


REQUEST FOR BOARD ACTION

To: ESD Board of Education
From: ESD Finance Director, Ron Patera 
Date: June 12, 2020
Business Date: June 22, 2020
Subject: Property and Liability Insurance, Worker's Compensation Insurance, Fuel Storage Pollution Liability and Cyber Liability

RECOMMENDATION:

Approve agreement with Pinnacol Assurance for the District's Worker's Compensation Insurance coverage for the 2020-2021 Fiscal Year. Approve agreements with Markel/Wright Specialty Insurance for the District's Property and Liability insurance coverage, Crum & Forster for the storage tank pollution coverage and Lloyd's of London for our cyber security coverage for the 2020-2021 Fiscal Year.

BACKGROUND AND FINDINGS:

The District has used Pinnacol Assurance as our Worker's Compensation Insurance carrier for the past thirteen years. They are the primary insurer for worker's compensation in the state. The following is a summary of the changes for the upcoming year:

- Approximate premium increase of \$26,173, resulting in a renewal premium of \$154,151 due to the following:
 - Experience modification rating increasing from 1.08 to 1.34.
 - Expiring payrolls were used to estimate renewal premium
 - More than 50% of the overall Insurance Program cost increase is attributable to the Experience Modification Factor increase

Staff is recommending that the District maintain our Property and Liability insurance needs with Markel/Wright Specialty. The following is a summary of the changes for the upcoming year:

- Approximate premium increase of \$20,944, resulting in an approximate renewal premium of \$144,483 due to the following:
 - More than 60% of the premium increase occurred in the Property coverage due to Hailstorm exposure. However, Wright maintained a \$5,000 property policy deductible which is a significant benefit to the District.
 - The Property & Casualty program was marketed this year to two other specialty school markets and both carriers declined to quote due to Hail exposure.

Staff is recommending that the District maintain our additional insurance policies for Pollution Liability with Crum & Forster and Cyber Liability with Lloyd's of London. The following is a summary of the changes for the upcoming year:

- Pollution Liability – Approximate premium increase of \$204, resulting in a renewal premium of \$2,704 due to the following:
 - Nominal market driven premium increase
 - Cyber Liability – Approximate premium increase of \$1,199, resulting in a renewal premium of \$2,972 due to the following:
 - Significant increases in premiums in the cyber insurance market due more remote workers and less security in their workspace.
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