

June 13, 2013 Study Session

PROPERTY, CASUALTY AND WORKERS COMPENSATION INSURANCE PROPOSALS

Detail:

At the request of the Board, Barton contracted with Charlesworth & Associates to create an RFP and solicit proposals for our property, casualty, and work comp insurance package. The request for proposals (RFP process) was advertised in the local paper, submitted to the plan room, and was incorporated into Chamber email blasts. In addition, Charlesworth & Associates contacted 25 insurance companies with a notification of the process.

On January 23rd, an informational meeting was held for all interested insurance agents & brokers. Five insurance companies were represented at the informational meeting. Each agent/broker requested specific markets for their agency. Markets were assigned to each agent/broker so that there was not an overlap of assigned markets.

Since Community Colleges typically are central to one location, they are a tough risk for insurance companies. Many of the property insurers are cautious when it comes to insuring in Central Kansas. One of the most difficult obstacles to overcome is our workers' compensation risk. Since we have employees in multiple states, an insurer must be licensed in each of these states. There are very few companies that can provide coverage in every state. This makes managing our work comp coverage very difficult and our options are somewhat limited.

Although all information that was requested was supplied to the various agents/brokers, only one proposal was received. Conrade Insurance (incumbent) was the only agent to submit a complete insurance package per the RFP.

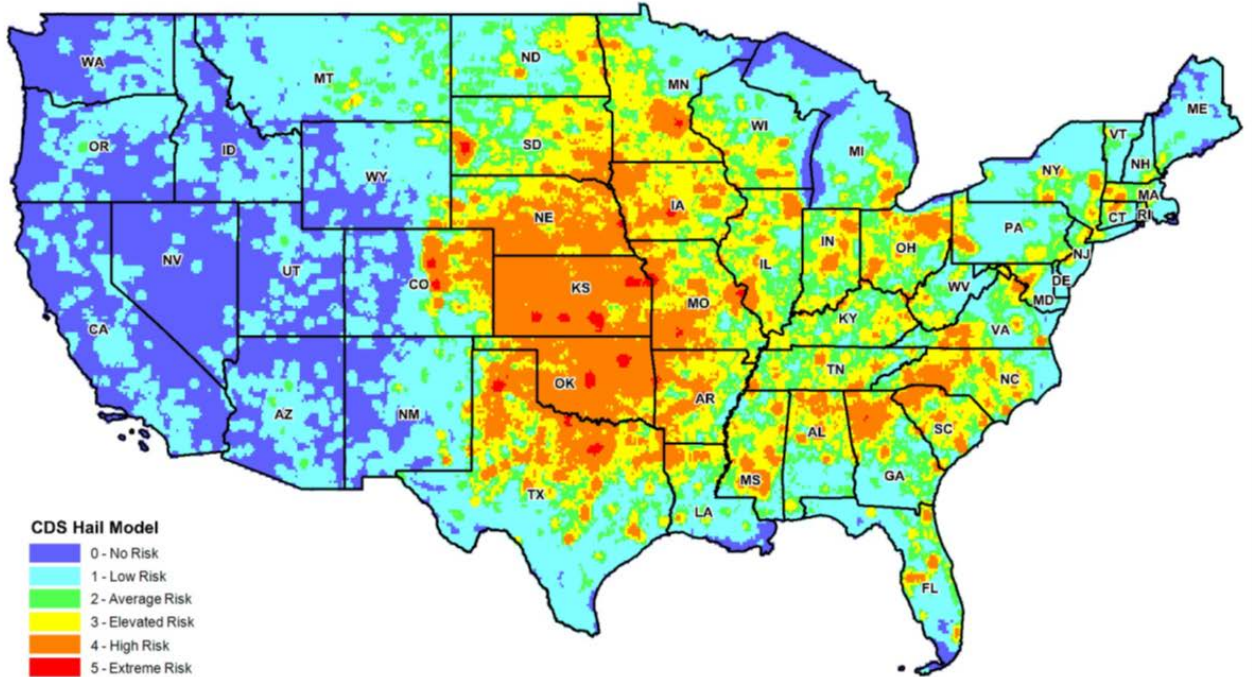
The worksheet below details current rates, as well as the history for our property, casualty and workers compensation package. The proposal for renewal for the year beginning July 1, 2013 from Conrade is also included in the detail. All of our current coverage is with EMC/Cincinnati Insurance (Conrade Insurance Group).

The renewal rates for next year are approximately 7% higher than our current premium, but this increase also includes a deductible increase from \$5,000 to \$25,000 on the property. The increases are across the board for most of the coverage's provided in the policy. Property increases reflect an increase in the value of our campus facilities as well as the Kansas industry trends toward damage claims. Although our mod rate decreased for this year, the increase in workers comp premiums reflect our increasing number of out-of-state online instructors.

