



# UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

**TOPIC** Approval for Renewal of Property & Casualty Insurance

**SUBMITTED BY:** Robert Chape **OF:** Risk Management

**APPROVED FOR TRANSMITTAL TO SCHOOL BOARD:** \_\_\_\_\_

**DATE ASSIGNED FOR BOARD CONSIDERATION:** June 21, 2017

Staff has completed review of the district Property & Casualty insurance and recommends acceptance of the renewal proposal submitted by the carrier, Property Casualty Alliance of Texas (PCAT).

**RATIONALE:**

PCAT is an organization created pursuant to the Interlocal Cooperation Act, Chapter 791, Title 7, of the Texas Government Code. Membership is made up totally of Texas school districts and participation is by interlocal agreement.

**BUDGETARY INFORMATION:**

**BOARD POLICY REFERENCE AND COMPLIANCE:**



May 23, 2017

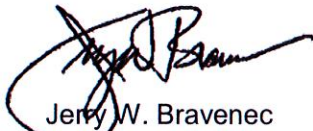
Robert Chapa  
UISD Risk Management Department

Mr. Chapa,

The property insurance market has deteriorated significantly since last year. There are less property insurers and wind/hail deductibles have increased dramatically. More than 150 Texas ISD's have already seen double-digit rate increases this year. School insurance consultant, Bob Reim, alerts schools in his recent newsletter, "*Be prepared for double digit increases in all of your insurance rates - not just property.*" No school district is unaffected.

In anticipation, United ISD negotiated an early renewal offer from PCAT. Despite United ISD's auto loss history of 106.5% and an all casualty lines of 88% loss ratio, PCAT has offered a modest 8.7% rate increase and did not increase the wind/hail deductible of \$40,000 per occurrence, saving United ISD more than \$200,000 on each claim. The Deductible Guard Acceptance form is provided to ensure that United ISD's property deductibles remain intact.

