

# COP Talking Points Budget Explanation Friday, February 08, 2019

#### FCSRMC Mission Statement:

FCSRMC delivers comprehensive and innovative enterprise-wide risk management services and solutions to support the educational mission of the Florida College System.

#### **Talking Points**

The 2018-19 renewal allocation was held flat – a zero percent increase – for each college based on their 2017-18 renewal. This renewal was approved by the Operations Committee on January 26, 2018, and ratified by the Council of Presidents on February 9, 2018. The 2019-20 renewal allocation is based on factors explained below. Because the 2018-19 allocation was not based on exposures like below, there are two years of adjustments factored into this year's allocation (See Page 3), which can cause inflated increases or decreases in a college's annual assessment. Colleges are required by statute to insure for workers' compensation and the protection of real and personal property acquired or held in trust for use by and for the benefit of such Florida College System Institution, and are granted the right to self-insure by these same statutes.

Specifically: (See Pages 20-30)

F.S. 440.38 - Requires workers' compensation insurance and provides authority for self-insurance.

F.S. 111.072 - Provides authority for self-insuring liability.

F.S. 1001.64 - Requires the protection of college property and provides authority for self-insurance.

#### A. Property - Based on Total Insured Value (TIV)

- The Property premium is calculated for each college by taking the total amount of premium and allocating based on each college's percentage of the overall Total Insured Value (TIV). (See Pages 3-5)
- If a college is 10% of the TIV for FCSRMC, then that college pays 10% of the property premium.
- 2019-20 Premium \$12,900,067 (See Pages 4-5)
- TIV is all college owned property, including buildings, contents, vehicles, watercraft, and all outdoor campus property (fencing, lighting, dugouts, etc.).

#### B. Workers' Compensation (WC) – Actuarial and State Factors

- The amount allocated to workers' compensation (WC) is calculated by using each college's estimated payrolls, the rates set by the National Council on Compensation Insurance (NCCI), and each college's workers' compensation (WC) experience modifier (MOD). (See Page 6)
- The WC Experience Modifier is based on an entity's payroll and claims experience over the preceding three-year period. A 1.00 MOD acts as an industry baseline. Deviations from the baseline result in a discounted premium for MODs below 1.00, and a mark-up for MODs above 1.00. (See Pages 7-9)
- Payroll data, separated into NCCI classes, are provided to FCSRMC by the colleges at renewal.
   (See Page 10)
  - o 7383 Drivers and garage employees
  - o 8868 Academic employees (professors, administrators, etc.)
  - 9101 Manual labor or non-professional (facilities, security guards, etc.)
- The state sets WC rates based on expected losses related to the NCCI classes. This year's rates are: (See Page 6)
  - 0 7383 5.51
  - 0 8868 0.45
  - 0 9101 3.88

- Estimated payrolls are divided into NCCI classes, and divided by 100. Then, they are multiplied by the class rate to calculate the premium. This premium amount is then multiplied by the college's MOD rate to determine the total amount each college is required to pay. The final amount is commonly referred to as the "modified rate".
  - o Example of premium calculation:
    - (Payroll \$100,000/100) X 5.51 X MOD .85 = Premium
    - 1000 X 5.51 X .85 = \$4683.50
- 2019-20 Premium \$7,642,528 (See Page 4-5)

#### C. Other Coverages and Services – Based on Full Time Enrollment (FTE)

- Other coverages and services comprise the amount of funding left once property premiums and workers' compensation allocations are subtracted.
- This amount is allocated by each college's percentage of the overall program FTE. (See Pages 3,5,11)
- Coverages and services include, but are not limited to, international travel, crime, general and auto liability, equipment breakdown, E&O, cyber, TPA services, and self-insured claims cost.
- 2019-20 Premium \$8,635,515 (See Page 4-5)

#### D & E. Confidence Level Funding, Legislative Budget Request (LBR), Surplus Fund Balance

- The goal of FCSRMC is to fund between a 75% 85% confidence level, based on the Surplus Funding Policy passed by the Operations Committee and ratified by the Council of Presidents. (See Pages 12-14)
- The purpose of the surplus funding policy is to get the fund balance to a level that is adequate and can help offset annual renewal allocations.
  - o Example: (generic numbers used)
    - \$30M Surplus Fund Balance, with a goal of \$25M. This leaves \$5M over the goal to offset premiums. So if it takes \$30M to fund the 75% confidence level, we would only need to allocate \$25M to be at the 75% confidence level.
- FCSRMC is requesting from the legislators a one-time appropriation of \$18,668,823 in to the
  Division of Florida Colleges to fund the property insurance deductibles resulting from previous
  catastrophic losses. (See Page 15-16)
- Pending the outcome of the legislative budget request, the Operations Committee will hold an emergency meeting to address 2019-20 catastrophic loss funding.
- Failure of the legislative budget request may result in higher college assessments for the 2019-20 renewal allocation. (See Page 5)
- Cornerstone Actuarial Solutions recommends a minimum Surplus Fund balance in the range of \$35M - \$45M. This amount is consistent with the ratios found in the Surplus Funding Policy. (See Page 17-19)

Backup

# Exposures

	Change	22%	%0	20%	-3%	7%	-22%	-2%	21%	-3%	13%	21%	-28%	-17%	33%	-31%	-25%	33%	-4%	-27%	-24%	-2%	2%	%8	7%	-32%	14%	2%	-3%
po	Change % Change	0.18		0.16	(0.03)	0.05	(0.23)	0.02)	0.16	0.02)	60.0	0.13	(0.35)	(0.17)	0.23	(0.26)	0.26)	0.25	(0.02)	(0.20)	0.21)	(90.0	0.04	0.08	90.0	(0.39)	0.12	0.05	(0.02)
Experience Mod		1.01	0.65	96.0	) 66.0	0.78		0.98	0.91	0.77 (	0.77	92.0	0.92	0.83	0.92	0.58	0.76	1.00	1.18	0.55 (	0.66 (	0.82	0.85	1.08	0.92	0.84	96.0	0.79	0.85
Expe	2019- 2020 (3/1/18)	•																											
	2018- 2019 (3/1/16)	0.83	0.65	0.80	1.02	0.73	1.06	1.00	0.75	0.79	0.68	0.63	1.27	1.00	0.69	0.84	1.02	0.75	1.23	0.75	0.87	0.88	0.81	1.00	0.86	1.23	0.84	0.74	0.88
	% Change	24%	%9	2%	-16%	3%	%8	2%	11%	%9	2%	3%	-14%	2%	%9	-5%	-31%	%0	-2%	%9-	2%	-1%	4%	10%	2%	3%	-1%	12%	7%
	Change	\$25,437,091	\$600,000	\$551,511	(\$10,419,000)	\$1,327,956	\$968,294	\$317,698	\$4,129,042	\$1,440,516	\$3,765,422	\$1,784,011	(\$2,209,205)	\$11,140,000	\$305,305	(\$1,030,177)	(\$27,368,006)	\$13,956	(\$660,501)	\$2,113,343)	\$1,017,376	(\$6,265,932)	\$2,118,800	\$5,461,287	\$682,676	\$1,037,059	(\$291,971)	\$15,470,034	27,209,899
=			00	47			37	03					_	• .	42	Ī	_	82	26	_		_			57	• .	29		Ş
Total Payroll	2019-2020	\$131,100,207	\$10,490,000	\$23,825,747	\$53,821,000	\$45,672,544	\$13,372,337	\$6,794,403	\$42,477,201	\$24,741,132	\$73,320,538	\$67,416,157	\$13,711,560	\$236,443,600	\$5,844,542	\$20,200,687	\$61,163,418	\$26,931,482	\$30,802,356	\$35,208,321	\$20,893,164	\$78,839,294	\$52,077,337	\$58,339,808	\$14,507,257	\$32,228,400	\$36,956,029	\$144,924,701	1,362,103,222
	2018	105,663,116	000'068'6	23,274,236	64,240,000	44,344,588	12,404,043	6,476,705	38,348,159	23,300,616	69,555,116	65,632,146	15,920,765	225,303,600	5,539,237	21,230,864	88,531,424	26,917,526	31,462,857	37,321,664	19,875,788	85,105,226	49,958,537	52,878,521	13,824,581	31,191,341	37,248,000	129,454,667	<b>1,334,893,323</b> \$
	2017-2018	10		2	ý	4	T		ñ	2	9	9	ij	22	-,	2	ŏ	2	'n	'n	ij	∞	4	5.	1	'n	'n	12	1,33
	% Change	\$ %8-	-3%	18% \$	5% \$	11% \$	\$ %9-	16% \$	12% \$	\$ %8-	2% \$	\$ %9	23% \$	16% \$	12% \$	\$ %9	\$ %8	15% \$	11% \$	1% \$	\$ %8	3%	\$ %9	\$ %6	\$ %6	13% \$	-1% \$	5% \$	\$ %/
		\$16,227,899)	(\$3,621,195)	\$36,242,121	\$19,064,818	\$39,864,943	(\$6,682,036)	\$9,589,305	\$37,966,578	(\$15,549,436)	\$9,053,170	\$25,456,971	\$27,341,567	\$190,599,863	\$5,100,854	\$13,936,709	\$29,781,078	\$35,326,181	\$28,115,003	\$1,576,272	\$10,402,908	\$17,794,176	\$15,666,347	\$27,953,912	\$12,291,669	\$24,046,441	(\$2,089,149)	\$27,638,761	600,639,934
	Change	(\$16,2	(\$3,6	\$36,2	\$19,0	\$39,8	9'9\$)	\$6,5	\$37,9	(\$15,5	\$9,0	\$25,4	\$27,3	\$190,5	\$5,1	\$13,9	\$29,7	\$32,3	\$28,1	\$1,5	\$10,4	\$17,7	\$15,6	\$27,9	\$12,2	\$24,0	(\$2,0	\$27,6	
VIT	2019-2020	\$523,298,770	\$119,523,909	\$238,418,745	\$391,128,792	\$399,850,608	\$102,639,253	\$71,445,456	\$347,718,085	\$167,388,167	\$380,433,854	\$444,776,869	\$146,296,504	\$1,402,504,887	\$49,228,761	\$230,235,588	\$413,216,626	\$266,917,619	\$286,615,517	\$208,680,423	\$142,465,577	\$536,594,971	\$268,156,227	\$340,780,026	\$146,282,762	\$209,768,970	\$342,769,307	\$569,385,054	8,746,521,327 \$
	2																								•				\$
	2017-2018	\$539,526,669	\$123,145,104	\$202,176,624	\$372,063,974	\$359,985,665	\$109,321,289	\$61,856,151	\$309,751,507	\$182,937,603	\$371,380,684	\$419,319,898	\$118,954,937	\$1,211,905,024	\$44,127,907	\$216,298,879	\$383,435,548	\$231,591,438	\$258,500,514	\$207,104,151	\$132,062,669	\$518,800,795	\$252,489,880	\$312,826,114	\$133,991,093	\$185,722,529	\$344,858,456	\$541,746,293	8,145,881,393
	% Change	-2%	%0	-4%	-3%	7%	18%	%0	2%	-7%	%0	-3%	%8	\$ %9-	%9	%8-	%9	-1%	7%	%6-	%0	-8%	7%	1%	%6	-7%	-5%	2%	\$ %7-
	Change <sub>Ch</sub>	(1,427)	(7)	(186)	(348)	196	355	(1)	751	(568)	(36)	(408)	232	(3,338)	52	(361)	1,155	(88)	166	(675)	15	(1,526)	266	120	194	(208)	(149)	700	(5,126)
FTE			1,439	5,100	90t	731	336	714	104	385	010	317	111		998	3,889		7,654	7,220	6,533	4,535		346	550	2,362	6,901	9,200	327	
u.	2019-2020	28,626	1,4	5,1	11,406	10,731	2,336	-	11,104	3,585	20,010	13,317	3,111	48,188	w	3,8	21,117	7,6	1,2	5,6	4,5	18,568	11,246	12,650	2,3	5′9	5,6	30,827	303,235
	2017-2018	30,053	1,446	5,286	11,754	10,535	1,981	715	10,353	3,854	20,046	13,725	2,879	51,526	814	4,250	19,962	7,743	7,054	7,208	4,520	20,094	10,980	12,530	2,168	7,409	9,349	30,127	308,361
	College	BroC	သ	CCF	DSC	EFSC	FGC	FKCC	FSWSC	GCSC	HCC	IRSC	LSSC	MDC	NFCC	NWFSC	PBSC	PHSC	PeSC	PoSC	SJRSC	SPC	SF	SSC	SFSC	SCFMS	TCC	۸C	Total

