



Clay County District Schools

Property & Casualty Insurance Program Review

Presented by:

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Area Senior Vice President

Date May 28, 2019



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Agenda

- I. About Arthur J. Gallagher & Co.
- II. Insurance Overview
- III. Clay County Schools Program Structure
- IV. State of the Market
- V. Your Renewal Program
- VI. Conclusion



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About Arthur J. Gallagher & Co.



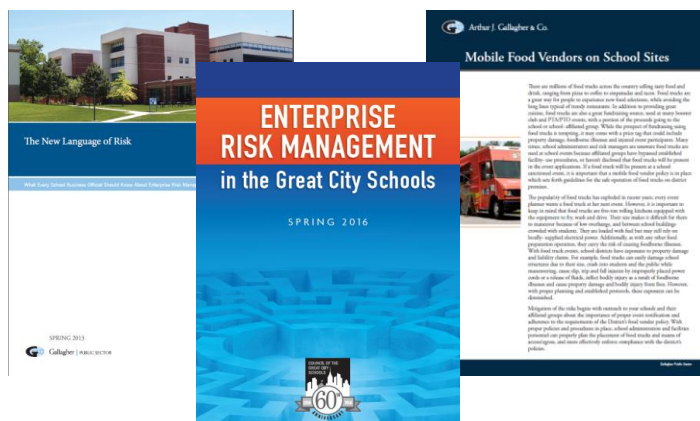
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About Arthur J. Gallagher & Co.

Facts and Figures – K-12 Practice

Gallagher has structured its operations around the ability to provide **tailored solutions** to specific industries. Our value proposition is built on the concept that by devoting our best talent, corporate resources, and time into **specializing in K-12 schools**, we can provide measurable value to our clients in helping them **understand and manage their total cost-of-risk.**



Education Practice

Size

World's largest insurance broker for K12 Schools

Approximate Number of Clients

Thousands of K-12 clients, including public, charter, independent, private and religious schools

Education Clients

Over 100 Education Clients in Florida encompassing thousands of campuses.

Education Practice Resources

- 300+ sales experts across the US
- Former school risk managers, teachers and administrators on staff
- ERM consultants specifically focused on school operations

Gallagher Education Publications

1. Author/editor of 2016 white paper "ERM in Urban Schools" published by the Council of the Great City Schools
2. "The New Language of Risk" for independent schools
3. Monthly risk management e-newsletter



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Your Peers.....Our Clients

Individual Florida School Systems

- Brevard County School Board
- Broward County School Board
- Clay County School Board
- Duval County School Board
- Escambia County School Board
- Lake County School Board
- Marion County School Board
- Miami-Dade County School Board
- Monroe County School Board
- Orange County School Board
- Okaloosa County School Board
- Osceola County School Board
- Seminole County School Board

Members of Panhandle Area Educational Consortium

- Calhoun County School District
- Franklin County School District
- Gulf County School District
- Holmes County School District
- Jackson County School District
- Jefferson County School District
- Liberty County School District
- Wakulla County School District
- Walton County School District
- Washington County School District

Members of the North East Florida Educational Consortium

- Baker County School Board
- Bradford County School Board
- Columbia County School Board
- Dixie County School Board
- Flagler County School Board
- Florida Virtual School
- Gilchrist County School Board
- Hamilton County School Board
- Hernando County School Board
- Levy County School Board
- Nassau County School Board
- Putnam County School Board
- Union County School Board