Respectfully,



Jerry W. Bravenec  
Vice-President

**PROPERTY CASUALTY ALLIANCE OF TEXAS (PCAT)**  
**PREMIUM AND LOSS SUMMARY**

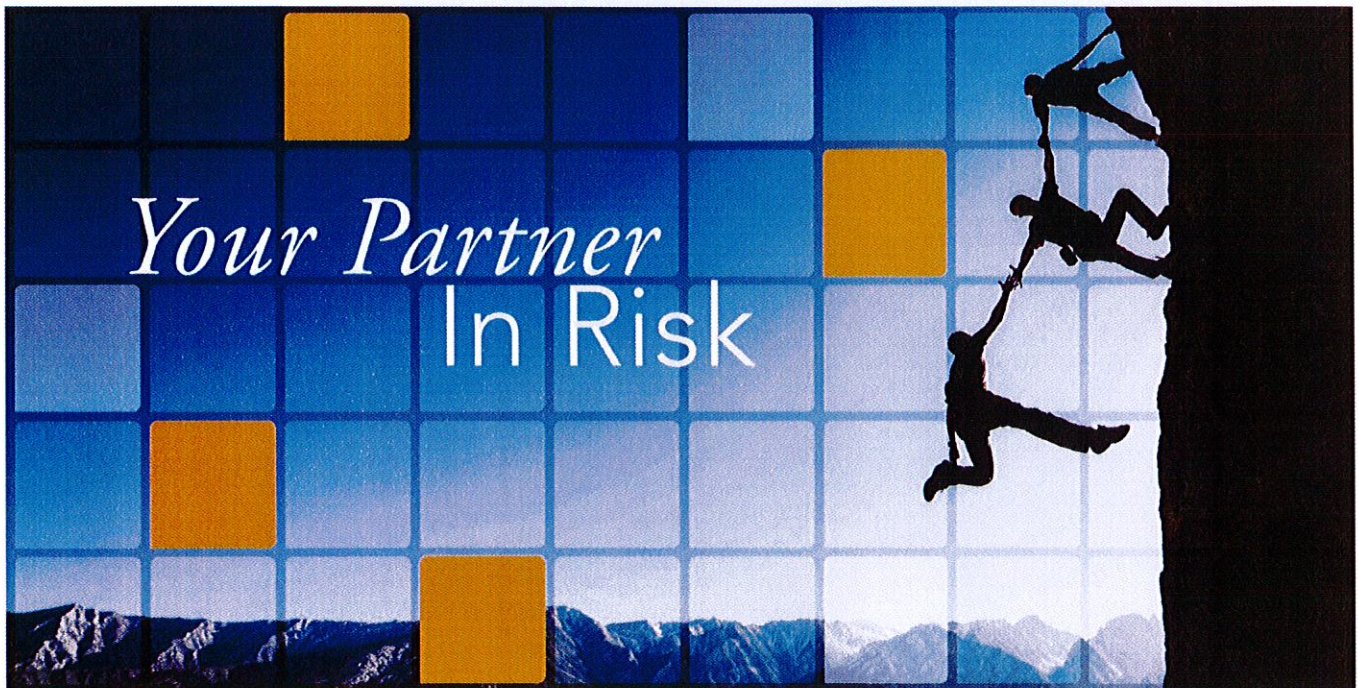
	United ISD 3/31/2017					<b>TOTAL</b>
	<b>PCAT</b>	<b>PCAT</b>	<b>PCAT</b>	<b>PCAT</b>	<b>PCAT</b>	
	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>	
<b>MEMBER:</b>						
<b>EXPERIENCE as of:</b>						
<b>CARRIER:</b>						
	<b>Current Year</b>	<b>1st Prior</b>	<b>2nd Prior</b>	<b>3rd Prior</b>	<b>4th Prior</b>	
<b>AUTO LIAB</b>						
WRITTEN PREMIUM	\$233,249	\$133,963	\$143,367	\$133,754	\$292,887	\$937,220
LOSS INCURRED	\$80,427	\$252,767	\$98,830	\$124,565	\$527,303	\$1,083,892
LOSS RATIO	34.5%	188.7%	68.9%	93.1%	180.0%	115.6%
<b>AUTO PHYS DAM</b>						
WRITTEN PREMIUM	\$53,881	\$51,404	\$53,690	\$48,544	\$67,395	\$274,914
LOSS INCURRED	\$29,315	\$38,493	\$25,744	\$20,129	\$93,773	\$207,454
LOSS RATIO	54.4%	74.9%	47.9%	41.5%	139.1%	75.5%
<b>TOTAL AUTO</b>						
WRITTEN PREMIUM	\$287,130	\$185,367	\$197,057	\$182,298	\$360,282	\$1,212,134
LOSS INCURRED	\$109,742	\$291,260	\$124,574	\$144,694	\$621,076	\$1,291,346
LOSS RATIO	38.2%	157.1%	63.2%	79.4%	172.4%	106.5%
<b>GL PREMISES</b>						
WRITTEN PREMIUM	\$36,874	\$13,870	\$13,220	\$11,263	\$82,149	\$157,376
LOSS INCURRED	\$0	\$0	\$0	\$0	\$0	\$0
LOSS RATIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EDUCATOR'S LEGAL LIAB</b>						
WRITTEN PREMIUM	\$50,315	\$58,082	\$55,251	\$58,050	\$128,543	\$350,241
LOSS INCURRED	\$3,000	\$79,940	\$0	\$0	\$0	\$82,940
LOSS RATIO	6.0%	137.6%	0.0%	0.0%	0.0%	23.7%
<b>TOTAL GL &amp; ELI/EPL</b>						
WRITTEN PREMIUM	\$87,189	\$71,952	\$68,471	\$69,313	\$210,692	\$507,617
LOSS INCURRED	\$3,000	\$79,940	\$0	\$0	\$0	\$82,940
LOSS RATIO	3.4%	111.1%	0.0%	0.0%	0.0%	16.3%
<b>TOTAL</b>						
WRITTEN PREMIUM	\$374,319	\$257,319	\$265,528	\$251,611	\$570,974	\$1,719,751
LOSS INCURRED	\$112,742	\$371,200	\$124,574	\$144,694	\$621,076	\$1,374,286
LOSS RATIO	30.1%	144.3%	46.9%	57.5%	108.8%	79.9%



# CARLISLE INSURANCE

— SINCE 1925 —

TAKE PRIDE



## Property & Casualty 2017 Client Proposal

United ISD

Jerry Bravenec  
Carlisle Insurance Agency  
611 S. 14th, #100  
Kingsville, TX 78363  
877.595.5611  
carlisleins.com



TAKE PRIDE

2017 Coverage Summary

United ISD

Multi-Year Coverage  
PCAT 9.1.2017 - 9.1.2018

Coverage	Provider	Valuation	Property Values	Deductible
Property Wind & Hail	PCAT	Replacement Cost	\$1,025,732,860	\$40,000 per occurrence
Property All Other Perils	PCAT	Replacement Cost	\$1,025,732,860	\$5,000 per occurrence
Property Earth Movement	PCAT	Replacement Cost	\$1,000,000*	\$5,000 per occurrence
Property - Flood - not Zone A or V	PCAT	Replacement Cost	\$1,000,000*	\$100,000 per occurrence

\* Sublimits included as part of the property values shown above.

