

ATTACHMENT NO. X-E: Property/Liability/Auto/Umbrella Insurance

Potential motion: Move to approve Prairie State Insurance Cooperative for the district's property/liability/auto/umbrella insurance.

Recommended action: Approve the motion.

Due to the competitiveness in proposed insurance premiums, it is recommended that the Board select the Prairie State Insurance Cooperative insurance coverage. (Fiscal Year 2011 premium - \$44,491 and next renewal of July 1, 2011.) This recommendation would be a three year commitment to the insurance pool. Although the annual premium is slightly higher and deductibles would increase from \$500 to \$1,000 (no deductible on liability claims), the overall insurance coverage to the district is more comprehensive.

MEMORANDUM

Date: 10/22/10
To: Dr. Steven Baule
From: Cathy Nelson
RE: Property/Liability/Auto/Umbrella Insurance Renewal

The District's current broker (Horton Group) for Property/Liability/Auto/Umbrella insurance received four responses to quote (one was a decline) for the 2010/2011 renewal. Insurance renews on November 15th. From the prior year renewal to today, the District has not added any property, but has incurred a large loss that has impacted the renewal rates. An alternative was reviewed for insurance purposes and cost containment. This alternative was to the Prairie State Insurance Cooperative. Within the immediate area, South Beloit and Shirland are current Cooperative members and have been for several years.

Cost of Insurance 2009/2010 (November to November) = \$57,698 (Hanover & Zurich)

Proposals from Horton Group:

Hanover/Zurich (current insurance companies)	= \$64,236 (11.3% increase)
WRM America	= \$67,828
Indiana Insurance	= \$69,572
Selective Insurance	= Declined

Proposal from Prairie State Insurance Cooperative (Williams-Manny):

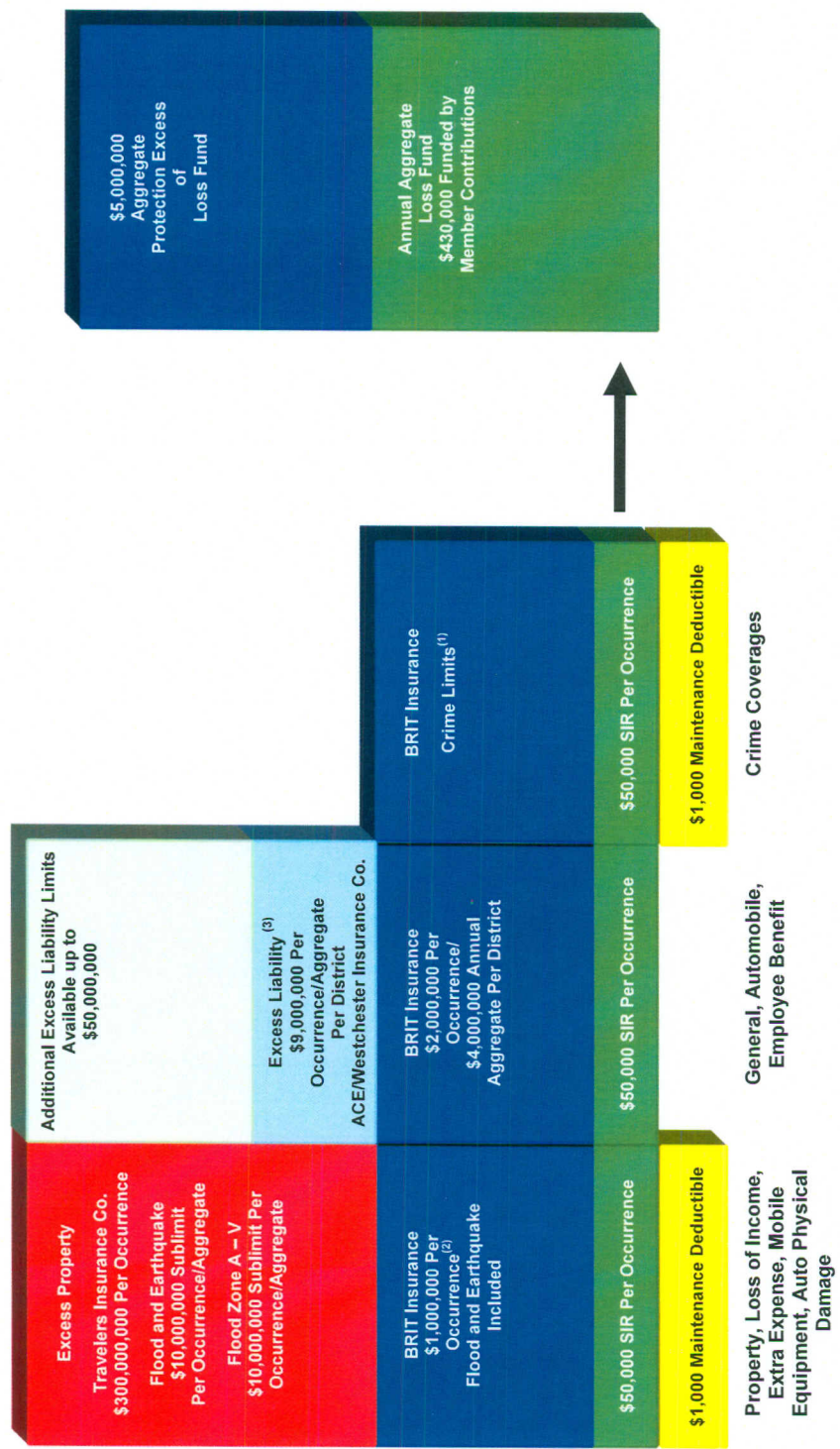
Full Year's Insurance (they do Fiscal Year)	= \$64,813 (12.3% increase)
Pro-rated Insurance (Nov 2010 – July 1, 2011)	= \$44,491

Due to the competitiveness in proposed insurance premiums, it is recommended that the board select the Prairie State Insurance Cooperative insurance coverage. (Fiscal Year 2011 premium = \$44,491 and next renewal of July 1, 2011). This recommendation would be a three year commitment to the insurance pool. Although, the annual premium is slightly higher and deductibles would increase from \$500 to \$1,000 (no deductible on liability claims), the overall insurance coverage to the district is more comprehensive. Some of the additional coverage includes: Flood and Earthquake insurance (which was recommended by Horton to review); Third Party Crime; Computer Fraud; Excess Liability greater than double current policy limits; availability of Student Accident Insurance and School Board legal at additional cost (currently covered as part of membership in WSCIT); additional excess umbrella that includes sexual abuse.

A sample district was reviewed to show their history of premiums over the past five years. This district was slightly smaller than North Boone; however, over this time their insured values increased by 11.3% and students increased 7%. However, their premiums remained close to the prior year's cost with

slight decreases until the current year in which they saw a larger decrease in premiums. This pool does not make any additional assessments for losses. They have recently made refunds to districts due to lower than anticipated losses. The overall pool had 78 member districts in the 2009/2010 year and has been steadily increasing. The pool is managed and administered by Gallagher Bassett. All insurance carriers of the pool's policies are rated by A.M. Best of Excellent (A, A-) or Superior (A++,A+).

2010-2011 Secured Self-Insured Program Structure



(1) Employee Dishonesty – \$500,000; Money and Securities In/Out \$500,000; Depositors' Forgery – \$500,000 total losses.
 (2) SIR for Flood is \$50,000 per occurrence.
 (3) With Excess & Underlying Sublimits, total Sexual Abuse Limit & School Board Legal Limit are each \$10,000,000