## Florida College System Risk Management Consortium Property/Casualty Programs

#### 2019-20 Calculation of Institution Assessments

	Rate Per FTE	\$85.60	\$96.22	12%		
		2018-2019	2019-2020	% Change		
	Total Funds to be Assessed to Colleges		\$25,849,596	- -	\$29,178,110	12.88%
	Total Funds Needed for program operation		\$25,849,596		\$29,178,110	
	Less: Expected Interest Earnings	•	\$0	-	\$0	
	Needed to Fund Property/Casualty Program		\$25,849,596		\$29,178,110	
	WC Collateral Held by Insurer	\$3,515,587		\$3,515,587		
	Surplus Contribution		\$0		\$0	
	Total Funds Needed for Property/Casualty Programs		\$25,849,596		\$29,178,110	
'C	Loss Fund		\$10,000,000		\$11,500,000	\$7,642,528 Allocated to C
		•	\$15,849,596	-	\$17,678,110	
,	Total Other Program Costs	3823,032	\$3,478,154	\$610,373	\$2,321,238	
) )	Administrative Services (+Legal, Claims, Audit, etc.) Consortium Office Budget	\$1,271,129 \$825,692		\$1,479,863 \$816,375		
	Fund Balance Recovery	\$1,356,334		\$0		
)	Other Program Costs  Workers' Compensation Audit Assessment	\$25,000		\$25,000		
			Ÿ12,371,112		Ÿ13,330,672	
	Disaster Management Insurance  Total Insurance Costs	\$0	\$12,371,442	\$0	\$15,356,872	
2	State Taxes and Assessments	\$150		\$50		
2	Site Pollution including Tanks	\$129,996		\$133,962		
_	Master Builders Risk (deposit of \$151,776 \$50M Limit)	\$0		\$0		
2	International Travel	\$38,331		\$75,383		
2	Cyber	\$370,397		\$389,730		
2	Crime	\$61,706		\$61,706		
2	Fiduciary Liability	\$59,722		\$59,886		
2	\$5M Full XS Caualty xs \$200K	\$352,823		\$376,852		
2	School Leaders Errors & Omissions	\$968,378		\$1,058,424		
)	Workers' Compensation	\$299,956		\$300,812		
4	Boiler & Machinery	\$179,983		\$190,067		
4	Property Insurance	\$9,910,000	<u>19</u>	\$12,710,000	<u>9-20</u>	
	Funds Needed for Property/Casualty Programs	2018-1	١٥	201	9-20	

FCSRMC Calculation of Property/Casualty Assessment - 2019-2020 Fiscal Year

										Billed							<b>.</b>	1
	ပ	ပ	4	∢	В					Separate					Loss Fund/CAT Funding	AT Funding	Total College Assessment	Assessment
	10.30	19-20 Other	00.01	19-20 Property	10 30	16.30	76		%	Est WC Self-	19-20 including			Total	75%	85%	Tew Children (1997) Water	OE% Confidence
College	FTE	Cost Per Member	VITV	Cost Per Member	WC Cost	Assessment	Assessment	Difference	" Change	Insurance	Est WC Assessment	Due 3/1	Due 7/1	Allocation	Confidence Level	Confidence Level	/3% Comidence Level	os% confidence Level
BroC	28,626	\$ 815,210	\$ 523,298,770	\$ 771,803	\$ 862,321	\$ 2,449,334	\$ 1,884,593	\$ 564,741	30%	\$ 10,342	\$ 2,459,676	\$ 816,445	\$ 1,632,889	\$ 2,449,334	\$ 290,677	\$ 541,814	\$ 2,740,011	\$ 2,991,148
CC	1,439	\$ 40,980	\$ 119,523,909	\$ 176,283	\$ 52,914	\$ 270,177	\$ 256,231	\$ 13,947	2%	\$ 843	\$ 271,020	\$ 90,059	÷	\$ 270,177	\$ 66,392	\$ 123,753	\$ 336,569	\$ 393,930
CCF	5,100	\$ 145,238	\$ 238,418,745	\$ 351,639	\$ 147,138	\$ 644,015	\$ 518,257	\$ 125,757	24%	\$ 1,812	\$ 645,827	\$ 214,672	\$ 429,343	\$ 644,015	\$ 132,435	\$ 246,854	\$ 776,449	\$ 890,869
DSC	11,406	\$ 324,820	\$ 391,128,792	\$ 576,868	\$ 360,456	\$ 1,262,143	\$ 1,234,054	\$ 28,089	7%	\$ 4,364	\$ 1,266,507	\$ 420,714	\$ 841,429	\$ 1,262,143	\$ 217,260	\$ 404,968	\$ 1,479,404	\$ 1,667,111
EFSC	10,731	\$ 305,597	\$ 399,850,608	\$ 589,732	\$ 273,187	\$ 1,168,516	\$ 941,562	\$ 226,954	24%	\$ 3,332	\$ 1,171,848	\$ 389,505	\$ 779,011	\$ 1,168,516	\$ 222,105	\$ 413,998	\$ 1,390,621	\$ 1,582,514
FGC	2,336	\$ 66,525	\$ 102,639,253	\$ 151,381	\$ 68,528	\$ 286,433	\$ 277,092	\$ 9,341	3%	\$ 855	\$ 287,288	\$ 95,478	\$ 190,955	\$ 286,433	\$ 57,013	\$ 106,271	\$ 343,446	\$ 392,704
FKCC	714	\$ 20,333	\$ 71,445,456	\$ 105,373	\$ 36,691	\$ 162,397	\$ 142,729	\$ 19,668	14%	\$ 464	\$ 162,861	\$ 54,132	\$ 108,265	\$ 162,397	\$ 39,686	\$ 73,973	\$ 202,083	\$ 236,371
FSWSC	11,104	\$ 316,219	\$ 347,718,085	\$ 512,842	\$ 234,965	\$ 1,064,026	\$ 808,633	\$ 255,393	32%	\$ 2,880	\$ 1,066,906	\$ 354,675	\$ 709,351	\$ 1,064,026	\$ 193,147	\$ 360,021	\$ 1,257,173	\$ 1,424,047
GCSC	3,585	\$ 102,093	\$ 167,388,167	\$ 246,877	\$ 123,018	\$ 471,989	\$ 468,175	\$ 3,814	1%	\$ 1,523	\$ 473,512	\$ 157,330	\$ 314,659	\$ 471,989	\$ 92,979	\$ 173,311	\$ 564,968	\$ 645,300
ЭЭН	20,010	\$ 569,844	\$ 380,433,854	\$ 561,094	\$ 318,952	\$ 1,449,890	\$ 1,176,133	\$ 273,757	73%	\$ 3,904	\$ 1,453,794	\$ 483,297	\$ 966,593	\$ 1,449,890	\$ 211,320	\$ 393,894	\$ 1,661,210	\$ 1,843,784
IRSC	13,317	\$ 379,241	\$ 444,776,869	\$ 655,992	\$ 364,440	\$ 1,399,674	\$ 1,159,563	\$ 240,111	21%	\$ 4,429	\$ 1,404,103	\$ 466,558	\$ 933,116	\$ 1,399,674	\$ 247,060	\$ 460,514	\$ 1,646,734	\$ 1,860,188
LSSC	3,111	\$ 88,595	\$ 146,296,504	\$ 215,770	\$ 62,809	\$ 370,173	\$ 352,416	\$ 17,758	2%	\$ 822	\$ 370,995	\$ 123,391	\$ 246,782	\$ 370,173	\$ 81,263	\$ 151,473	\$ 451,437	\$ 521,646
MDC	48,188	\$ 1,372,296	\$ 1,402,504,887	\$ 2,068,526	\$ 1,379,101	\$ 4,819,923	\$ 4,535,483	\$ 284,440	%9	\$ 16,532	\$ 4,836,455	\$ 1,606,641	\$ 3,213,282	\$ 4,819,923	\$ 779,050	\$ 1,452,128	\$ 5,598,973	\$ 6,272,051
NFCC	998	\$ 24,662	\$ 49,228,761	\$ 72,607	\$ 36,031	\$ 133,300	\$ 105,267	\$ 28,033	27%	\$ 455	\$ 133,755	\$ 44,433	\$ 88,866	\$ 133,300	\$ 27,345	\$ 50,971	\$ 160,645	\$ 184,270
NWFSC	3,889	\$ 110,751	\$ 230,235,588	\$ 339,570	\$ 73,922	\$ 524,243	\$ 532,192	\$ (7,949)	-1%	\$ 928	\$ 525,171	\$ 174,748	\$ 349,495	\$ 524,243	\$ 127,889	\$ 238,382	\$ 652,132	\$ 762,625
PBSC	21,117	\$ 601,369	\$ 413,216,626	\$ 609,445	\$ 335,597	\$ 1,546,411	\$ 1,613,881	\$ (67,470)	-4%	\$ 4,083	\$ 1,550,494	\$ 515,470	\$ 1,030,941	\$ 1,546,411	\$ 229,530	\$ 427,837	\$ 1,775,941	\$ 1,974,248
PHSC	7,654	\$ 217,970	\$ 266,917,619	\$ 393,671	\$ 158,563	\$ 770,204	\$ 595,570	\$ 174,634	73%	\$ 1,953	\$ 772,157	\$ 256,735	\$ 513,470	\$ 770,204	\$ 148,265	\$ 276,362	\$ 918,469	\$ 1,046,566
PeSC	7,220	\$ 205,611	\$ 286,615,517	\$ 422,723	\$ 209,152	\$ 837,486	\$ 741,143	\$ 96,343	13%	\$ 2,562	\$ 840,048	\$ 279,162	\$ 558,324	\$ 837,486	\$ 159,206	\$ 296,756	\$ 996,692	\$ 1,134,242
PoSC	6,533	\$ 186,047	\$ 208,680,423	\$ 307,779	\$ 104,344	\$ 598,169	\$ 586,729	\$ 11,440	7%	\$ 1,313	\$ 599,482	\$ 199,390	\$ 398,779	\$ 598,169	\$ 115,916	\$ 216,064	\$ 714,085	\$ 814,233
SJRSC	4,535	\$ 129,148	\$ 142,465,577	\$ 210,120	\$ 87,264	\$ 426,531	\$ 390,186	\$ 36,345	%6	\$ 1,089	\$ 427,620	\$ 142,177	\$ 284,354	\$ 426,531	\$ 79,135	\$ 147,506	\$ 505,667	\$ 574,038
SPC	18,568	\$ 528,779	\$ 536,594,971	\$ 791,413	· ·	\$ 1,794,407	\$ 1,762,010	\$ 32,397	7%	\$ 5,729	\$ 1,	\$ 598,136	\$ 1,196,272	\$ 1,794,407	\$ 298,063	\$ 555,581	\$ 2,092,470	\$ 2,349,988
SF	11,246	\$ 320,263	\$ 268,156,227	\$ 395,498	Ŷ	\$ 985,970	\$ 832,681	\$ 153,289	18%	\$ 3,305	⋄	\$ 328,657	\$ 657,313	\$ 985,970	\$ 148,953	\$ 277,644	\$ 1,134,923	\$ 1,263,614
SSC	12,650	\$ 360,246	\$ 340,780,026	\$ 502,610	\$ 388,441	\$ 1,251,296	\$ 1,044,682	\$ 206,615	70%	\$ 4,698	\$ 1,	\$ 417,099	\$ 834,198	\$ 1,251,296	\$ 189,293	\$ 352,837	\$ 1,440,590	\$ 1,604,134
SFSC	2,362	\$ 67,265	\$ 146,282,762	\$ 215,749	\$ 101,705	\$ 384,719	\$ 338,687	\$ 46,032	14%	\$ 1,254	\$ 385,973	\$ 128,240	\$ 256,479	\$ 384,719	\$ 81,256	\$ 151,459	\$ 465,975	\$ 536,178
SCFMS	6,901	\$ 196,526	\$ 209,768,970	\$ 309,384	\$ 154,468	\$ 660,379	\$ 658,878	\$ 1,501	%0	\$ 1,911	\$ 662,290	\$ 220,126	\$ 440,253	\$ 660,379	\$ 116,520	\$ 217,191	\$ 776,899	\$ 877,570
TCC	9,200	\$ 261,997	\$ 342,769,307	\$ 505,544	\$ 250,094	\$ 1,017,635	\$ 909,039	\$ 108,596	12%	\$ 3,050	\$ 1,020,685	\$ 339,212	\$ 678,423	\$ 1,017,635	\$ 190,398	\$ 354,897	\$ 1,208,033	\$ 1,372,532
۸C	30,827	\$ 877,890	\$ 569,385,054	\$ 839,774	\$ 711,004	\$ 2,428,668	\$ 1,994,237	\$ 434,431	22%	\$ 8,589	\$ 2,437,257	\$ 809,556	\$ 1,619,112	\$ 2,428,668	\$ 316,276	\$ 589,531	\$ 2,744,945	\$ 3,018,199
Total	303,235	\$ 8,635,515	\$ 8,746,521,327	\$ 12,900,067	\$ 7,642,528	\$ 29,178,110	\$ 25,860,102	\$ 3,318,008	13%	\$ 93,021	\$ 29,271,131	\$ 9,726,037	\$ 19,452,073	\$ 29,178,110	\$ 4,858,432	\$ 9,055,989	\$ 34,036,542	\$ 38,234,099
Allocations are rounded	are rounded																	
FTE Rate	FTE Rate 28.477963																	
!																		