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Insurance Overview

Risk Management Control Continuum

Less Control

Greater Control



**Conventional
Insurance
Program**

**Safety
Dividend
Program**

**Large
Deductible
Retro-Plan**

**Protected
Self-
insurance
(Aggregate
Protection)**

**Specific
Excess
Insurance
(No
Aggregate)**

**Rent-A-
Captive**

**Captive or
RRG**

**Pure
Self-
Insurance**

Clay County
District Schools



Conventional Insurance Basic Elements

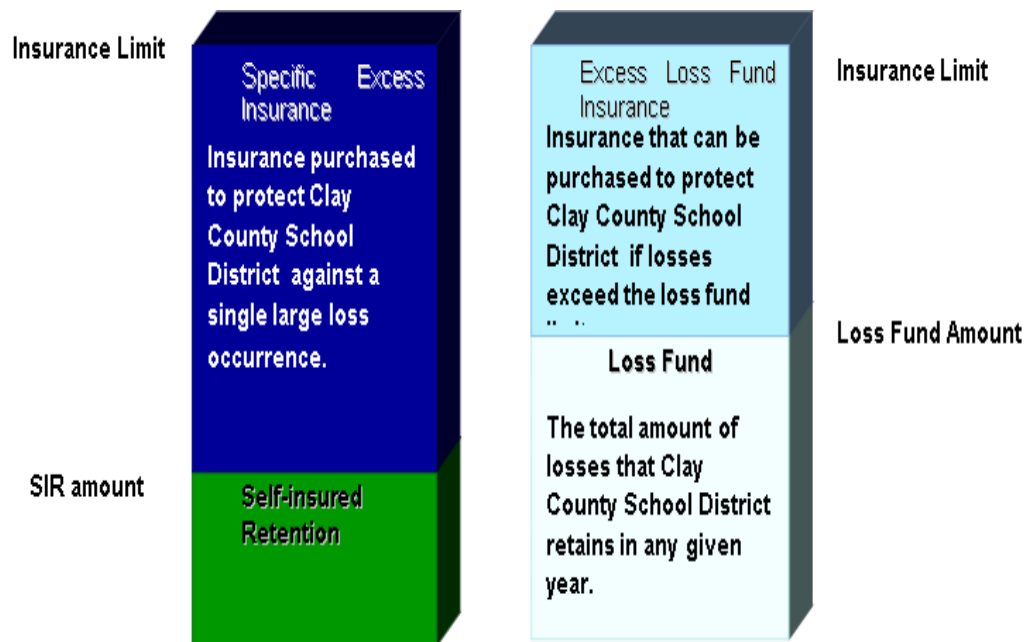
1. Because conventional insurance responds to primary losses (at the first dollar of loss), premium levels and even the availability of coverages are unstable.
2. Insurance companies view your premium dollar as their money. They ultimately decide the final disposition of a claim based upon their own interests, timetables and priorities.
3. Insurance companies earn investment income on your money while claims are waiting to be paid



What is Self Insurance?

Basic Elements

- The **Self-insured Retention** is the maximum amount of any single loss the School District can feasibly absorb for each line of insurance.
- The **Specific Excess** insurance provides coverage above the self-insured retention, by line of coverage, which protects Clay County School District from abnormal severity of loss and provides appropriate catastrophic coverage.
- The **Loss Fund** is based on previous loss experience and a factor for projected losses which anticipates inflationary trends and an allowance for unreported losses.
- ***Excess Loss Fund** insurance provides coverage above the loss fund and protects Clay County School District from abnormal frequency and severity of loss. If the total amount of losses exceeds the loss fund, Clay County School District would then be insured up to the excess limit selected.