Limits

Equipment Breakdown	PCAT	Per Accident	\$100,000,000	\$5,000
Cyber Suite Coverage	PCAT	Data Compromise Computer Attack/Extortion Network Security	\$100,000	\$1,000
General Liability	PCAT	Per Occurrence	\$1,000,000	\$1,000 \$10,000 Law
Educator's Legal Liability	PCAT	Claims Made & Reported	\$1,000,000	\$25,000
Auto Liability	PCAT	Per Accident	\$100/\$300/\$100	\$500
Auto Physical Damage	PCAT	Actual Cash Value	See Schedule	\$1,000

## Additional Property Coverages

### Limits

*All are Sublimits included as part of the property values and are subject to the deductibles shown or selected.*

Accounts Receivable	\$	250,000
Arson, Theft and Vandalism Rewards	\$	25,000
Back-up of Sewers, Drains or Sumps	\$	25,000
Building Ordinance or Law – Blanket		
Demolition Cost & Increased Cost of Construction	\$	5,000,000
Loss to Undamaged Portion of the Building		Included
Debris Removal	\$	250,000
Errors & Omissions	\$	500,000
Extra Expense	\$	5,000,000
Fire Department Service Charge	\$	25,000
Fire Extinguishing Equipment Recharge		Included
Flood – Excluding Zones Prefixed A or V – Annual Aggregate	\$	1,000,000
Foundations and Underground Pipes	\$	100,000
Inventory & Appraisal	\$	25,000
Miscellaneous Unnamed Locations	\$	50,000
Newly Acquired or Constructed Buildings – 180 days	\$	1,000,000
Outdoor Property	\$	2,000,000
Outdoors Trees, Shrubs & Plants	\$	25,000
Personal Effects and Property of Others	\$	100,000
Personal Property at Newly Acquired or Constructed Buildings – 180 days	\$	500,000
Pollution Cleanup and Removal	\$	100,000
Preservation of Property		Included
Spoilage	\$	100,000
Tenant Glass	\$	10,000
Theft Damage to Building		Included
Underground Water Seepage	\$	25,000
Utilities Services – Direct Damage	\$	50,000
Valuable Papers and Records	\$	50,000

## Inland Marine Coverages

### Limits

### Deductible

*All are Sublimits included as part of the property values and are subject to the deductibles listed.*

Audio Visual Equipment	\$	100,000	\$	5,000
Band Equipment, Uniforms, & Musical Instruments	\$	500,000	\$	1,000
Electronic Data Processing Equipment	\$	2,000,000	\$	5,000
Media & Data		Included		
Fine Arts	\$	25,000	\$	1,000
Miscellaneous Equipment	\$	500,000	\$	1,000
Personal Effects and Property of Others – Off Premises	\$	100,000	\$	1,000
Personal Property In Transit	\$	50,000	\$	1,000
Property Off-Premises	\$	100,000	\$	1,000

## Crime

### Limits

### Deductible

*All are Sublimits included as part of the property values and are subject to the deductibles listed.*

Employee Dishonesty	\$	100,000	\$	1,000
Money & Securities - Inside the Premises	\$	50,000	\$	1,000
Money & Securities - Outside Premises	\$	50,000	\$	1,000
Fraudulent Instruction	\$	50,000	\$	1,000
Forgery & Alteration	\$	50,000	\$	1,000

## Equipment Breakdown

### Limits

### Deductible

Equipment Breakdown Limit	\$	100,000,000	\$	5,000
Property Damage		Included		
Off Premises Property Damage	\$	25,000		
Business Income/Extra Expense/Service Interruption	\$	1,000,000		
Contingent Business Income	\$	25,000		
Civil Authority		Included		
Perishable Goods	\$	100,000		
Demolition	\$	100,000		
Ordinance or Law	\$	100,000		
Excavation Costs	\$	25,000		
Expediting Expenses	\$	100,000		
Hazardous Substances	\$	100,000		
Newly Acquired Locations	\$	1,000,000		
Green	\$	25,000		
Public Relations	\$	5,000		