# Workers' Compensation Experience Rating

	WC	WC CODE 7383	3			WC CODE 8868	E 8868			WC CODE 9101	9101		TOTAL	MANUAL			MODIFIED	Estimated
College	PAYROLL	RATE	PREMIUM	MOII	PAYROLL		RATE	PREMIUM	PAYROLL	IL RATE	PREMIUM		PAYROLL	PREMIUMS	1S MOD 3-1-18		PREMIUM	Assessments
BroC	- \$	5.51	\$		\$ 123,408,300	18,300	0.45 \$	555,337	\$ 7,691,907	98.8 206	\$ 298,446	\$ 9t	131,100,207	\$ 853,783		1.01	\$62,321 \$	10,342
SS	\$ 15,000	5.51	<b>\$</b>	827	\$ 9,50	9,500,000	0.45 \$	42,750	\$ 975,	975,000 3.88	\$ 37,830	\$ 08	10,490,000	\$ 81,	81,407 0	9.65	52,914 \$	843
CCF	- \$	5.51	\$		\$ 22,48	22,483,099	0.45 \$	101,174	\$ 1,342,648	,648 3.88	\$ 52,095	95 \$	23,825,747	\$ 153,269		\$ 96.0	147,138 \$	1,812
DSC	- \$	5.51	<b>\$</b>	,	\$ 50,26	50,267,000	0.45 \$	226,202	\$ 3,554,000	,000 3.88	\$ 137,895	95 \$	53,821,000	\$ 364,097	_	\$ 66.0	360,456 \$	4,364
EFSC	- \$	5.51	\$		\$ 41,45	41,453,482	0.45 \$	186,541	\$ 4,219,062	,062 3.88	\$ 163,700	\$ 00	45,672,544	\$ 350,240		0.78	273,187 \$	3,332
FGC	- \$	5.51	\$		\$ 12,71	12,719,621	0.45 \$	57,238	\$ 652,	652,716 3.88	\$ 25,325	\$ 5:	13,372,337	\$ 82,	82,564 0	0.83	68,528 \$	855
FKCC	- \$	5.51	<b>\$</b>	,	\$ 6,59	6,594,272	0.45 \$	29,674	\$ 200,	200,131 3.88	\$ 7,765	55 \$	6,794,403	\$ 37,	37,439 0	\$ 86.0	36,691 \$	464
FSWSC	- \$	5.51	❖	,	\$ 40,52	40,522,226	0.45 \$	182,350	\$ 1,954,976	,976 3.88	\$ 75,853	33 \$	42,477,201	\$ 258,203		0.91	234,965 \$	2,880
GCSC	- \$	5.51	\$	,	\$ 23,32	23,329,221	0.45 \$	104,981	\$ 1,411,911	,911 3.88	\$ 54,782	32 \$	24,741,132	\$ 159,764		0.77	123,018 \$	1,523
НСС	- \$	5.51	\$	,	\$ 70,86	70,863,373	0.45 \$	318,885	\$ 2,457,165	,165 3.88	\$ 95,338	\$	73,320,538	\$ 414,223		0.77	318,952 \$	3,904
IRSC	\$ 1,212	5.51	\$	29	\$ 62,28	62,281,050	0.45 \$	280,265	\$ 5,133,895	,895 3.88	\$ 199,195	35 \$	67,416,157	\$ 479,527	_	0.76	364,440 \$	4,429
LSSC	- \$	5.51	\$	,	\$ 13,42	13,425,000	0.45 \$	60,413	\$ 286,	286,560 3.88	\$ 11,119	\$ 6.	13,711,560	\$ 71,	71,531 0	0.92	\$ 608'59	822
MDC	- \$	5.51	\$		\$ 219,021,700	1,700	0.45 \$	862,586	\$ 17,421,900	900 3.88	\$ 675,970	\$ 0,	236,443,600	\$ 1,661,567	_	0.83	1,379,101 \$	16,532
NFCC	- \$	5.51	\$	,	\$ 5,46	5,469,498	0.45 \$	24,613	\$ 375,	375,044 3.88	\$ 14,552	52 \$	5,844,542	\$ 39,	39,164 0	0.92	36,031 \$	455
NWFSC	\$ 88,571	. 5.51	\$	4,880	\$ 19,17	19,177,196	0.45 \$	86,297	\$ 934,	934,920 3.88	\$ 36,275	75 \$	20,200,687	\$ 127,453		0.58	73,922 \$	928
PBSC	\$ 132,750	5.51	\$	7,315	\$ 56,37	56,376,944	0.45 \$	253,696	\$ 4,653,724	,724 3.88	\$ 180,565	55 \$	61,163,418	\$ 441,575		0.76	335,597 \$	4,083
PHSC	· \$	5.51	\$	,	\$ 25,84	25,841,948	0.45 \$	116,289	\$ 1,089,534	,534 3.88	\$ 42,274	74 \$	26,931,482	\$ 158,563		1.00 \$	158,563 \$	1,953
PeSC	\$ 49,343	5.51	\$	2,719	\$ 29,69	29,699,375	0.45 \$	133,647	\$ 1,053,638	,638 3.88	\$ 40,881	31 \$	30,802,356	\$ 177,247		1.18 \$	\$ 209,152	2,562
PoSC	\$ 12,317	5.51	\$	629	\$ 34,30	34,302,261	0.45 \$	154,360	\$ 893,	893,743 3.88	\$ 34,677	\$ 2	35,208,321	\$ 189,716		0.55	104,344 \$	1,313
SJRSC	\$ 13,711	5.51	\$	755	\$ 19,78	19,786,001	0.45 \$	89,037	\$ 1,093,451	,451 3.88	\$ 42,426	\$ 9:	20,893,164	\$ 132,218		99.0	87,264 \$	1,089
SPC	\$ 69,544	5.51	\$	3,832	\$ 72,35	72,355,295	0.45 \$	325,599	\$ 6,414,455	,455 3.88	\$ 248,881	31 \$	78,839,294	\$ 578,312		0.82	474,215 \$	5,729
SF	· \$	5.51	\$		\$ 49,64	49,641,640	0.45 \$	223,387	\$ 2,435,697	,697 3.88	\$ 94,505	\$ 5(	52,077,337	\$ 317,892		0.85	\$ 602,072	3,305
SSC	\$ 12,761	. 5.51	\$	703	\$ 55,51	55,513,855	0.45 \$	249,812	\$ 2,813,192	,192 3.88	\$ 109,152	52 \$	58,339,808	\$ 359,667		1.08 \$	388,441 \$	4,698
SFSC	- \$	5.51	\$	,	\$ 13,18	13,187,554	0.45 \$	59,344	\$ 1,319,703	,703 3.88	\$ 51,204	)4 \$	14,507,257	\$ 110,548		0.92	101,705 \$	1,254
SCFMS	· \$	5.51	\$		\$ 31,09	31,095,361	0.45 \$	139,929	\$ 1,133,039	93.88	\$ 43,962	32 \$	32,228,400	\$ 183,891		0.84 \$	154,468 \$	1,911
TCC	\$	5.51	\$		\$ 34,20	34,209,311	0.45 \$	153,942	\$ 2,746,718	,718 3.88	\$ 106,573	73 \$	36,956,029	\$ 260,515		\$ 96.0	250,094 \$	3,050
۸C	- \$	5.51	\$	,	\$ 137,698,943	18,943	0.45 \$	619,645	\$ 7,225,758	,758 3.88	\$ 280,359	\$ 69	144,924,701	\$ 900,005		0.79	711,004 \$	8,589
Total	\$ 395,209		\$ 21	21,776	\$ 1,280,223,525	3,525	ψ	5,761,006	\$ 81,484,488	.488	\$ 3,161,598	\$ 86	1,362,103,222	\$ 8,944,380	380	\$	7,642,528 \$	93,021



February 9, 2015

Ms. Selina Ohlson Administrative Assistant Broward College 4500 NW 27th Avenue Suite D2 Gainesville, FL 32606

SUBJECT: Self-Insurer Experience Modification

Dear Ms. Ohlson:

Attached is a copy of the <u>March 1, 2015</u> Florida Self-Insurers experience rating for the workers' compensation program of <u>Broward College</u>. Information supplied on the self-insurers' payroll and loss reports was used to promulgate this rating. Thank you for your cooperation in getting these reports to us timely.

The experience modification of  $\underline{0.83}$  will be used to adjust the premium volume (and thus the Division's assessments) which will result from payroll during the period beginning on the rating's effective date.

Should you have any questions concerning the calculation of the modification, please feel free to contact Dwayne Manning at (850) 413-1784.