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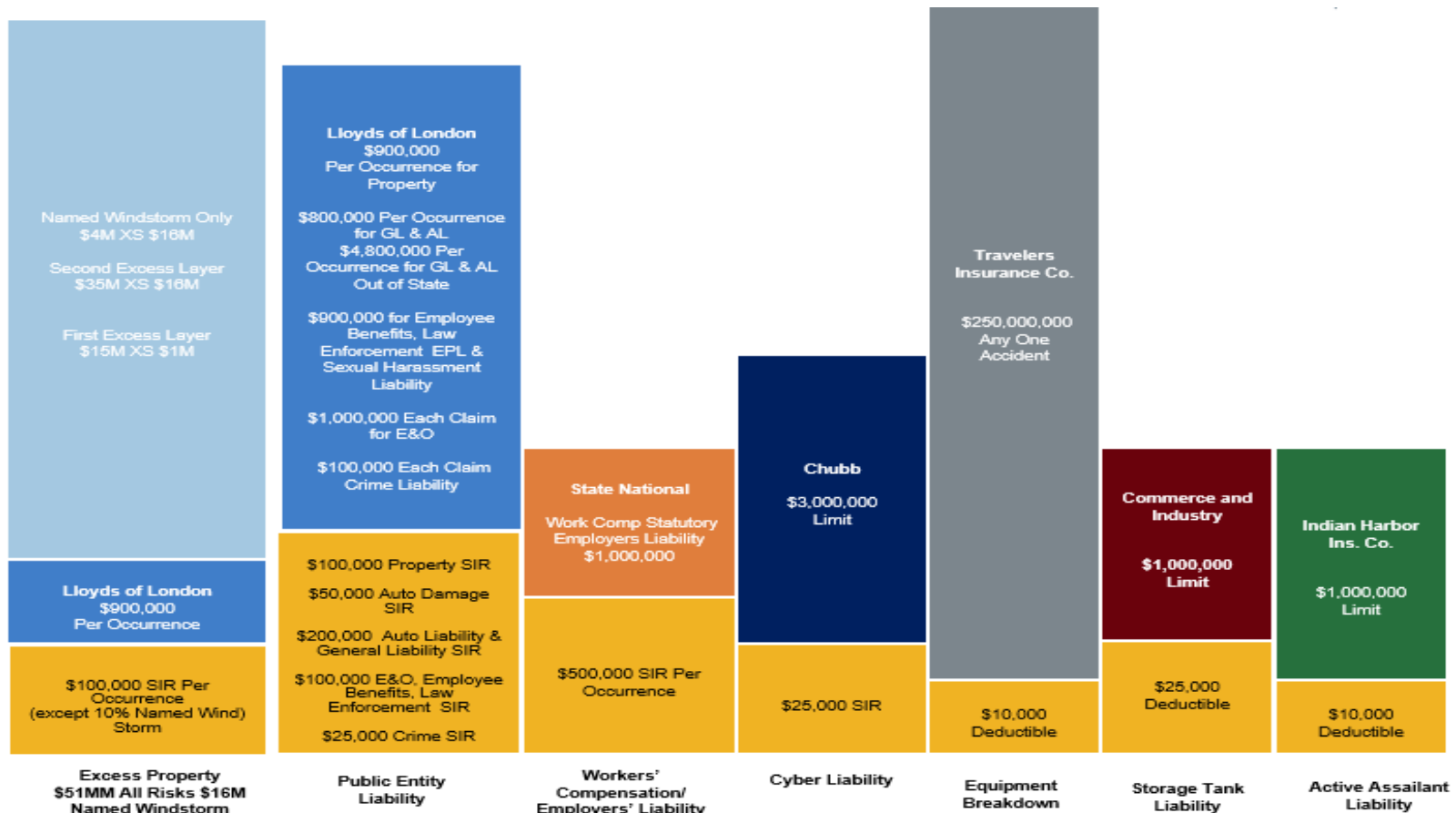
Clay County Schools Program Structure



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Your Property and Casualty Program



Please note that coverages are not drawn to scale and actual policy verbiage should be consulted for coverage terms and conditions



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How do you compare to your peers?

	Clay County Schools	North Florida SB	North Florida SB	Central Florida SB	Central Florida SB
TIV	\$1,007,091,000	\$1,002,487,000	\$3,114,045,000	\$1,894,389,000	\$1,555,345,000
Payroll	\$201,571,000	\$243,000,000	Not Available	\$356,191,000	\$295,203,000
WC SIR	\$500,000	\$500,000	Self Insured	\$500,000	\$400,000
GL SIR	\$200,000	\$300,000	Self Insured	\$500,000	\$200,000
AL SIR	\$200,000	\$300,000	Self Insured	\$500,000	\$200,000

	Central Florida SB	Central Florida SB	South Florida SB	South Florida SB	South Florida SB
TIV	\$844,747,000	\$2,353,053,000	\$300,693,000	\$10,329,678,000	\$7,386,200,000
Payroll	\$224,488,000	\$503,185,000	\$62,362,000	\$1,779,546,000	\$1,376,517,000
WC SIR	\$500,000	\$650,000	\$325,000	\$1,500,000	\$1,500,000
GL SIR	\$100,000	\$1,000,000	\$150,000	\$200,000	\$300,000
AL SIR	\$100,000	Self Insured	\$150,000	\$200,000	\$300,000



