

No. _____



UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC Approval for Award of Property & Casualty Insurance

SUBMITTED BY: Ofelia Dominguez / Alan Jackson **OF:** Risk Management

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: July 18, 2018

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. amended

BUDGETARY INFORMATION:

Total Premium for 9/1/18-9/1/19 policy year is \$2,040,604; which includes a \$3 Million policy limit with a \$25,000 Deductible for Educators Legal Liability Coverage,

BOARD POLICY REFERENCE AND COMPLIANCE:



July 2, 2018

Ofelia Dominguez
USD Risk Management Department

Ms. Dominguez,

Following the widespread catastrophe activity of 2017, i.e. Hurricanes Harvey, Maria, Irma and numerous Hail storms in Texas, there continues to be pressure upon the insurance marketplace for upward rate relief. With the heavy Hail losses over the past two years and the devastation of Hurricane Harvey insurance companies across Texas are increasing deductibles and rates.

In anticipation to the United ISD insurance renewals, submissions to the open market insurance companies were processed to insure the best terms and premiums were presented for consideration. Despite United ISD's unfortunate Casualty loss ratio for the past few years of 103%, Property Casualty Alliance of Texas, PCAT, continues to offer the best terms. Rating for Casualty insurance, general liability, auto, school board liability, continues to be driven by actual losses. While property is market driven, property rates are still trending upward due to the situations referenced above. PCAT still provides a flat deductible for Wind & Hail while the open market prefers % deductibles, saving hundreds of thousands in deductible expense on each claim. PCAT's underwriting approach of the United ISD insurance account provides the best long term solution for the insurance program.

Respectfully,

Jerry W. Bravenec
Vice-President



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United ISD

Annualized Premium Comparison

	<u>9/1/17 to 9/1/18</u>	
	Exposure Base	Contribution
Property	\$ 1,025,947,377	\$ 1,031,564
Equipment Breakdown		\$ 60,221
Cyber Suite		\$ 11,431
General Liability & Employee Benefits Liability		\$ 38,366
Educator's Legal Liability		\$ 52,352
Auto Liability	727	\$ 256,716
Auto Physical Damage	\$ 30,896,637	\$ 60,049
TOTALS		\$ 1,510,699

	<u>9/1/18 to 9/1/19</u>	
	Exposure Base	Contribution
	\$ 1,124,845,411	\$ 1,412,806
		\$ 50,618
		\$ 9,827
		\$ 39,187
		\$ 61,930
	767	\$ 388,610
	\$ 33,837,776	\$ 77,626
		\$ 2,040,604

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

MEMBER:

EXPERIENCE as of:

CARRIER:

United ISD						
4/30/18						
PCAT	PCAT	PCAT	PCAT	PCAT	PCAT	PCAT
2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	