Attachment

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Dwayne Manning • Insurance Administrator

Workers' Compensation • Financial Accountability/Self-Insurance 200 East Gaines Street • Tallahassee, Florida 32399-4221 • Tel. 850-413-1784 • Fax 850-413-1971

To de Tames and the contract of the contract o

Email • Dwayne.Manning@MyFloridacfo.com

Affirmative Action • Equal Opportunity Employer

### STATE OF FLORIDA DEPARTMENT OF FINANCIAL SERVICES DIVISION OF WORKERS COMPENSATION

SELF INSURER EXPERIENCE RATING

	/E DATE		LF INSURER EXPE	RIENCE RATING				
	/E DATE 01/2015	BROWARD COLLEGE	IPLOYER NAME			999 999	ACCOUNT 09144	EMPLOYER NO. 278228
ACTUAL		PROMULGATION DATE				1		
ACCIDENT	103353		TOTAL T	ACTUAL	<u> </u>		/04/2015	PAGE 1
ACCIDENT DATE  05/06/2011 06/06/2011 08/26/2011 09/16/2011 10/05/2011 11/23/2011  03/16/2012 01/28/2013 09/11/2012  06/19/2013 07/24/2013 01/09/2014	3 166 0 3 166 0 3 166 0 3 166 0 3 166 0 3 EXCES 3 NON-E 03/01 2 166 0 2 166 0 2 EXCES 2 NON-E 03/01 1 166 0 1 166 0 1 166 0	2 9089 FINAL 2 9166 FINAL 2 9366 OPEN 2 9393 FINAL 2 9344 FINAL 5 CASES	TOTAL CASES 6 41 47 3 42 45	ACTUAL LOSSES  48,138 30,059 28,249 51,408 52,785 18,996 229,635 66,657 296,292  42,000 91,208 60,789 193,997 36,780 230,777  17,017 15,980 52,690 85,687 52,588	1	PRIMARY  15,500 15,500 15,500 15,500 66,65' 59,65' 15,500 46,500 46,500 46,500 52,588		ACTUAL EXCESS  32,638 14,559 12,749 35,908 37,285 3,496 136,635 0 136,635 26,500 75,708 45,289 147,497 0 147,497 1,517 480 37,190 39,187
EXPECTED LOSSE CLASS 8868 9101 03/01/2011 - 8868 9101 03/01/2012 - 8868 9101 03/01/2013 -	MANUAL RATE 0.0043 0.0394 02/29/2012 0.0052 0.0462 02/28/2013 0.0058 0.0502	PAYROLL  99,820,628 3,587,104 103,407,732  103,360,387 3,546,141 106,906,528  105,405,080 4,138,218 109,543,298	E.L. BATE 0.0024 0.0206 0.0024 0.0206	EXPECTED LOSSES 239,570 73,894 313,464 248,065 73,051 321,116 252,972 85,247 338,219	. 45 . 45 . 45 . 45 . 45	10 3 14 11 3 14	IIMARY  07,807  33,252  11,629  32,873  14,502  13,837  88,361  62,198	EXPECTED EXCESS  131,763 40,642 172,405  136,436 40,178 176,614  139,135 46,886 186,021
PRIMARY	FICATION TO THE TENT OF THE TE	Τ τηται			INCLIC	IDIE EOF	RATING**	
PRIMARY ACTUAL LOSS		TOTAL EXPECTED I	.088		INCLIB	TOTAL	**************************************	
B VALUE		B VALUE				PREMIUM	<u>s</u>	
ACTUAL EXCESS		TOTAL B				AVERAGE REMIUM	s	
EXPECTED FXCESS								
TOTAL A								
TOTAL "A" DIVIDE	O DV TOTAL "B"	,						

TOTAL "A" DIVIDED BY TOTAL "B"

# STATE OF FLORIDA DEPARTMENT OF FINANCIAL SERVICES DIVISION OF WORKERS COMPENSATION

#### SELF INSURER EXPERIENCE RATING

	O3/01/2015	BROWAR	D COLLEGE	OYER NAME			FUND 999	ACCOUNT 09144	EMPLOYER NO. 278228
	TUAL LOSSES		GATION DATE					<del>└────────────────────────────────────</del>	
ACCIDEI DATE		CASE NUMBE		TOTAL CASES	ACTUAL LOSSES		PRIMAR	/ <b>04/2015</b> Y	ACTUAL EXCESS
		4 /0040 00 /	00/0044						
	l	1/2013 - 02/		40	138,275		99,08	8	39,187
	EMPL	OYER TOTALS		132	665,344		342,02	5	323,319
									•
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								Ī	
(PECTED L	LOSSES				- TARAPA				
CLASS	MANUAL RATE	PAY	/ROLL	RATE	EXPECTED LOSSES	RATIO	Pf	RIMARY	EXPECTED EXCESS
PLOYER	TOTALS	319,85	7,558	-	972,799		4:	37,759	535,040
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ERIENCE A	MODIFICATION				į				
	MODIFICATION POSS	342,025	EXPECTED LOS	S	972,799	INELI	GIBLE FOR	RATING**	
PRIMAR ACTUAL L 3 VALUE		342,025 117,600	TOTAL EXPECTED LOS B VALUE	S		INEL	TOTAL PREMIUM	s.	2,090,954
PRIMAR ACTUAL L 3 VALUE CTUAL XCESS	oss 43	117,600		S	972,799	INEL	TOTAL PREMIUM	s.	
PRIMAR ACTUAL L VALUE	Oss	117,600	B VALUE	S	972,799 117,600	INEL		s.	2,090,954 696,984

#### FLORIDA COMMUNITY COLLEGES RISK MANAGEMENT CONSORTIUM

**ESTIMATED PAYROLLS** MARCH 1, 2019 - March 1,2020

College:			
WORKERS COMPENSATION		ESTIMATED PAYROLL	ESTIMATED NUMBER OF EMPLOYEES
8868 - Professional, Administrative, Cle	erica <u>l</u>		
Full-time		\$	<u></u>
Part-time		\$	
	8868 - Sub Total	\$	
9101 - All Others (Maintenance, Custod	ial, Etc.)		
Full-time		\$	<u> </u>
Part-time		\$	
	9101 - Sub Total	\$	
7383 - Bus Drivers			
Full-time		\$	<u></u>
Part-time		\$	
	7383 - Sub Total	\$	
Total of Estimated Gross P	ayroll and Employees	\$	_
<u>Volunteers</u>		\$	
Grand Total of Gross Payro	oll and Volunteers	\$	
Signature of person completing form		Date	
Typed/Printed Name of Person Completin	a Form	Dhono Numbor	

Return this completed form via e-mail, fax or US Mail by Friday, OCTOBER 5, 2018 to:

tganstine@fcsrmc.com Florida College System Risk Management Consortium 4500 NW 27th Avenue, Suite D2 Gainesville, FL 32606

# FLORIDA COLLEGE SYSTEM FTE ENROLLMENT: FUNDED, LOWER AND UPPER DIVISION

# 2017-18 FTE-3

	UPPER	& ≪ ⊕	POSTSE	DEV ED	DEV ED	EPI	POSTSE	APPRN	APPRN	ADULT	LTRCY	ADULT	GED	VOC 1	VOC	TOTAL
	DIVIDION		VOC		E AF		ADUL	CLASS	3	BASIC	HAH H	S E C	ፓ ከ	ፓ ከ ፲	EAP	
EFSC	700.2	7297.3	2090.7	299.8	0.0	0.0	342.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10730.9
BROW	1188.3	17547.6	7679.2	883.2	905.2	43.8	379.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28626.3
CFLA	344.4	3220.2	1225.9	132.4	16.1	0.0	129.9	0.0	0.0	14.9	0.0	0.0	15.8	0.0	0.0	9.6609
CHIP	121.2	950.1	229.2	18.4	0.0	0.0	119.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1438.5
DAYT	864.9	6358.8	2063.5	153.4	0.0	1.6	1.969	136.8	406.9	313.6	296.4	28.9	81.7	3.0	0.0	11405.6
FSW	591.4	9584.7	627.4	244.9	27.9	0.0	28.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11104.3
FJAX	1688.8	9937.5	3227.9	553.1	16.8	0.0	873.1	0.0	0.0	69.1	397.9	16.1	27.2	0.0	0.0	16807.5
FKEY	22.2	416.1	204.8	18.5	0.0	0.0	52.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	714.3
GULF	124.1	2612.9	633.0	64.4	0.0	20.6	129.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3584.8
Ⅱ	0.0	13419.2	3265.8	668.3	348.5	71.4	449.9	161.0	1562.2	48.2	0.0	0.0	15.4	0.0	0.0	20009.9
INDR	1488.9	7106.2	2544.4	197.7	0.0	0.0	645.4	52.2	530.6	152.8	544.9	0.0	54.4	0.0	0.0	13317.5
FGC	59.4	1457.7	457.6	9.69	0.0	18.0	283.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2335.6
LSSC	46.1	2428.8	547.8	88.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3110.9
SCF	431.5	2677.0	547.5	189.3	24.3	31.0	0.0	0.0	0.0	0:0	0.0	0.0	0.0	0.0	0.0	9.0069
MIAM	1852.3	36169.6	3987.5	1211.8	2041.7	2.5	558.9	38.4	410.2	493.0	1338.1	0.0	74.4	0.0	9.9	48188.2
NFLA	12.1	537.9	190.6	14.6	0.0	0.0	110.3	0.0	0:0	0.0	0.0	0.0	0.0	0.0	0.0	865.5
NWFC	303.4	2674.9	514.2	92.8	0.0	0.0	174.0	0.0	0:0	42.1	51.2	0.0	33.0	0.0	0.0	3888.6
PALM	724.8	16648.5	1536.0	593.9	124.4	26.0	926.8	52.2	454.5	0:0	0.0	0.0	0.0	0.0	0.0	21117.1
PASC	367.2	4493.2	2088.3	346.0	0.0	20.0	339.7	0.0	0:0	0:0	0.0	0.0	0.0	0.0	0.0	7654.4
PENS	338.8	4440.7	1493.0	269.5	0.0	0.0	386.9	0.0	0:0	22.8	49.2	163.0	21.3	0.0	0.0	7220.2
POLK	747.5	3939.9	1540.3	144.1	11.6	22.8	93.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6533.0
ST.J	195.2	3207.4	892.2	79.7	0:0	28.2	83.1	0.0	0:0	30.2	0.3	0.0	19.1	0.0	0.0	4535.4
ST.P	2711.0	10169.0	4801.9	599.4	95.5	0:0	191.2	0.0	0:0	0.0	0.0	0.0	0.0	0.0	0.0	18568.0
SANF	439.2	7202.8	2312.2	368.2	29.0	4.1	245.8	64.1	418.6	9.99	60.1	0.0	9.6	0.0	0.0	11246.3
SEMI	896.1	7031.0	2827.5	286.1	24.5	65.7	243.5	63.0	694.7	52.4	291.6	136.8	36.9	0.0	0.0	12649.8
SFLA	107.8	1474.8	2.8	31.0	0.0	0.0	318.6	5.5	58.1	231.1	111.7	0:0	20.9	0.0	0.0	2362.3
TALL	12.2	7417.7	1049.6	329.6	0.1	0.0	344.2	0.0	0:0	27.8	14.6	0.0	4.4	0.0	0.0	9200.2
VALE	172.7	21807.2	7358.1	833.3	253.5	6.66	302.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30827.2
SYST	16551.7	215228.7	55938.9	8774.2	3949.1	491.8	8478.9	573.2	4535.8	1599.6	3156.0	344.8	410.1	3.1	9.9	320042.5



#### Florida College System Risk Management Consortium Surplus Policy Statement

#### I. PURPOSE

The purpose of this policy statement is to give guidance to the Operations Committee in making annual funding, dividend and assessment decisions for the FSCRMC program. By adoption of this policy statement, the Operations Committee acknowledges the long-term financial strength of the FCSRMC program is of utmost importance.

