,986,700.00	33%
	\$195,031,500.00	\$192,700,000.00	-1%
	\$16,198,300.00	\$26,562,000.00	64%
	\$32,798,800.00	\$51,205,000.00	56%
	\$11,437,400.00	\$15,285,000.00	34%
	\$44,283,000.00	\$69,205,000.00	56%
	\$42,034,000.00	\$64,405,000.00	53%
	\$52,843,200.00	\$74,000,000.00	40%
	\$25,181,000.00	\$39,165,000.00	56%
	\$34,499,900.00	\$48,258,000.00	40%
	\$37,038,200.00	\$47,280,000.00	28%
	\$144,940,900.00	\$207,958,000.00	43%

**Barton County Community College \$95,604,100.00 \$143,500,000.00 50%**

Bucklin USD 459 \$12,657,700.00 \$16,285,000.00 29%

**Butler Community College \$124,459,600.00 \$179,245,000.00 44%**

Central Heights USD 288 \$27,047,800.00 \$55,681,000.00 106%

**Colby Community College \$42,164,500.00 \$59,910,000.00 42%**

Elk Valley USD 283 \$8,531,000.00 \$13,050,000.00 53%

**Ft. Scott Community College \$48,499,700.00 \$64,535,000.00 33%**

Great Bend USD 428 \$90,028,500.00 \$140,904,000.00 57%

Healy USD 468 \$10,765,600.00 \$16,360,000.00 52%

**Kansas City Kansas Community College \$146,254,000.00 \$194,986,700.00 33%**

Montezuma USD 371 \$16,198,300.00 \$26,562,000.00 64%

**North Central Kansas Technical College dba NCK \$32,798,800.00 \$51,205,000.00 56%**

**Northwest Kansas Technical College \$44,283,000.00 \$69,205,000.00 56%**

**Pratt Community College \$42,034,000.00 \$64,405,000.00 53%**

Pratt USD 382 \$52,843,200.00 \$74,000,000.00 40%

Republic County USD 109 \$25,181,000.00 \$39,165,000.00 56%

Riverton USD 404 \$34,499,900.00 \$48,258,000.00 40%

**Salina Area Technical College \$37,038,200.00 \$47,280,000.00 28%**

Turner USD 202 \$144,940,900.00 \$207,958,000.00 43%

<b>Name</b>	<b>Total Insured Value FY23</b>	<b>Total Insured Value FY24</b>
Student Union	6,735,556.00	11,441,822.00
Classroom Building	4,309,556.00	5,199,816.00
PhysEd Kirkman Student Acitvity Ctr	19,852,708.00	29,767,958.00
Administration Bldg	2,814,114.00	3,994,020.00
Planetarium Sci Math Bldg	7,623,766.00	9,531,114.00
Technical Building	20,132,610.00	29,064,877.00
Fine Arts	15,252,532.00	20,269,661.00
Library	11,705,245.00	11,728,116.00
Maintenance Bldg	502,106.00	638,464.89
Pipeline Training Ctr	238,894.00	325,631.87
Generators Four Emergency Backup	651,773.00	889,670.15
Sports Training Ctr	504,526.00	687,859.66
Water Tower	574,445.00	784,117.43
Track Soccer Complex Storage Bldg	752,283.00	1,018,268.72
Athletic Field Club House	139,019.00	184,264.77
Softball Field Complex	393,666.00	537,354.09
Baseball Field Complex	506,142.00	690,883.83
One Stop Education Ctr	2,343,870.00	2,420,692.00
Dorm Unit 1-12, 6 small bldgs	3,764,640.00	3,947,001.40
Directors Apt- Unit 13-14, 1 small bldg	264,181.00	337,705.87
Dorm Units Phase II 15 20, 3 small bldgs	1,072,165.00	1,122,761.65
Dorm Units Phase III 21-34 Commons Bldg	3,492,321.00	4,219,209.00
Dormitory Phase IV	4,119,007.00	7,437,207.00
Dorm Unit V	6,352,744.00	10,186,665.00
Ranger House	299,558.00	374,746.18
Martin Lodge	199,201.00	271,450.93
Sundowner Lodge	85,129.00	115,742.65
Swimming Pool	240,214.00	327,433.67
Dining & Events Center	2,992,063.00	5,144,739.00
Trails Lodge	1,314,117.00	1,750,000.00
	144,363,886.00	190,044,098.94