AUTO LIAB

WRITTEN PREMIUM

LOSS INCURRED

OF LOSSES

LOSS RATIO

AUTO PHYS DAM

WRITTEN PREMIUM

LOSS INCURRED

OF LOSSES

LOSS RATIO

TOTAL AUTO

WRITTEN PREMIUM

LOSS INCURRED

OF LOSSES

LOSS RATIO

GL PREMISES

WRITTEN PREMIUM

LOSS INCURRED

OF LOSSES

LOSS RATIO

EDUCATOR'S LEGAL LIAB

WRITTEN PREMIUM

LOSS INCURRED

OF LOSSES

LOSS RATIO

TOTAL GL & ELLEPL

WRITTEN PREMIUM

LOSS INCURRED

OF LOSSES

LOSS RATIO

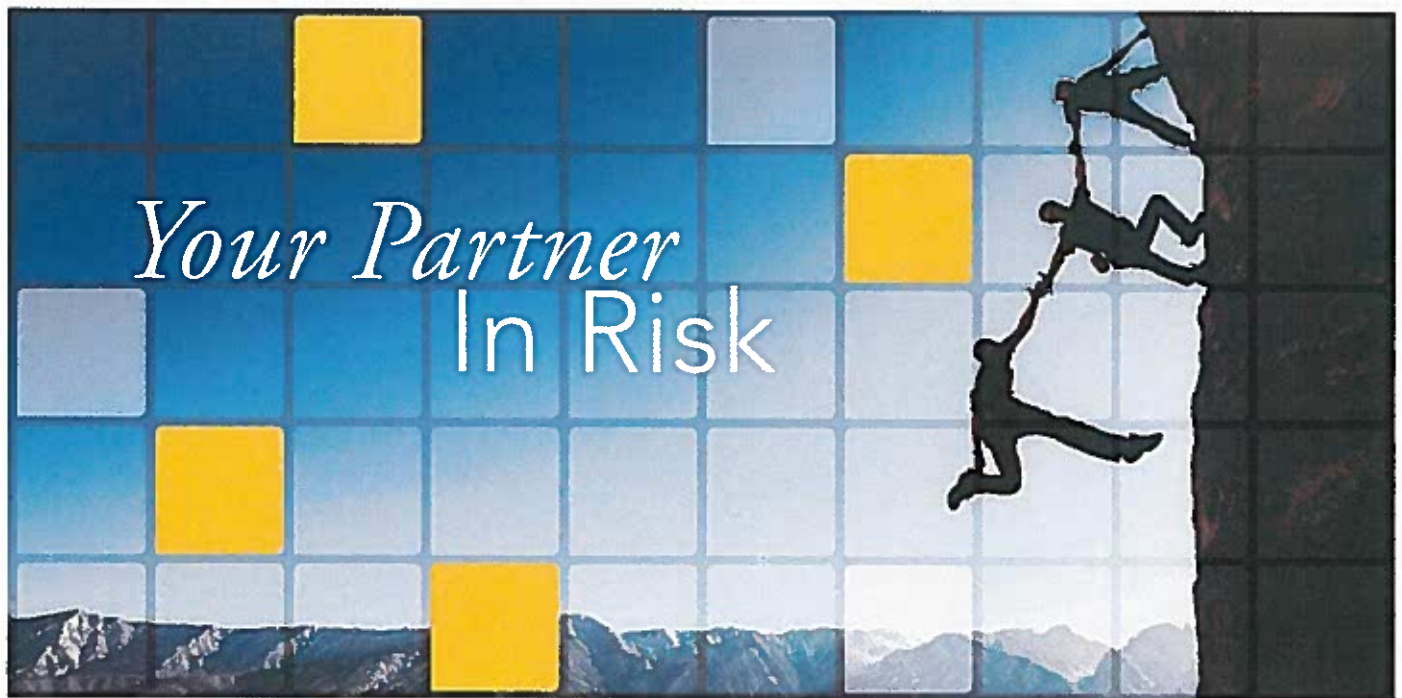
\$256,716	\$233,249	\$133,963	\$143,367	\$133,754	\$292,887	
\$116,427	\$274,948	\$270,314	\$80,343	\$124,565	\$527,303	
17	41	38	30	42	74	
45.4%	117.9%	201.8%	56.0%	93.1%	180.0%	
\$60,049	\$53,881	\$51,404	\$53,690	\$48,544	\$67,395	
\$33,191	\$15,708	\$38,493	\$22,661	\$20,129	\$93,773	
6	14	22	13	6	16	
55.3%	29.2%	74.9%	42.2%	41.5%	139.1%	
\$316,765	\$287,130	\$185,367	\$197,057	\$182,298	\$360,282	
\$149,618	\$290,656	\$308,807	\$103,004	\$144,694	\$621,076	
23	55	60	43	48	90	
47.2%	101.2%	166.6%	52.3%	79.4%	172.4%	
\$38,366	\$36,874	\$13,870	\$13,220	\$11,263	\$82,149	
\$0	\$0	\$0	\$0	\$0	\$0	
0	1	0	0	0	0	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
\$52,352	\$50,315	\$58,082	\$55,251	\$58,050	\$128,543	
\$30,000	\$2,888	\$47,901	\$0	\$0	\$0	
1	2	2	0	1	0	
57.3%	5.7%	82.5%	0.0%	0.0%	0.0%	
\$90,718	\$87,189	\$71,952	\$68,471	\$69,313	\$210,692	
\$30,000	\$2,888	\$47,901	\$0	\$0	\$0	
1	3	2	0	1	0	
33.1%	3.3%	66.6%	0.0%	0.0%	0.0%	