The Operations Committee acknowledges there is a high degree of uncertainty in the annual actuarial estimates due to a number of factors including but not limited to: the possibility of occasional catastrophic claims, inconsistent or inaccurate case reserving or claim reporting, possible changes in the program's exposures including new members or members that depart the program, and/or the State of Florida's changes in benefit levels or other laws. The Operations Committee desires to maintain a strong degree of solvency in the program. As a result, the Operations Committee seeks to fund the FCSRMC program in a cautious and prudent manner and return surplus to its members in an equally cautious and prudent manner. It is the policy of the FCSRMC, too conservatively fund its programs to maintain sufficient assets to pay all losses and avoid substantial fluctuations to contributions.

In order to fund the program in a fiscally prudent manner, the FCSRMC Operations Committee collects contributions at an actuarially determined confidence level as determined by the committee annually. The FCSRMC Operations Committee strives to annually collect contributions between the 75% and 85% confidence level determined by the actuary. This contribution will include a provision for a catastrophe load at the same confidence level. The FCSRMC will set the specific confidence level standard at the onset of any fiscal year. If no change is made at the onset of the fiscal year, the FCSRMC will maintain the prior year's confidence level standard. Using 75% and 85% confidence levels are the industry standard for public entities.

In addition, as provided in this policy, dividends may be declared and applied to the allocation solely at the discretion of the Operations Committee provided that the combined assets of the program years after the dividend shall be at least as great as the targeted confidence level standard.

#### II. **DEFINITIONS**

• "Claims Paid to Date" is the amount actually paid on reported claims at the date of valuation. "Claims Paid to Date", includes those amounts paid for both defense and indemnity of claims.

- "Confidence Level" is a statistical term used to express the degree to which an actuarial projection (usually "Ultimate Net Loss" or "IBNR") will be an accurate prediction of the dollar losses ultimately paid for a given program year or combination of years. The higher a "Confidence Level" the greater certainty the actuary has that losses will not exceed the dollar value used to attain that "Confidence Level".
- "Surplus" is the amount of funds remaining, after deducting all administrative and excess insurance costs, available to pay claims in excess of actuarial expected losses discounted for investment income at the actuarially determined "Expected" "Confidence Level".
- "Expected Liabilities" is the total of all "Outstanding Reserves" and "IBNR", discounted, at the "expected" confidence level, which by industry standard translates roughly to the 50% to 56% "Confidence Level" as determined by the independent actuary.
- "Incurred But Not Reported (IBNR)" is the estimate of the funds needed to pay for covered losses that have occurred but have not yet been reported to the member and/or the FCSRMC. "IBNR" includes (a) known and unknown loss events that are expected to be claims; and (b) expected future development on claims already reported.
- "Net Contribution" includes the total contributions from members less the excess insurance cost.
- "Net Present Value" is the discounting of future cash flows to current values by taking into account the time-value of money.
- "Self-Insured Retention" is the maximum amount of exposure to a single loss retained by the FCSRMC.
- Outstanding Reserves" are the sum total of unpaid case reserves in the "Self-Insured Retention" as determined by the FCSRMC Litigation Manager.
- "Targeted Confidence Level" is the specific confidence level standard set at the onset of any fiscal year between 75% and 85%. If no change is made at the onset of the fiscal year, the FCSRMC will maintain the prior year's confidence level standard.
- "Ultimate Net Loss" is the sum of "Claims Paid to Date", "Outstanding Reserves" and "IBNR", all within the FCSRMC's "Self-Insured Retention". It is the estimate of the total value of all claims that will ultimately be made against members for which the FCSRMC is responsible.

#### III. IMPORTANT EQUITY RATIOS

The FCSRMC Operations Committee will only return "Surplus", in the form of allocation offset, to the members after evaluating and concluding the following ratios remain appropriate for the group prior to and following any potential return of "Surplus".

The following ratios are target ratios drawn from the National Insurance Commissioners' Information Regulatory Information System (IRIS):

#### "Net Contribution" to "Surplus" ratio:

Target  $\leq$  2:1

Target  $\leq$  3:1

This ratio is a measure of how "Surplus" is leveraged against possible pricing inaccuracies. A low ratio is desirable.

#### "Outstanding Reserves" to "Surplus" ratio:

This ratio is a measure of how "Surplus" is leveraged against possible reserve inaccuracies. A low ratio is desirable.

#### "Surplus" to "Self-Insured Retention" ratio: Target ≥ 3:1

This ratio is a measure of the maximum amount that "Surplus" could decline due to a single loss. A high ratio is desirable.

#### **Operating ratio:**

Target  $\leq 100\%$ 

This ratio is a measure of the inflows versus the outflows in each program year. An operating ratio of less than 100% is desirable.

#### **Reserve Development:**

Target ≤ 20%

This is a measure of the change in aggregate ultimate losses from one valuation period to the prior valuation(s). Generally, the one-year and two-year reserve development to "Surplus" threshold should be less than 20%.

#### **Change in Surplus:**

Target  $\geq$  -10%

This ratio measures if a decline in surplus in excess of 10% warrants an increase in annual contribution or an assessment.

- IV. **ANNUAL ACTUARIAL STUDY.** FCSRMC will conduct an annual actuarial analysis to assist the Operations Committee in making funding decisions on a prospective and retrospective basis, at varying confidence levels and including a provision for catastrophic losses.
- V. **RETROSPECTIVE RETURN OF SURPLUS CRITERIA.** After annual review of the "Surplus" position of the program as a whole and the important ratios, the Operations Committee will determine whether it is desirable to increase, decrease, or stabilize "Surplus". If the committee desires to decrease "Surplus", by returning "Surplus" to the members in the form of allocation offset, it will not return funds that will cause the funding of the program as a whole to fall below the targeted "Confidence Level".

#### FINAL DRAFT updated 2/5/2019

#### **Legislative Request:**

The State Colleges request that the legislature make a one-time appropriation of \$18,668,823 in favor of the Division of Florida Colleges to fund the property insurance deductibles as a result of Hurricane Irma, Hurricane Michael and unrecovered FEMA reimbursement requests from 2007 to 2018.

#### Issue:

- 1. Unlike the State University System, 27 of the 28 State Colleges purchase insurance to protect their facilities through the Florida College System Risk Management Consortium (FCSRMC), as afforded by F.S. 1001.64 (27).
- 2. FCSRMC uses these state funds to pay property insurance deductibles, per F.S. 1004.725.
- 3. Due to insurance market forces, after the storms of 2004 and 2005, the named hurricane insurance deductible increased to 3% of affected values vs. a flat \$2,500,000 per storm.
- 4. As of 1/1/19 the deductible from Hurricane Irma is \$6,893,214.
- 5. As of 1/1/19 the deductible from Hurricane Michael is \$6,312,608.
- As a result of Hurricane Irma, Hurricane Michael, and other catastrophic losses, FCSRMC's ability to cover these catastrophic loss deductibles has been greatly reduced.
- 7. FEMA is no longer a feasible alternative for recovering deductibles.
  - a. FEMA Then: After the storms of 2004 and 2005 FEMA deemed FCSRMC as an applicant through the Division of Community Colleges. With that status FCSRMC was able to recover deductibles for the storms of 2004 and 2005.
  - b. FEMA Now: FEMA no longer accepts FCSRMC as an applicant.

#### The deductibles for the following losses are unrecovered:

2007	Daytona State College	Tornado	\$1,850,106
2014	PeSC	Flood	\$2,500,000
2016	Hurricane Matthew	Hurricane	\$1,112,895
2017	Hurricane Irma	Hurricane	\$6,893,214
			as of 1/1/19
2018	Hurricane Michael	Hurricane	\$6,312,608
			as of 1/1/19
		Total	\$18,668,823

- 8. Going forward FCSRMC will work with the participating colleges to determine the best approach to fund retained hurricane losses including analysis of:
  - a. Fully funding for hurricane retained losses.
  - b. Sharing the retention with the affected college and partially funding for hurricane retained losses.
  - c. Moving the retention for hurricane retained losses to the affected colleges.

#### FCSRMC Catastrophic Loss As of 2-5-19

	le u	T	
Event	College	Unreim	bursed Loss
2007 Tornado	Daytona State College	\$	1,850,106
2014 Flood	Pensacola State College	\$	2,500,000
2016 Hurricane Matthew	Daytona State College	\$	417,656
2016 Hurricane Matthew	Indian River State College	\$	647,407
2016 Hurricane Matthew	Seminole State College	\$	30,174
2016 Hurricane Matthew	St. Johns River State College	\$	17,658
2016 Hurricane Matthew Total		\$	1,112,895
2017 Hurricane Irma	Broward College	\$	328,976
2017 Hurricane Irma	College of Central Florida	\$	13,336
2017 Hurricane Irma	Daytona State College	\$	311,716
2017 Hurricane Irma	Eastern Florida State College	\$	551,341
2017 Hurricane Irma	Florida Gateway College	\$	53,422
2017 Hurricane Irma	Florida Keys Community College	\$	1,730,287
2017 Hurricane Irma	Florida SouthWestern State College	\$	429,052
2017 Hurricane Irma	Hillsborough Community College	\$	28,456
2017 Hurricane Irma	Indian River State College	\$	233,920
2017 Hurricane Irma	Lake Sumter State College	\$	252,250
2017 Hurricane Irma	Miami Dade College	\$	1,255,273
2017 Hurricane Irma	Palm Beach State College	\$	28,696
2017 Hurricane Irma	Pasco Hernando State College	\$	7,027
2017 Hurricane Irma	Polk State College	\$	254,380
2017 Hurricane Irma	Seminole State College	\$	474,160
2017 Hurricane Irma	South Florida State College	\$	167,733
2017 Hurricane Irma	St. Johns River State College	\$	351,723
2017 Hurricane Irma	S. Petersburg State College	\$	70,112
2017 Hurricane Irma	State College of FL Manatee-Sarasota	\$	52,645
2017 Hurricane Irma	Valencia College	\$	298,709
2017 Hurricane Irma Total		\$	6,893,214
2018 Hurricane Michael	Chipola College	\$	2,570,093
2018 Hurricane Michael	Gulf Coast State College	\$	3,709,322
2018 Hurricane Michael	Tallahassee Community College	\$	33,193
2018 Hurricane Michael Total		\$	6,312,608
Grand Total		\$	18,668,823



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December 4, 2018

Mr. Chauncey Fagler Florida Community College Risk Management Consortium (FCCRMC) 5700 SW 34<sup>th</sup> Street, Suite 1205 Gainesville, FL 32608

RE: Interim IBNR Estimates as of 10/31/2018 and Recommended Casualty Loss Fund For Fund Year Ending 2020

Dear Mr. Fagler:

Attached please find the supporting exhibits that display and support our IBNR and funding estimates by fund year by line of business. The following is a summary of our results contained in the exhibits.

Listed below is our latest ultimate loss + LAE estimates (based on data through 10/31/2018) versus current fund amounts for each fund year ending from 1993 - 2019 (000's omitted).