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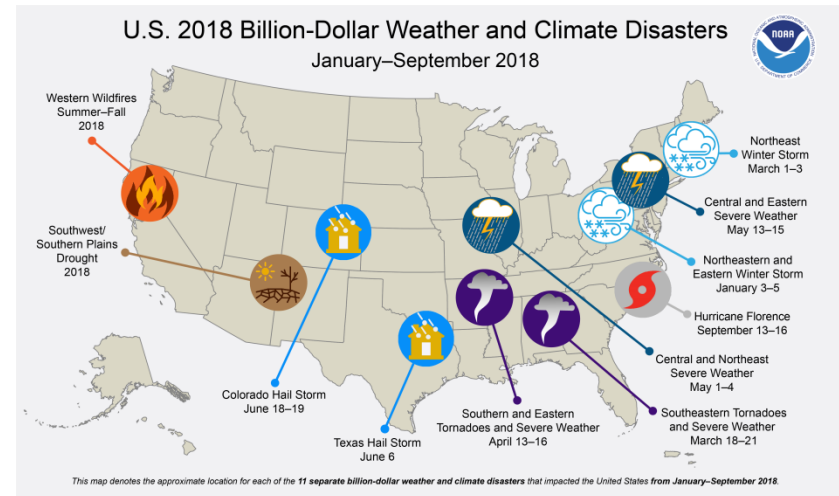
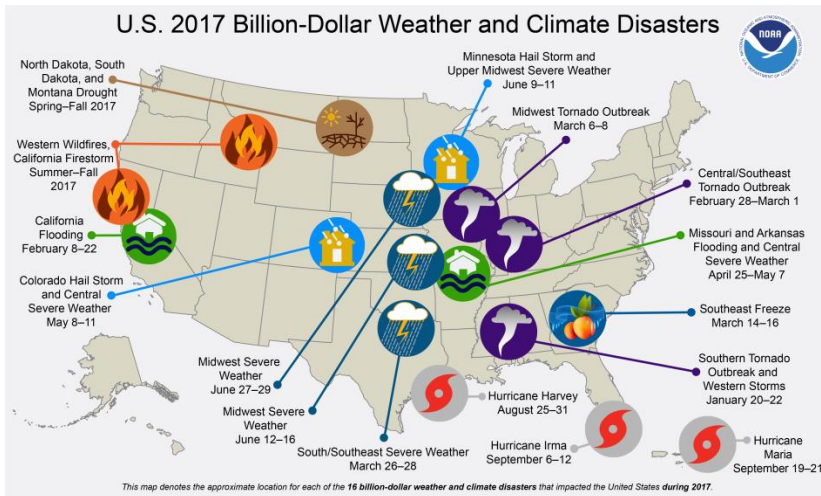
State of the Market

State of the Market

Property

Property market has tightened:

- » *Volatility associated with natural catastrophes is nothing new for the industry*
- » *Capital and competition remains in the marketplace*
- » *CAT Property as of May 2019 at +10% to +20%*
- » *Rate increases, focus on each individual risk*





State of the Market

Casualty

Third Party Liability Third Party Liability coverages:

- Stable Market in recent years
- Rate changes governed largely by the loss experience and development of the individual account
- Auto Liability is consistently seeing rate increases, regardless of risk profile

Excess Workers Compensation coverage:

- Pricing in this market can shift quickly
- Increasing costs due to medical inflation, technological advances in medical care, and increased drug costs
- Most Excess WC Carriers require \$1,000,000 Retentions especially for police and fire exposures
- Uncertainty regarding costs associated with legislative and/or legal challenges i.e. Florida PTSD legislation

Overall, individual risk profiles are dictating renewal outcomes.