**PREMIUM & COVERAGE COMPARISON**

**Barton County Community College**

	<b>2022-2023</b>		<b>2023-2024</b>	
	<b>KERMP</b>		<b>KERMP</b>	
	<b>Limits</b>	<b>Premium</b>	<b>Limits</b>	<b>Premium</b>
	<b>KERMP \$300M Program Limit</b>		<b>KERMP \$400M Program Limit</b>	
<b>Property</b>	<b>Main Campus</b>		<b>Main Campus</b>	
Building	\$ 106,920,116		\$ 157,946,331	
BPP	\$ 9,132,858		\$ 9,589,507	
Business Income/Extra Expense	\$ 18,386,442		\$ 18,386,442	
Deductible - All Other Perils	\$ 50,000		\$ 50,000	
Deductible - Water			\$ 100,000	
Deductible - Wind/Hail	\$ 250,000		\$ 250,000	
Total TIV	\$ 134,439,416		\$ 185,922,277	
	<b>CFC Lloyds Syndicate</b>		<b>CFC Lloyds Syndicate</b>	
<b>Cyber Liability</b>	<b>Cyber Liability</b>		<b>Cyber Liability</b>	
Cyber Incident Response Costs	\$ 2,000,000		\$ 2,000,000	
Legal and Regulatory Costs	\$ 2,000,000		\$ 2,000,000	
IT Security and Forensic Costs	\$ 2,000,000		\$ 2,000,000	
Crisis Communication Costs	\$ 1,000,000		\$ 1,000,000	
Privacy Breach Management Costs	\$ 2,000,000		\$ 2,000,000	
Income Loss and Extra Expense	\$ 2,000,000		\$ 2,000,000	
Regulatory Fines	\$ 2,000,000		\$ 2,000,000	
PCI Fines, Penalties, and Assessments	\$ 2,000,000		\$ 2,000,000	
Cyber Extortion	\$ 2,000,000		\$ 2,000,000	
Deductible	\$ 10,000		\$ 10,000	
	<b>KERMP</b>		<b>KERMP</b>	
<b>Crime Liability</b>	<b>Crime</b>		<b>Crime</b>	
Employee Theft	\$ 1,000,000		\$ 1,000,000	
Forgery or Alteration	\$ 1,000,000		\$ 1,000,000	
Theft of Money and Securities-Inside	\$ 1,000,000		\$ 1,000,000	
Theft of Money and Securities-Outside	\$ 1,000,000		\$ 1,000,000	
Computer Fraud	\$ 1,000,000		\$ 1,000,000	

	KERMP		KERMP	
<b>Auto Package</b>	<b>Auto Liability</b>		<b>Auto Liability</b>	
Commercial Auto - Combined Single Limit	\$	2,000,000	\$	2,000,000
Comprehensive and Collision Deductible		\$1,000/\$1,000		\$1,000/\$1,000
Garagekeepers	\$	100,000	\$	100,000
	KERMP		KERMP	
<b>General Liability</b>	<b>General Liability</b>		<b>General Liability</b>	
Aggregate	\$	4,000,000	\$	4,000,000
Product & Completed Operation Aggregate	\$	4,000,000	\$	4,000,000
Personal & Advertising Injury	\$	2,000,000	\$	2,000,000
General Liability - Occurrence	\$	2,000,000	\$	2,000,000
Fire Damage Liability	\$	1,000,000	\$	1,000,000
Medical Payments (Excluding Students)	\$	5,000	\$	5,000
Employee Benefits - Occurrence	\$	2,000,000	\$	2,000,000
Employee Benefits - Aggregate	\$	4,000,000	\$	4,000,000
Deductible	\$	1,000	\$	1,000
Sexual Misconduct Occ/Agg	\$	4,000,000	\$	4,000,000
Sexual Misconduct Occurrence	\$	2,000,000	\$	2,000,000
Law Enforcement Liability	\$	2,000,000	\$	2,000,000
Deductible	\$	2,500	\$	2,500
<b>Educators Legal Liability/EPLI</b>				
Board Liability & Professional Educators Liability	\$	2,000,000	\$	2,000,000
Retro Date		Full Prior Acts		Full Prior Acts
Deductible	\$	2,500	\$	2,500
<b>Nurses Professional Liability</b>				
Crisis Management Expense - Each Event	\$	500,000	\$	500,000
Deductible	\$	10,000	\$	10,000
<b>Excess</b>		\$3M x \$2M	<b>included</b>	\$3M x \$2M
Occurrence	\$	3,000,000	\$	3,000,000
Aggregate	\$	3,000,000	\$	3,000,000
Loss Fund Contribution				\$ 88,258
Corridor Deductible Contribution				\$ 27,138
KS State Tax				\$ 2,203
<b>Total KERMP Package</b>		\$ 409,865		\$ 618,959

<b>Fine Arts</b>			<b>Gallagher / XL Specialty</b>	
Limit of Insurance - Per Occurrence			\$ 1,000,000	\$ 2,500
Art Reference Library			\$ 1,000,000	
Transit			\$ 250,000	
Deductible			\$ 2,500	
<b>Total Fine Arts</b>				\$ 2,500
	<b>United Heartland</b>		<b>United Heartland</b>	
<b>Workers Compensation (MultiState):</b>		\$ 75,527		\$ 68,292
Employer Liability	\$1Mil / \$1Mil / \$1Mil		\$1Mil / \$1Mil / \$1Mil	
Code 8868	On File		On File	
Deductible - Per Claim	\$ 500		\$ 500	
Stop Gap- WA				
Experience Modification	0.62		0.61	
<b>Total WC</b>		\$ 75,527		\$ 68,292
<b>Total</b>		\$ 485,392		\$ 689,751

Three brokers are approved providers of the KERMP program. Conrade Insurance Group is our current broker, and coordinates the KERMP program for approximately 75% of the State of Kansas.

Barton's increase for FY24 amounts to approximately 42% increase over the previous year. All independent carriers are increasing Wind/Hail deductibles to a percentage (2-3%) of the property value. For Barton, we have a property & contents value of \$190,044,098. At a 2% Wind/Hail deductible, our deductible would be around \$3.8 million.

We are very limited to the insurance companies that will even bid on Community Colleges. Conrade checked with another company that said they may be willing to cover us depending on loss history. Their estimated rates were:

- \$325,000 Property w/ 2% wind/hail deductible (\$3.8 million deductible)
- \$287,000 Deductible buy-down to get to net \$250,000 wind/hail under 2% deductible scenario.
- \$150,000 All other lines including \$2M Cyber & \$3M Umbrella
- Total = \$762,000 Total not including work comp.

For comparison, 2023/24 Barton CC KERMP renewal is \$618,959 not including work comp.

**Recommendation:** Approve the insurance package provided by KERMP/Conrade Insurance Group for FY24.