			Current Fund Amount In
	Estimated Ultimate		Excess Of Estimated Loss
	Loss + LAE As Of	Current Fund Amount	+ LAE
Fund Year	10/31/2018	As Of 10/31/2018	As Of 10/31/2018
(1)	(2)	(3)	(4) = (3) - (2)
2019-2020	\$ 11,396		
2018-2019	17,156	\$ 10,000	\$ (7,156)
2017-2018	18,640	10,000	(8,640)
2016-2017	11,766	10,200	(1,566)
2015-2016	7,833	10,400	2,567
2014-2015	8,381	9,800	1,419
2013-2014	8,914	9,300	386
2012-2013	7,976	9,000	1,024
2011-2012	6,080	8,000	1,920
2010-2011	7,659	8,000	341
2009-2010	7,048	8,500	1,452
2008-2009	5,679	8,924	3,245

2007-2008	8,063	8,437	374
2006-2007	9.389	8,221	(1,168)
2005-2006	13,923	8,800	(5,123)
2004-2005	7,261	9,500	2,239
2003-2004	6,012	8,550	2,538
2002-2003	5,783	8,650	2,867
2001-2002	6,992	7,950	958
2000-2001	8,902	8,550	(352)
1999-2000	7,128	7,650	522
1998-1999	6,722	6,550	(172)
1997-1998	5,916	6,000	84
1996-1997	3,831	4,250	419
1995-1996	7,134	7,200	66
1994-1995	5,229	5,600	371
1993-1994	5,975	6,000	25
1992-1993	5,017	4,800	(217)
Total	\$ 231,808	\$ 218,832	\$ (1,580)

Please note that the estimated ultimate loss + LAE for fiscal year ending 2005 includes the total estimated retained ultimate losses as of 10/31/2018 of \$9.4 million for all the hurricanes occurring in calendar year 2004, and the estimated ultimate loss + LAE for fiscal year ending 2006 includes the total estimated retained ultimate losses as of 10/31/2018 of \$3.5 million for all the hurricanes occurring in calendar year 2005, and the estimated ultimate loss + LAE for fiscal year ending 2018 includes the total estimated retained ultimate losses as of 10/31/2018 of \$6.7 million for Hurricane Irma occurring in calendar year 2017, and the estimated ultimate loss + LAE for fiscal year ending 2019 includes the total estimated retained ultimate losses as of 10/31/2018 of \$6.3 million for Hurricane Michael occurring in calendar year 2018, and the estimated ultimate loss + LAE for fiscal year ending 2007 includes the total estimated retained ultimate losses as of 10/31/2018 of \$1.9 million for one big tornado occurring in calendar year 2007, however the results for the other fiscal years do not include any significant hurricane or tornado experience.

In light of the hurricane and tornado experience above, we would recommend a minimum fund balance of \$35 million to \$45 million to cover catastrophes as well as the variability of ultimate loss estimates. Note that our estimated fund balance of Negative \$1.580 million above, as of 10/31/2018, is currently below this minimum.

Also, based on our ultimate loss + LAE estimate for fiscal year ending 2020 of \$11.396 million above, we would **recommend** a fund amount for **fiscal year ending 2020 of \$11.5 million**.

Please note that our recommended fund amount for fiscal year ending 2020 of \$11.5 million excludes any funding for future hurricanes which would be in addition to this amount.

Our total all lines net IBNR estimate of \$20,398,000 as of 10/31/2018 is 2.1% higher than our total IBNR estimate of \$19,975,000 based on our 2/28/2018 annual reserve study.

Page Two

Please note that our estimates for accident year ending 2/28/2019 are based on extremely immature data and therefore could vary, perhaps significantly, from the resulting estimates from our 2/28/2019 annual reserve analysis. Also note that all of our estimates are based on data and an analysis that is not as comprehensive compared to our annual reserve analysis and therefore our estimates could vary, perhaps significantly, from the resulting estimates from our 2/28/2019 reserve analysis.

If you have any questions, please don't hesitate to call.

Sincerely,

George T. Dunlap IV

GTD/vs

#### 1004.725 Expenditures for self-insurance services; special account.—

- (1) The Florida College System institution boards of trustees, singly or collectively, are authorized to contract with an administrator or service company approved pursuant to chapter 626 to provide self-insurance services, including, but not limited to, the evaluation, settlement, and payment of self-insurance claims on behalf of the board of trustees or a consortium of boards of trustees.
- (2) Pursuant to such a contract, a board of trustees may advance moneys to the administrator or service company to be deposited in a special account for paying claims against the board of trustees under its self-insurance program. The special account shall be maintained in a designated depository as provided by s. 136.01. The board of trustees may replenish such account as often as necessary upon the presentation by the administrator or service company of documentation for claims paid in an amount equal to the amount of the requested reimbursement. Any contract for disbursement of funds from the special account shall ensure that the payments are subject to proper disbursement controls and accounting procedures.

History.—s. 221, ch. 2002-387; s. 1949, ch. 2003-261; s. 56, ch. 2011-5.

### 440.38 Security for compensation; insurance carriers and self-insurers.—

- (1) Every employer shall secure the payment of compensation under this chapter:
- (a) By insuring and keeping insured the payment of such compensation with any stock company or mutual company or association or exchange, authorized to do business in the state;
- (b) By furnishing satisfactory proof to the Florida Self-Insurers Guaranty Association, Incorporated, created in s. 440.385, that it has the financial strength necessary to ensure timely payment of all current and future claims individually and on behalf of its subsidiary and affiliated companies with employees in this state and receiving an authorization from the department to pay such compensation directly. The association shall review the financial strength of applicants for membership, current members, and former members and make recommendations to the department regarding their qualifications to self-insure in accordance with this section and ss. 440.385 and 440.386. The department shall act in accordance with the recommendations unless it finds by clear and convincing evidence that the recommendations are erroneous.
- 1. As a condition of authorization under paragraph (a), the association may recommend that the department require an employer to deposit with the association a qualifying security deposit. The association shall recommend the type and amount of the qualifying security deposit and shall prescribe conditions for the qualifying security deposit, which shall include authorization for the association to call the qualifying security deposit in the case of default to pay compensation awards and related expenses of the association. As a condition to authorization to self-insure, the employer shall provide proof that the employer has provided for competent personnel with whom to deliver benefits and to provide a safe working environment. The employer shall also provide evidence that it carries reinsurance at levels that will ensure the financial strength and actuarial soundness of such employer in accordance with rules adopted by the department. The department may by rule require that, in the event of an individual self-insurer's insolvency, such qualifying security deposits and

reinsurance policies are payable to the association. Any employer securing compensation in accordance with the provisions of this paragraph shall be known as a self-insurer and shall be classed as a carrier of her or his own insurance. The employer shall, if requested, provide the association an actuarial report signed by a member of the American Academy of Actuaries providing an opinion of the appropriate present value of the reserves, using a 4-percent discount rate, for current and future compensation claims. If any member or former member of the association refuses to timely provide such a report, the association may obtain an order from a circuit court requiring the member to produce such a report and ordering any other relief that the court determines is appropriate. The association may recover all reasonable costs and attorney's fees in such proceedings.

- 2. If the employer fails to maintain the foregoing requirements, the association shall recommend to the department that the department revoke the employer's authority to self-insure, unless the employer provides to the association the certified opinion of an independent actuary who is a member of the American Academy of Actuaries as to the actuarial present value of the employer's determined and estimated future compensation payments based on cash reserves, using a 4-percent discount rate, and a qualifying security deposit equal to 1.5 times the value so certified. The employer shall thereafter annually provide such a certified opinion until such time as the employer meets the requirements of subparagraph 1. The qualifying security deposit shall be adjusted at the time of each such annual report. Upon the failure of the employer to timely provide such opinion or to timely provide a security deposit in an amount equal to 1.5 times the value certified in the latest opinion, the association shall provide that information to the department along with a recommendation, and the department shall then revoke such employer's authorization to self-insure. Failure to comply with this subparagraph constitutes an immediate serious danger to the public health, safety, or welfare sufficient to justify the summary suspension of the employer's authorization to self-insure pursuant to s. 120.68.
- 3. Upon the suspension or revocation of the employer's authorization to self-insure, the employer shall provide to the association the certified opinion of an independent actuary who is a member of the American Academy of Actuaries of the actuarial present value of the determined and estimated future compensation payments of the employer for claims incurred while the member exercised the privilege of self-insurance, using a discount rate of 4 percent. The employer shall provide such an opinion at 6-month intervals thereafter until such time as the latest opinion shows no remaining value of claims. With each such opinion, the employer shall deposit with the association a qualifying security deposit in an amount equal to the value certified by the actuary. The association has a cause of action against an employer, and against any successor of the employer, who fails to timely provide such opinion or who fails to timely maintain the required security deposit with the association. The association shall recover a judgment in the amount of the actuarial present value of the determined and estimated future compensation payments of the employer for claims incurred while the employer exercised the privilege of self-insurance, together with attorney's fees. For purposes of this section, the successor of an employer means any person, business entity, or group of persons or business entities, which holds or acquires legal or beneficial title to the majority of the assets or the majority of the shares of the employer.
- 4. A qualifying security deposit shall consist, at the option of the employer, of:

- a. Surety bonds, in a form and containing such terms as prescribed by the association, issued by a corporation surety authorized to transact surety business by the office, and whose policyholders' and financial ratings, as reported in A.M. Best's Insurance Reports, Property-Liability, are not less than "A" and "V", respectively.
- b. Irrevocable letters of credit in favor of the association issued by financial institutions located within this state, the deposits of which are insured through the Federal Deposit Insurance Corporation.
- 5. The qualifying security deposit shall be held by the association exclusively for the benefit of workers' compensation claimants. The security shall not be subject to assignment, execution, attachment, or any legal process whatsoever, except as necessary to guarantee the payment of compensation under this chapter. No surety bond may be terminated, and no letter of credit may be allowed to expire, without 90 days' prior written notice to the association and deposit by the self-insuring employer of some other qualifying security deposit of equal value within 10 business days after such notice. Failure to provide such written notice or failure to timely provide qualifying replacement security after such notice shall constitute grounds for the association to call or sue upon the surety bond or to exercise its rights under a letter of credit. Current self-insured employers must comply with this section on or before December 31, 2001, or upon the maturity of existing security deposits, whichever occurs later. The department may specify by rule the amount of the qualifying security deposit required prior to authorizing an employer to self-insure and the amount of net worth required for an employer to qualify for authorization to self-insure;
- (c) By entering into a contract with a public utility under an approved utility-provided self-insurance program as set forth in s. 624.46225 in effect as of July 1, 1983. The department shall adopt rules to implement this paragraph;
- (d) By entering into an interlocal agreement with other local governmental entities to create a local government pool pursuant to s. 624.4622; or
- (e) By entering into a contract with an individual self-insurer under an approved individual self-insurer-provided self-insurance program as set forth in s. 624.46225. The department may adopt rules to administer this subsection.
- (2)(a) The department shall adopt rules by which businesses may become qualified to provide underwriting claims-adjusting, loss control, and safety engineering services to self-insurers.
- (b) The department shall adopt rules requiring self-insurers to file any reports necessary to fulfill the requirements of this chapter. Any self-insurer who fails to file any report as prescribed by the rules adopted by the department shall be subject to a civil penalty.
- (3)(a) The license of any stock company or mutual company or association or exchange authorized to do insurance business in the state shall for good cause, upon recommendation of the department, be suspended or revoked by the office. No suspension or revocation shall affect the liability of any carrier already incurred.