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Your Renewal Program

Exposure Comparison

Exposures	2018	2019	Δ%
Total Insured Values	\$984,693,288	\$1,000,091,790	2.27%
GOE	\$269,759,226	\$290,155,878	8%
Total Payroll	\$196,222,739	\$201,573,457	3%
Students	36,425	38,959	7%
Vehicles	611	582	-5%
Employees	5442	5512	1%

Marketing

Carrier	Coverage	Response
Berkshire Hathaway Specialty Insurance Company	Property	Declined - Cannot compete
Crum & Forster	Property	Declined - Cannot compete
Ethos Specialty	Property	Declined - Cannot compete
Hallmark E&S	Property	Declined - Cannot compete
Hiscox USA	Property	Declined - Cannot compete
James River Insurance Company	Property	Declined – Not enough capacity
Kemah Capital LLC	Property	Declined - Cannot compete
Markel	Property	Declined – Not enough capacity
Maxum Specialty Insurance Group	Property	Declined - Cannot compete
Mitsui Sumitomo Insurance	Property	Declined - Cannot compete
Nationwide E&S/Specialty	Property	Declined - Cannot compete
OneBeacon Insurance Group	Property	Declined - Cannot compete
Pioneer Special Risk Insurance Services	Property	Declined - Cannot compete
Rivington Partners	Property	Declined - Cannot compete
RSUI	Property	Declined - Cannot compete
Sompo International	Property	Declined - Cannot compete
SRU	Property	Declined - Cannot compete
Velocity Risk Underwriters, LLC	Property	Declined - Cannot compete
Westchester, A Chubb Company	Property	Declined - Cannot compete
Zurich North America	Property	Declined – Not enough capacity

Marketing

Carrier	Coverage	Response
Travelers	Boiler and Machinery	Quoted
Lloyds of London	Package	Quoted
State National	Excess Workers Compensation	Quoted
Chubb	Cyber Liability	Quoted
Lloyds of London	Cyber Liability	No Response
Indian Harbor	Active Assailant	Premium Indication
Commerce & Industry	Storage Tank	Quoted
Zurich American Insurance	Student Accident	Quoted
Chubb	Student Accident	Declined – Cannot compete
Indian Harbor	Terrorism	Quoted
AXIS Insurance	Property	Quoted
Landmark American	Property	Quoted
Ironshore	Property	Quoted
Evanston Insurance Company	Property	Quoted
Everest National Insurance Company	Property	Quoted
Colony Specialty	Property	Quoted
AmRisc	Property	Declined – Not enough capacity
ARCH Insurance Group	Property	Declined - Cannot compete
Arrowhead General Insurance Agency	Property	Declined - Cannot compete
Arrowhead Insurance Risk Managers, LLC	Property	Declined - Cannot compete
Aspen Insurance	Property	Declined - Cannot compete
AXA XL, a division of AXA	Property	Declined - Cannot compete
Beazley USA	Property	Declined - Cannot compete

Renewal Pricing

	Expiring Program	Renewal	
Description	2018-2019	2019-2020	
			% Change
School Board Package	\$ 292,000.00	\$ 304,000.00	4%
Excess Property	\$ 507,619.00	\$576,422	14%
Excess WC	\$ 105,764.00	\$ 108,647.00	3%
B&M	\$ 13,151.00	\$ 13,923.00	5.87%
Storage Tank	\$ 4,469.00	\$ 4,810.00	8%
Active Assailant	\$ 15,000.00	\$ 15,000.00	0%
Student Accident	\$ 8,869.00	\$ 9,069.00	2%
Cyber Risk	\$ 21,243.00	\$ 22,233.00	5%
Total Cost before fees	\$ 968,115.00	\$ 1,054,104.00	9%
Florida Surcharges/FEMA Fees	\$ 28.00	\$ 28.00	0%
Cyber Broker Fee	\$ -	\$ 350.00	100%
TRIA	\$ 40.00	\$ 44.00	10%
AJG Risk Management Fee	\$ 60,000.00	\$ 60,000.00	0%
Total Cost after fees	\$ 1,028,183.00	\$ 1,114,526.00	8%
Total ▲ over expiring (\$)		\$ 86,343.00	
Total ▲ over expiring (%)		8%	



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Conclusion



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Conclusion

- Overall, renewal is quite favorable;
- Loss experience remains stable;
- Program marketed to over 40 carriers;
- Rates have remained flat, with the exception of property;
- Property rates are continuing to be negotiated;
- Overall premiums are estimated to not exceed 8% increase.

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