## Cyber Suite Coverage

All Coverages Combined

Annual Aggregate Limit

\$ 100,000

Deductible

\$ 1,000

### Data Compromise Response Expenses - Included in Annual Aggregate Limit

Notification to Affected Individuals

Services to Affected Individuals

#### Per Occurrence Sublimits:

Forensic IT Review 50% of Cyber Suite Annual Aggregate

Legal Review 50% of Cyber Suite Annual Aggregate

Public Relations Services \$ 5,000

Regulatory Fines and Penalties 50% of Cyber Suite Annual Aggregate

PCI Fines and Penalties 50% of Cyber Suite Annual Aggregate

**1st Party Named Malware \$ 50,000**

Includes all Data Compromise Response Expense coverages if loss is due to a Named Malware-Related Compromise

### Computer Attack & Cyber Extortion - Included in Annual Aggregate Limit

Data Restoration Costs

Data Recreation Costs

System Restoration Costs

#### Per Occurrence Sublimits:

Loss of Business 50% of Cyber Suite Annual Aggregate

Public Relations Services \$ 5,000

Cyber Extortion \$ 10,000

### Data Compromise Liability - Included in Annual Aggregate Limit

Defense & Liability

#### Sublimit

3rd Party Named Malware \$ 50,000

### Network Security Liability - Included in Annual Aggregate Limit

Defense & Liability

### Electronic Media Liability - Included in Annual Aggregate Limit

Defense & Liability



## General Liability

	Limits	Deductible
General Aggregate Limit	\$1,000,000	\$ 1,000
Each Occurrence Limit	\$1,000,000	\$ 1,000
Damage To Premises Rented To You Limit	\$ 500,000	\$ 1,000
Law Enforcement Liability Limit	\$ 1,000,000	\$ 10,000
Personal and Advertising Injury Limit	\$ 1,000,000	\$ 1,000
Products/Completed Operations Aggregate Limit	\$1,000,000	\$ 1,000

## Employee Benefits Liability

	Limits	Deductible
Claims-Made & Reported Form	Retroactive Date: 9.1.2005	
Each Employee	\$ 1,000,000	\$ 1,000
Aggregate (Included in General Liability General Aggregate)		

## Educator's Legal Liability

	Limits	Deductible
Claims-Made & Reported Form	Retroactive Date: 4.1.2000	
Coverage A: Professional Educational Services		\$ 25,000
Each Professional Incident	\$1,000,000	
Professional Incident Aggregate	\$1,000,000	
Coverage B: Employment-Practices Liability		\$ 25,000
Each Employment Incident	Combined with Coverage A	
Employment Incident Aggregate	Combined with Coverage A	
Coverage C: Non-Pecuniary Defense		\$ 25,000
Defense Reimbursement	\$ 100,000	
Defense Reimbursement Aggregate	\$ 300,000	

## Auto Liability

	Limits	Deductible
Bodily Injury - per person	\$ 100,000	
Bodily Injury - per accident	\$ 300,000	\$ 500
Property Damage - per accident	\$ 100,000	
Non-owned & Hired Liability	BI / PD Limit	
Medical Payments		
Per Person	\$ 5,000	
Per Accident	\$ 50,000	\$ 500

## Auto Physical Damage

	Limits	Deductible
Comprehensive & Collision Coverage Including Flood, except in Zones Prefixed A or V	ACV	\$ 1,000
Newly Acquired Vehicles	ACV	\$ 1,000
Hired Car Physical Damage	\$ 100,000	\$ 1,000

## Vehicle Coverage

Automobile Liability and/or Physical Damage coverage is provided for all vehicles shown on the attached schedule. If changes to your schedule need to be made, advise your PCAT Representative before the beginning of the Participation Period. Adjustments to the schedule will be made and an Amended Auto Coverage Form will be issued. **Any vehicle owned prior to the Participation Period but not on the schedule may not be covered.**

### Newly Acquired Vehicles

Vehicles obtained after the beginning of the Participation Period are automatically covered for the same limits and deductibles as other covered vehicles.