Barton County Community College - Premium Summary								5/29/2013
Description of Coverage	7/1/2007	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	
Blanket Property Limit	\$71,210,606	\$74,339,459	\$83,698,111	\$85,361,523	\$85,799,657	\$87,216,512	\$90,832,832	
Property (EMC)	\$78,010.00	\$85,705.00	\$80,749.00	\$82,266.00	\$88,830.00	\$110,214.00	\$119,490.00	
Business Interruption (EMC)	incl.	incl.	incl.	incl.	incl.	incl.	incl.	
Crime (Cincinnati)	\$3,281.00	\$3,281.00	\$3,281.00	\$3,281.00	\$3,281.00	\$3,281.00	\$3,281.00	
Accounts Receivables / Valuable Papers (EMC)	incl.	incl.	incl.	incl.	incl.	incl.	incl.	
Electronic Equipment (Computer) Floater (EMC)	\$5,560.00	\$5,474.00	\$4,925.00	\$4,397.00	\$4,730.00	\$5,391.00	\$7,569.00	
Fine Arts (Cincinnati)	\$7,066.00	\$7,066.00	\$7,066.00	\$7,066.00	\$7,064.00	\$7,064.00	\$7,014.00	
General Liability / Employee Benefit Liability (EMC)	\$7,208.00	\$6,386.00	\$5,375.00	\$4,397.00	\$5,668.00	\$6,870.00	\$10,427.00	
Automobile (EMC)	\$25,197.00	\$24,251.00	\$18,158.00	\$21,682.00	\$18,918.00	\$25,012.00	\$28,640.00	
Boiler & Machinery (Equipment Breakdown) (EMC)	incl.	incl.	incl.	incl.	incl.	incl.	incl.	
Umbrella Liability (EMC)	\$11,307.00	\$11,327.00	\$14,524.00	\$13,020.00	\$9,577.00	\$11,649.00	\$18,025.00	
Prof (Nurses) Liab (C.N.A.)	\$12,043.00	\$11,599.00	\$15,620.00	\$16,791.00	\$8,917.00	\$7,514.00	\$7,500.00	
Board Liability (Linebacker) (EMC)	\$10,297.00	\$9,827.00	\$9,827.00	\$9,827.00	\$9,426.00	\$10,665.00	\$13,082.00	
Workers Compensation (EMC)	\$107,146.00	\$114,270.00	\$103,005.84	\$93,952.37	\$104,529.00 (Exp Mod .94)	\$118,190.00 (Exp Mod 1.04)	\$122,012.00 (Exp Mod .90)	
Trustee & Fiduciary Liability (Cincinnati)	not covered	not covered	not covered	\$946.00	\$946.00	\$946.00	\$1,100.00	
Annualized Endorsement (s)			\$3,117.32	\$3,098.78	\$5,939.16	\$3,476.00		
Audit Additional Premium / Increased Payroll Changes	\$13,648.00	\$23,170.70	\$23,170.70	\$18,377.00	\$5,976.00	\$5,462.00		
Total	\$280,763.00	\$302,356.70	\$288,818.86	\$279,101.15	\$273,801.16	\$315,734.00	\$338,140.00	
Cyber Liab. (Axis) - Option							\$13,102.66	

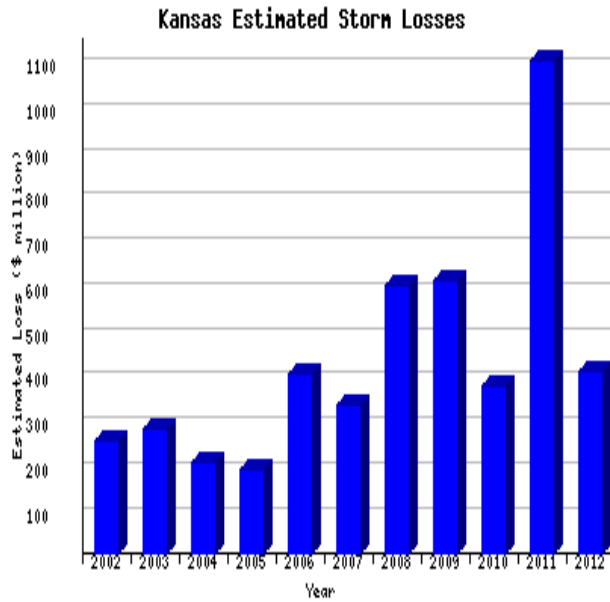
Recommendation: It is recommended that the Board of Trustees approve the proposal from Conrade Insurance Group as presented.

CDS Business Mapping Hail Model 2012



Produced by CDS Business Mapping, LLC. 06/2012

Kansas Estimated Storm Losses



Kansas Estimated Storm Losses		
Year	No. Storm Claims	Est. Storm Losses
2002	82,872	<u>\$248,800,000</u>
2003	63,778	<u>\$275,000,000</u>
2004	50,250	<u>\$199,550,000</u>
2005	63,875	<u>\$184,000,000</u>
2006	133,285	<u>\$394,287,000</u>
2007	32,290	<u>\$325,100,000</u>
2008	131,485	<u>\$595,800,000</u>
2009	137,400	<u>\$602,000,000</u>
2010	94,400	<u>\$370,000,000</u>
2011	197,255	<u>\$1,095,030,000</u>
2012	96,775	<u>\$400,335,000</u>

Estimated storm loss data consist of windstorm, tornado, and hail damage or other weather-related claim losses for insured real and personal property in Kansas reported for each calendar year and monthly during the calendar year. **Estimated flood losses and other insured perils are not included in the data.** The data include only **estimated** storm losses reported at the request of the Insurance Commissioner by the private insurance companies selling and servicing property insurance coverage in Kansas.

There is no Kansas state law requiring the collection of the storm loss data. This reporting of **estimated** insured storm losses is a service provided by the Insurance Commissioner to the insuring public and news media.

Estimated storm loss data are collected from insurance companies by the Commissioner, usually on a monthly basis and through special calls to report particularly significant tornado damage in cities, counties, or other affected areas.