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TAKE PRIDE



2018 Property & Casualty Client Proposal

United ISD

Jerry Bravenec, Don Clark, and Chase Carlisle
Carlisle Insurance Agency
500 N. Water Street, Suite 900
Corpus Christi, TX 78401-0234
361.884.2775
carlisleins.com



2018 Coverage Summary

United ISD

PCAT 9.1.2018 - 9.1.2019

Coverage	Provider	Valuation	Property Values	Deductible
Property Wind & Hail	PCAT	Replacement Cost	\$1,124,845,441	\$100,000 per occurrence
Property All Other Perils	PCAT	Replacement Cost	\$1,124,845,441	\$25,000 per occurrence
Property Earth Movement	PCAT	Replacement Cost	\$1,000,000*	\$25,000 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	\$3,000,000	\$25,000
Auto Liability	PCAT	Per Accident	\$100/\$300/\$100	\$1,000
Auto Physical Damage	PCAT	Actual Cash Value	Sec 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
<i>All are Sublimits included as part of the property values and are subject to the deductibles listed.</i>		
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	Deductible
Limit	
\$ 100,000	\$ 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	\$3,000,000	
Professional Incident Aggregate	\$3,000,000	
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	\$ 1,000
Property Damage - per accident	\$ 100,000	
Non-owned & Hired Liability	BI / PD Limit	
Medical Payments		
Per Person	\$ 5,000	
Per Accident	\$ 50,000	\$ 1,000

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 like-type vehicles. However, if the number of vehicles added exceed 5% of the total number of covered vehicles, then an additional Contribution as determined will be due for the pro-rated coverage period.

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. The costs shown are annual and will be adjusted with current exposures each year. Please contact your PCAT Representative for alternative quotes.
3. Automobile Liability coverage does not extend to 15 Passenger Vans "while transporting students".
4. All terms and conditions contained in the PCAT Interlocal Agreement are applicable.
5. This Coverage Summary is a summary only. Please consult the applicable coverage documents for a complete explanation of the coverages, conditions, and exclusions.
6. **2018 PCAT Coverage Changes** - please review the attached coverage changes that are effective for all PCAT Members as of 3.1.2018. These changes apply to only the coverages that you acquire through PCAT.
7. A completed and signed PCAT application is required prior to binding coverage. If an application was not received prior to quoting, renewal terms may change if the application reveals new underwriting concerns.
8. This proposal is subject to no new property losses in excess of \$250,000 occurring prior to the PCAT Member making a written request to bind coverage effective 9/1/2018.

Cost Summary

		Exposures	Cost
Property	Building	\$ 832,698,882	\$ 1,412,806
	Contents	\$ 292,146,559	
	Total	\$ 1,124,845,441	
Equipment Breakdown	TIV	\$ 1,124,845,441	\$ 50,618
Cyber Suite	ADA	40,541	\$ 9,827
	Employees	7,099	
General Liability & Employee Benefits Liability	ADA	40,541	\$ 39,187
	Employees	7,099	
Educator's Legal Liability	ADA	40,541	\$ 61,930
	Employees	7,099	
Automobile Liability	Power Units	685	\$ 388,610
	Trailers	81	
Auto Physical Damage	Cost New	\$33,811,223	\$ 77,626
	Units	762	
			Annual Cost \$ 2,040,604

Optional Property Deductible

Coverage	Provider	Valuation	Deductible	Less Premium
Property Wind & Hail	PCAT	Replacement Cost	\$250,000 per occurrence	\$100,000
Property Wind & Hail	PCAT	Replacement Cost	\$500,000 per occurrence	\$200,000

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