## Terms & Conditions

1. The proposed contributions and coverages include package discounts. Therefore, all proposed coverages must be accepted as a package, and not by line of coverage. If you wish to select individual coverages, please contact us for a revised quote.
2. This is an estimated Coverage Summary and is subject to receipt of updated information.
3. The costs shown are annual and will be adjusted with current exposures each year. Please contact your PCAT Representative for alternative quotes.
4. This proposal caps the wind & hail deductible at \$40,000 in exchange for a 8.7% rate increase effective Sep 1, 2017.
5. Automobile Liability coverage does not extend to 15 Passenger Vans "while transporting students".
6. All terms and conditions contained in the PCAT Interlocal Agreement and Addendum to the Interlocal Agreements are applicable.
7. This Coverage Summary is a summary only. Please consult the applicable coverage documents for a complete explanation of the coverages, conditions, and exclusions.

## Cost Summary

	Exposures		Cost
Property	Building Contents		\$ 1,030,862
	Total	\$ 1,025,732,860	
Equipment Breakdown	TIV	\$ 1,025,732,860	\$ 60,518
Cyber Suite	ADA Employees	43,345 7,001	\$ 11,071
General Liability & Employee Benefits Liability	ADA Employees	43,345 7,001	\$ 40,082
Educator's Legal Liability	ADA Employees	43,345 7,001	\$ 54,692
Automobile Liability	Power Units Trailers	639 79	\$ 253,542
Auto Physical Damage	Cost New Units	\$30,135,004 714	\$ 58,569
		<b>Annual Cost</b>	<b>\$ 1,509,336</b>

## Value - Added Services

Operational Disaster Recovery	Priority Access to Power, Fuel, Mobile Offices & Satellite Connectivity	Included
Property Valuations	Annual Property Valuation Updates including campus diagrams & photos	Included
Driver Training	On-site Training Session + School Bus Driver DVD Training Program	Included
Employee Training	Online Liability Training for School	Included
Facility Surveys	On-Site Facility Inspections	Included
SafeBus Community Bus Driver Monitoring	Yellow & White fleet safety monitoring program	Included



## United ISD

### Annualized Premium Comparison

	<u>9/1/16 to 9/1/17</u>	
	Exposure Base	Contribution
Property	\$ 909,805,107	\$ 968,363
New Buildings (Added May 2017)	\$ 115,927,753	
Equipment Breakdown		\$ 49,202
Cyber Suite		Included
General Liability & Employee Benefits Liability		\$ 36,874
Educator's Legal Liability		\$ 50,315
Auto Liability	718	\$ 233,249
Auto Physical Damage	\$ 30,135,004	\$ 53,881
<b>TOTALS</b>		<b>\$ 1,391,884</b>

	<u>9/1/17 to 9/1/18</u>	
	Exposure Base	Contribution
	\$ 1,025,732,860	\$ 1,030,862
		\$ 60,518
		\$ 11,071
		\$ 40,082
		\$ 54,692
	718	\$ 253,542
	\$ 30,135,004	\$ 58,569
<b>TOTALS</b>		<b>\$ 1,509,336</b>

## United ISD

This Agreement modifies the Interlocal Addendum between United ISD and PCAT. Pursuant to paragraph 3 of the Addendum, the Addendum may be voided if there are material changes in the terms or conditions of reinsurance for PCAT. The hardening insurance market has resulted in a material rate change with PCAT's reinsurance, and the Addendum has been voided. However, the wind & hail deductible will not increase in exchange for UISD agreeing to a 8.7% rate increase effective September 1, 2017 on all current property and casualty coverages written with PCAT. This Agreement along with the most recently signed PCAT Interlocal Agreement shall represent the entire agreement and may not be amended or altered without the written consent of both undersigned parties.

Non-Appropriations Clause: This Amendment is subject to the appropriation of funds by Member in its budget adopted for any fiscal year for the specific purpose of making payments pursuant to this Amendment for that fiscal year. The obligation of the Member pursuant to this Amendment in any fiscal year for which this Amendment is in effect shall constitute a current expense of Member for that fiscal year only, and shall not constitute an indebtedness of Member of any monies other than those lawfully appropriated in any fiscal year. In the event of non-appropriation of funds in any fiscal year to make payments pursuant to this Amendment, this Amendment may be terminated.

\_\_\_\_\_  
United ISD Signature

\_\_\_\_\_  
PCAT Board Member

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

[This Amendment is Valid if Signed and Received by PCAT by June 15, 2017](#)