- (b) The department shall suspend or revoke any authorization to a self-insurer for failure to comply with this section or for good cause, as defined by rule of the department. No suspension or revocation shall affect the liability of any self-insurer already incurred.
- (c) Violation of s. 440.381 by a self-insurance fund shall result in the imposition of a fine not to exceed \$1,000 per audit if the self-insurance fund fails to act on said audits by correcting errors in employee classification or accepted applications for coverage where it knew employee classifications were incorrect. Such fines shall be levied by the department and deposited into the Workers' Compensation Administration Trust Fund.
- (4)(a) A carrier of insurance, including the parties to any mutual, reciprocal, or other association, may not write any compensation insurance under this chapter without a certificate of authority from the office. Such certificate of authority shall be given, upon application therefor, to any insurance or mutual or reciprocal insurance association upon the office's being satisfied of the solvency of such corporation or association and its ability to perform all its undertakings. The office may revoke any certificate of authority so issued for violation of any provision of this chapter.
- (b) A carrier of insurance, including the parties to any mutual, reciprocal, or other association, may not write any compensation insurance under this chapter unless such carrier has a claims adjuster, either in-house or under contract, situated within this state. Self-insurers whose compensation payments are administered through a third party and carriers of insurance shall maintain a claims adjuster within this state during any period for which there are any open claims against such self-insurer or carrier arising under the compensation insurance written by the self-insurer or carrier. Individual self-insurers whose compensation payments are administered by employees of the self-insurer shall not be required to have their claims adjuster situated within this state. Individual self-insurers shall not be required to have their claims adjusters situated within this state.
- (5) All insurance carriers authorized to write workers' compensation insurance in this state shall make available, at the written request of the employer, an insurance policy containing deductibles in the amount of \$500, \$1,000, \$1,500, \$2,000, and \$2,500 per claim and a coinsurance provision per claim. Any amount of coinsurance shall bind the carrier to pay 80 percent, and the employer to pay 20 percent, of the benefits due to an employee for an injury compensable under this chapter of the amount of benefits above the deductible, up to the limit of \$21,000. One hundred percent of the benefits above the amount of any deductible and coinsurance, as the case may be, due to an employee for one injury shall be paid solely by the carrier. Regardless of any coinsurance or deductible amount, the claim shall be paid by the applicable carrier, which shall then be reimbursed by the employer for any coinsurance or deductible amounts paid by the carrier. No insurance carrier shall be required to offer a deductible or coinsurance to any employer if, as a result of a credit investigation, the carrier determines that the employer is not sufficiently financially stable to be responsible for payment of such deductible or coinsurance amounts.
- (6) The state and its boards, bureaus, departments, and agencies and all of its political subdivisions which employ labor, and the state universities, shall be deemed self-insurers under the terms of this chapter, unless they elect to procure and maintain insurance to secure the benefits of this chapter to their employees; and they are hereby authorized to pay the premiums for such insurance.

(7) Any employer who meets the requirements of subsection (1) through a policy of insurance issued outside of this state must at all times, with respect to all employees working in this state, maintain the required coverage under a Florida endorsement using Florida rates and rules pursuant to payroll reporting that accurately reflects the work performed in this state by such employees.

History.—s. 38, ch. 17481, 1935; CGL 1936 Supp. 5966(37), 7476(7), 8135(13); s. 13, ch. 22637, 1945; ss. 13, 17, 35, ch. 69-106; s. 367, ch. 71-136; s. 11, ch. 78-95; ss. 12, 23, ch. 78-300; ss. 29, 124, ch. 79-40; ss. 16, 21, ch. 79-312; s. 1, ch. 80-324; s. 2, ch. 82-65; s. 2, ch. 83-303; ss. 13, 14, ch. 83-305; s. 3, ch. 84-267; s. 67, ch. 85-81; s. 7, ch. 87-330; s. 43, ch. 89-289; ss. 31, 56, ch. 90-201; ss. 29, 52, ch. 91-1; s. 36, ch. 93-415; s. 121, ch. 97-103; s. 9, ch. 2000-150; s. 96, ch. 2000-153; s. 1, ch. 2000-368; s. 23, ch. 2001-91; s. 2, ch. 2002-262; s. 483, ch. 2003-261; ss. 11, 12, ch. 2003-399; s. 27, ch. 2003-412; s. 11, ch. 2004-41.

111.072 Insurance in anticipation of judgments or settlements against officers, employees, or agents of any county, municipality, or political subdivision.

Any county, municipality, or political subdivision is authorized to be self-insured, to enter into risk management programs, or to purchase liability insurance for whatever coverage it may choose or to have any combination thereof in anticipation of any judgment or settlement which its officers, employees, or agents may be liable to pay pursuant to a civil or civil rights lawsuit described in s. 111.07.

# 1001.64 Florida College System institution boards of trustees; powers and duties.—

- (1) The boards of trustees shall be responsible for cost-effective policy decisions appropriate to the Florida College System institution's mission, the implementation and maintenance of high-quality education programs within law and rules of the State Board of Education, the measurement of performance, the reporting of information, and the provision of input regarding state policy, budgeting, and education standards.
- (2) Each board of trustees is vested with the responsibility to govern its respective Florida College System institution and with such necessary authority as is needed for the proper operation and improvement thereof in accordance with rules of the State Board of Education.
- (3) A board of trustees shall have the power to take action without a recommendation from the president and shall have the power to require the president to deliver to the board of trustees all data and information required by the board of trustees in the performance of its duties. A board of trustees shall ask the Commissioner of Education to authorize an investigation of the president's actions by the department's inspector general if the board considers such investigation necessary. The inspector general shall provide a report detailing each issue under investigation and shall recommend corrective action. If the inspector general identifies potential legal violations, he or she shall refer the potential legal violations to the Commission on Ethics, the Department of Law Enforcement, the Attorney General, or another appropriate authority.

- (4)(a) The board of trustees, after considering recommendations submitted by the Florida College System institution president, may adopt rules pursuant to ss. 120.536(1) and 120.54 to implement the provisions of law conferring duties upon it. These rules may supplement those prescribed by the State Board of Education if they will contribute to the more orderly and efficient operation of Florida College System institutions.
- (b) Each board of trustees is specifically authorized to adopt rules, procedures, and policies, consistent with law and rules of the State Board of Education, related to its mission and responsibilities as set forth in s. 1004.65, its governance, personnel, budget and finance, administration, programs, curriculum and instruction, buildings and grounds, travel and purchasing, technology, students, contracts and grants, or college property.
- (5) Each board of trustees shall have responsibility for the use, maintenance, protection, and control of Florida College System institution owned or Florida College System institution controlled buildings and grounds, property and equipment, name, trademarks and other proprietary marks, and the financial and other resources of the Florida College System institution. Such authority may include placing restrictions on activities and on access to facilities, firearms, food, tobacco, alcoholic beverages, distribution of printed materials, commercial solicitation, animals, and sound.
- (6) Each board of trustees has responsibility for the establishment and discontinuance of program and course offerings in accordance with law and rule; provision for instructional and noninstructional community services, location of classes, and services provided; and dissemination of information concerning such programs and services. New programs must be approved pursuant to s. 1004.03.
- (7) Each board of trustees has responsibility for: ensuring that students have access to general education courses as identified in rule; requiring no more than 60 semester hours of degree program coursework, including 36 semester hours of general education coursework, for an associate in arts degree; notifying students that earned hours in excess of 60 semester hours may not be accepted by state universities; notifying students of unique program prerequisites; and ensuring that degree program coursework beyond general education coursework is consistent with degree program prerequisite requirements adopted pursuant to s. 1007.25(5).
- (8) Each board of trustees has authority for policies related to students, enrollment of students, student records, student activities, financial assistance, and other student services.
- (a) Each board of trustees shall govern admission of students pursuant to s. 1007.263 and rules of the State Board of Education. A board of trustees may establish additional admissions criteria, which shall be included in the district interinstitutional articulation agreement developed according to s. 1007.235, to ensure student readiness for postsecondary instruction. Each board of trustees may consider the past actions of any person applying for admission or enrollment and may deny admission or enrollment to an applicant because of misconduct if determined to be in the best interest of the Florida College System institution.
- (b) Each board of trustees shall adopt rules establishing student performance standards for the award of degrees and certificates pursuant to s. 1004.68.
- (c) Boards of trustees are authorized to establish intrainstitutional and interinstitutional programs to maximize articulation pursuant to s. 1007.22.

- (d) Boards of trustees shall identify their core curricula, which shall include courses required by the State Board of Education, pursuant to the provisions of s. 1007.25(6).
- (e) Each board of trustees must adopt a written antihazing policy, provide a program for the enforcement of such rules, and adopt appropriate penalties for violations of such rules pursuant to the provisions of s. 1006.63.
- (f) Each board of trustees may establish a uniform code of conduct and appropriate penalties for violation of its rules by students and student organizations, including rules governing student academic honesty. Such penalties, unless otherwise provided by law, may include fines, the withholding of diplomas or transcripts pending compliance with rules or payment of fines, and the imposition of probation, suspension, or dismissal.
- (g) Each board of trustees pursuant to s. 1006.53 shall adopt a policy in accordance with rules of the State Board of Education that reasonably accommodates the religious observance, practice, and belief of individual students in regard to admissions, class attendance, and the scheduling of examinations and work assignments.
- (9) A board of trustees may contract with the board of trustees of a state university for the Florida College System institution to provide college-preparatory instruction on the state university campus.
- (10) Each board of trustees shall establish fees pursuant to ss. 1009.22, 1009.23, 1009.25, 1009.26, and 1009.27.
- (11) Each board of trustees shall submit an institutional budget request, including a request for fixed capital outlay, and an operating budget to the State Board of Education for review in accordance with guidelines established by the State Board of Education.
- (12) Each board of trustees shall account for expenditures of all state, local, federal and other funds in the manner described by the Department of Education.
- (13) Each board of trustees is responsible for the uses for the proceeds of academic improvement trust funds pursuant to s. 1011.85.
- (14) Each board of trustees shall develop a strategic plan specifying institutional goals and objectives for the Florida College System institution for recommendation to the State Board of Education.
- (15) Each board of trustees shall develop an accountability plan pursuant to s. 1008.45.
- (16) Each board of trustees must expend performance funds provided for workforce education pursuant to the provisions of s. 1011.80.
- (17) Each board of trustees is accountable for performance in certificate career education and diploma programs pursuant to s. 1008.43.
- (18) Each board of trustees shall establish the personnel program for all employees of the Florida College System institution, including the president, pursuant to the provisions of chapter 1012 and rules and guidelines of the State Board of Education, including: compensation and other conditions of employment; recruitment and selection; nonreappointment; standards for performance and conduct; evaluation; benefits and hours of work; leave policies; recognition; inventions and work products;

travel; learning opportunities; exchange programs; academic freedom and responsibility; promotion; assignment; demotion; transfer; ethical obligations and conflict of interest; restrictive covenants; disciplinary actions; complaints; appeals and grievance procedures; and separation and termination from employment.

- (19) Each board of trustees shall appoint, suspend, or remove the president of the Florida College System institution. The board of trustees may appoint a search committee. The board of trustees shall conduct annual evaluations of the president in accordance with rules of the State Board of Education and submit such evaluations to the State Board of Education for review. The evaluation must address the achievement of the performance goals established by the accountability process implemented pursuant to s. 1008.45 and the performance of the president in achieving the annual and long-term goals and objectives established in the Florida College System institution's employment accountability program implemented pursuant to s. 1012.86.
- (20) Each board of trustees is authorized to enter into contracts to provide a State Community College System Optional Retirement Program pursuant to s. 1012.875 and to enter into consortia with other boards of trustees for this purpose.
- (21) Each board of trustees is authorized to purchase annuities for its Florida College System institution personnel who have 25 or more years of creditable service and who have reached age 55 and have applied for retirement under the Florida Retirement System pursuant to the provisions of s. 1012.87.
- (22) A board of trustees may defray all costs of defending civil actions against officers, employees, or agents of the board of trustees pursuant to s. 1012.85.
- (23) Each board of trustees has authority for risk management, safety, security, and law enforcement operations. Each board of trustees is authorized to employ personnel, including police officers pursuant to s. 1012.88, to carry out the duties imposed by this subsection.
- (24) Each board of trustees shall provide rules governing parking and the direction and flow of traffic within campus boundaries. Except for sworn law enforcement personnel, persons employed to enforce campus parking rules have no authority to arrest or issue citations for moving traffic violations. The board of trustees may adopt a uniform code of appropriate penalties for violations. Such penalties, unless otherwise provided by law, may include the levying of fines, the withholding of diplomas or transcripts pending compliance with rules or payment of fines, and the imposition of probation, suspension, or dismissal. Moneys collected from parking rule infractions shall be deposited in appropriate funds at each Florida College System institution for student financial aid purposes.
- (25) Each board of trustees constitutes the contracting agent of the Florida College System institution. It may when acting as a body make contracts, sue, and be sued in the name of the board of trustees. In any suit, a change in personnel of the board of trustees shall not abate the suit, which shall proceed as if such change had not taken place.
- (26) Each board of trustees is authorized to contract for the purchase, sale, lease, license, or acquisition in any manner, including purchase by installment or lease-purchase contract which may provide for the payment of interest on the unpaid portion of the purchase price and for the granting of a security interest in the items purchased, subject to the provisions of subsection (38) and ss.

