

Board summary presentation; insurance renewal terms 2020-2021

Property casualty coverages

We have completed our negotiation with Philadelphia Insurance Company for the property casualty package policy, the Educator's Package policy (includes Directors and Officers, Professional and Employment Practices, etc.) and the Umbrella Liability policy extending over the general liability, automobile and abuse coverage.

These premiums have increased, which was to be expected in the current market place environment. Organizations with no claims are experiencing premium increases between 5% and 8% due to catastrophic industry losses for 2017, 2018 and 2019. Organizations which have experienced losses are seeing higher increases. We have been successful negotiating your premium increases down to within the loss-free range. However, umbrella liability premiums are up measurably. Your umbrella premium has increased due to increases in the primary liability rates, as well as market place increases. Even though the umbrella premium is up a large percentage, that percentage does not represent a large dollar amount, in contrast to the other policies. We are very satisfied with this result and have been able to save LALA over \$8000 over Philadelphia's initial premium offer. Gallagher is Philadelphia's largest broker relationship, so that leverage helped us here. Here is how the dollars break down:

The total difference in premium this year is \$12,580.76. These coverages includes Package policy coverages, Umbrella and Educators package. Educator's package policy includes risks such as educator's professional, directors and officers and employment practices liability.

- Educators package policy increased by 5.8% (\$2,718) due to a rate increase
- Property Casualty package policy increased by \$8,124.76 (only 3.8% rate increase)
 - \$6,013 of this increase is due to the addition of a new school bus
 - \$2,111 (3.8%) of this increase is due to a rate increase, partly related to claims activity
- Umbrella (extending over general liability, automobile and abuse risks) increased by 26% (\$1,738). Increase includes increased premiums for underlying coverages, as well as market rate increase
- Cyber liability has renewed with coverage same as expiring; premium is static with last year.
- Crime insurance protection has renewed with a 13% increase in premiums. This increase represents \$566 dollars for the year. Increase in premium is due solely to market conditions and market trend.
- Based upon our review, we believe all coverages are in compliance with District requirements

Workers Compensation insurance protection

We are very pleased with the result of this year's search for Workers' Compensation insurance protection. I have attached a copy of the formal proposal here. Here is a bullet point description of the marketing results:

- Your Experience Modification increased this year from 1.13 to 1.68, a 55 point increase (report attached). This increase was due to your claims history over the last 4 years

- The base rate for your governing classification is up by almost 14%, due to market changes for your governing class code
- The good news is your premium is only up 4%, given static payroll figures
- Republic indemnity applied discounts to help overcome the increases listed above
- My team then negotiated with the underwriter for additional discounts which then saved an additional \$8,000
- Your premium cost was brought down close to last year's cost
- The annual impact to premium is an additional \$2765 over last year's premium

Below is a summary of annualized premium impact for all changes:

Policy form	2019	2020	Delta
Educator's Package Coverages	\$46,650	\$49,368	\$2,718
Property/Casualty Coverages	\$54,245	\$62,369	\$8,125
Umbrella Liability	\$6,541	\$8,279	\$1,738
Cyber Liability	\$3,114	\$3,115	\$1
Crime Coverage	\$3,613	\$4,179	\$566
Workers' Compensation	\$66,078	\$68,843	\$2,765

Total premium variance	<u>\$15,913</u>
Less addition of new bus	(\$6,013)
Net premium increase	<u>\$9,900</u>