1009.22 and 1009.23, of goods, materials, equipment, and services required by the Florida College System institution. The board of trustees may choose to consolidate equipment contracts under master equipment financing agreements made pursuant to s. 287.064.

- (27) Each board of trustees shall be responsible for managing and protecting real and personal property acquired or held in trust for use by and for the benefit of such Florida College System institution. To that end, any board of trustees is authorized to be self-insured, to enter into risk management programs, or to purchase insurance for whatever coverage it may choose, or to have any combination thereof, in anticipation of any loss, damage, or destruction. A board of trustees may contract for self-insurance services pursuant to s. 1004.725.
- (28) Each board of trustees is authorized to enter into agreements for, and accept, credit card, charge card, and debit card payments as compensation for goods, services, tuition, and fees. Each Florida College System institution is further authorized to establish accounts in credit card, charge card, and debit card banks for the deposit of sales invoices.
- (29) Each board of trustees may provide incubator facilities to eligible small business concerns pursuant to s. 1004.79.
- (30) Each board of trustees may establish a technology transfer center for the purpose of providing institutional support to local business and industry and governmental agencies in the application of new research in technology pursuant to the provisions of s. 1004.78.
- (31) Each board of trustees may establish economic development centers for the purpose of serving as liaisons between Florida College System institutions and the business sector pursuant to the provisions of s. 1004.80.
- (32) Each board of trustees may establish a child development training center pursuant to s. 1004.81.
- (33) Each board of trustees is authorized to develop and produce work products relating to educational endeavors that are subject to trademark, copyright, or patent statutes pursuant to chapter 1004.
- (34) Each board of trustees shall administer the facilities program pursuant to chapter 1013, including but not limited to: the construction of public educational and ancillary plants; the acquisition and disposal of property; compliance with building and life safety codes; submission of data and information relating to facilities and construction; use of buildings and grounds; establishment of safety and sanitation programs for the protection of building occupants; and site planning and selection.
- (35) Each board of trustees may exercise the right of eminent domain pursuant to the provisions of chapter 1013.
- (36) Each board of trustees may enter into lease-purchase arrangements with private individuals or corporations for necessary grounds and buildings for Florida College System institution purposes, other than dormitories, or for buildings other than dormitories to be erected for Florida College System institution purposes. Such arrangements shall be paid from capital outlay and debt service funds as provided by s. 1011.84(2), with terms not to exceed 30 years at a stipulated rate. The

provisions of such contracts, including building plans, are subject to approval by the Department of Education, and no such contract may be entered into without such approval.

- (37) Each board of trustees may purchase, acquire, receive, hold, own, manage, lease, sell, dispose of, and convey title to real property, in the best interests of the Florida College System institution.
- (38) Each board of trustees is authorized to enter into short-term loans and installment, lease-purchase, and other financing contracts for a term of not more than 5 years, including renewals, extensions, and refundings. Payments on short-term loans and installment, lease-purchase, and other financing contracts pursuant to this subsection shall be subject to annual appropriation by the board of trustees. Each board of trustees is authorized to borrow funds and incur long-term debt, including promissory notes, installment sales agreements, lease-purchase agreements, certificates of participation, and other similar long-term financing arrangements, only as specifically provided in ss. 1009.22(6) and (9) and 1009.23(11) and (12). At the option of the board of trustees, bonds issued pursuant to ss. 1009.22(6) and (9) and 1009.23(11) and (12) may be secured by a combination of revenues authorized to be pledged to bonds pursuant to such subsections. Revenue bonds may not be secured by or paid from, directly or indirectly, tuition, financial aid fees, the Florida College System Program Fund, or any other operating revenues of a Florida College System institution. Lease-purchase agreements may be secured by a combination of revenues as specifically authorized pursuant to ss. 1009.22(7) and 1009.23(10).
- (39) Each board of trustees shall prescribe conditions for direct-support organizations to be certified and to use Florida College System institution property and services. Conditions relating to certification must provide for audit review and oversight by the board of trustees.
- (40) Each board of trustees may adopt policies pursuant to s. 1010.02 that provide procedures for transferring to the direct-support organization of that Florida College System institution for administration by such organization contributions made to the Florida College System institution.
- (41) The board of trustees shall exert every effort to collect all delinquent accounts pursuant to s. 1010.03.
- (42) Each board of trustees shall implement a plan, in accordance with guidelines of the State Board of Education, for working on a regular basis with the other Florida College System institution boards of trustees, representatives of the university boards of trustees, and representatives of the district school boards to achieve the goals of the seamless education system.
- (43) Each board of trustees has responsibility for compliance with state and federal laws, rules, regulations, and requirements.
- (44) Each board of trustees may adopt rules, procedures, and policies related to institutional governance, administration, and management in order to promote orderly and efficient operation, including, but not limited to, financial management, budget management, physical plant management, and property management.
- (45) Each board of trustees may adopt rules and procedures related to data or technology, including, but not limited to, information systems, communications systems, computer hardware and software, and networks.

- (46) Each board of trustees may consider the past actions of any person applying for employment and may deny employment to a person because of misconduct if determined to be in the best interest of the Florida College System institution.
- (47) A board of trustees may not enter into an employment contract that requires the Florida College System institution to pay a Florida College System institution president an amount from state funds in excess of 1 year of the president's annual salary for termination, buyout, or any other type of contract settlement. This subsection does not prohibit the payment of leave and benefits accrued by the president in accordance with the Florida College System institution's leave and benefits policies before the contract terminates.

History.—s. 80, ch. 2002-387; s. 75, ch. 2004-357; s. 4, ch. 2005-146; s. 74, ch. 2007-217; s. 1, ch. 2008-163; s. 2, ch. 2009-60; s. 21, ch. 2011-5; ss. 4, 12, ch. 2011-177.



March 1, 2019 – 2020

Date Presented: 1.25.19





Insurance | Risk Management | Consulting



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#### Introduction

Thank you for this opportunity to present your renewal proposal program options and recommendations. This Executive Summary is a shorter version of your proposal and is intended to summarize the highlights and point you to any decisions that need to be made prior to binding. We highlight each CORE360<sup>TM</sup> cost driver, beginning with Insurance Premiums and ending with Contractual Liability. This will not only organize the document but also ensure that we are deliberate in driving value to each of your six cost drivers which represent your total cost of risk. It also follows the decisions made and action items we discussed in our Strategic Review; which serves as the basis for this proposal. We know that you have a choice and we appreciate your business and continued partnership.





#### Your Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.

Name/Title	Phone	Email	Role	
Primary Service Team				
Michele Montgomery	407-563-3517	Michele_Montgomery@ajg.com	Account Executive	
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Jessica Montgomery	407-563-3508	Jessica_Montgomery@ajg.com	Client Service Manager	
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John McLaughlin	630-285-4380	John_McLaughlin@ajg.com	Managing Director Higher Education Practice	
Dorothy Gjerdrum	952-358-7551	Dorothy_Gjerdrum@ajg.com	Managing Director Public Sector Practice	





## Strategic Results

On behalf of our entire Gallagher team, Peter Doyle and Michele Montgomery are proud to present Florida College System Risk Management Consortium with their 2019-2020 Risk Management Proposal. We would like to discuss the following items.

- 1. Renewal Results 2018 "Quick Refresher"
- 2. State of the Insurance Market 2018 vs. 2019
- 3. London/Atlanta Report 2019
- 4. Go To Market Strategy and Renewal Results 2019
  - a. Excess Property
  - b. Other Lines
  - c. Renewal Premium Summary
- 5. Optional Coverages
  - a. Flood
  - b. Employed Professionals Liability
  - c. Active Shooter/Crisis Protection
- 6. Renewal Decisions





## I. Renewal Results – 2018 "Quick Refresher"

. Excess Property - Due to record cat losses in 2017, the renewal of the baseline \$200M property contemplated a \$1.1M increase in premium.

Property	2017-2018	2018-2019	% Change
Total Values	\$8,145,881,393	\$8,283,547,191	1.7%
Limit	\$200,000,000	\$200,000,000	0%
Composite Rate/\$100	\$0.14	\$0.15	8.6%
Price/Million	\$55,022	\$60,750	10.4%
Total Premium	\$11,004,325	\$12,150,000	10.4%

In an effort to maintain a flat member college allocation FCSRMC reduced the limit to \$100M for a savings of \$1.1M over the expiring \$200M:

Property	2017-2018	2018-2019	% Change
Total Values	\$8,145,881,393	\$8,283,547,191	1.7%
Limit	\$200,000,000	\$100,000,000	0%
Composite Rate/\$100	\$0.14	\$0.12	-14.2%
Price/Million	\$55,022	\$98,500	79%
Total Premium	\$11,004,325	\$9,850,000	-10.45%

- 2. Workers Compensation was renewed with Safety National and the SIR was raised to \$750,000.
- 3. Equipment Breakdown was moved to Travelers as they were more competitive than Chubb.
- 4. Standalone Terrorism was renewed with Lloyds and the limit was also reduced to \$100M.
- 5. 2<sup>nd</sup> renewal of the United Educators Package with UE; premium increased by \$52,000 driven by the educator legal liability loss activity.
- 6. Crime was renewed with the incumbent carriers at the expiring premiums.
- 7. Cyber coverage was renewed with AIG. Due to losses, the premium increased \$110,000.
- 8. International Package was renewed with AIG; premium was down due reduced exposure.
- 9. Site pollution policy was renewed with Ironshore; premium was flat.
- 10. Secured a flat rate renewal for year 3 of the 5 year Master Rolling Builders Risk Program.





## II. State of the Market March 1, 2018 Renewal

To keep track of current insurance market conditions, and to predict direction of the market in the future, Gallagher analyzes the key forces that drive the insurance market. These factors can be summarized in our "P.R.I.M.E." outlook below:

	Market Conditions	Notes
		✓ Surplus expected to be reduced by \$130B due to CAT losses.
		✓ Irma loss estimate at \$40-\$50B.
		✓ Harvey loss estimate at \$25-\$30B.
		✓ Maria loss estimate at \$15B-\$30B
Primary Insurance	( - ) Negative	✓ Wildfires loss estimate are \$6B.
v	( ) Negative	✓ Citizens Irma loss projected at \$1.25B. \$6.4B remaining in surplus.
		✓ Carriers targeting 20%-50% rate increases.
		✓ London experienced significant CAT losses around the world.
		✓ -9.5% WC rate drop for Florida.
Reinsurance	( - ) Negative	✓ Reinsurers targeting significant rate increases.
Acingulance	( ) Negative	✓ Unlikely to see any Property rate decreases.
		✓ Dow Jones consistently at all-time highs.
Investments	( +/-) Stable	✓ Interest rates are forecasting improvement over the next five years.
		✓ GDP is still running at 2% on average.
		✓ Insurers will not earn profits from underwriting in 2017.
<b>M</b> odeling	( +/- ) Stable	✓ RMS v17 is the latest model being utilized by carriers.  There hasn't been an effect on pricing due to modeling so far in 2018.
Exposure Growth (Demand)	( +/- ) Stable	✓ Some improvements in the US economy and job growth have resulted in modest exposure growth.



## **State of Market for 2019 Renewal**

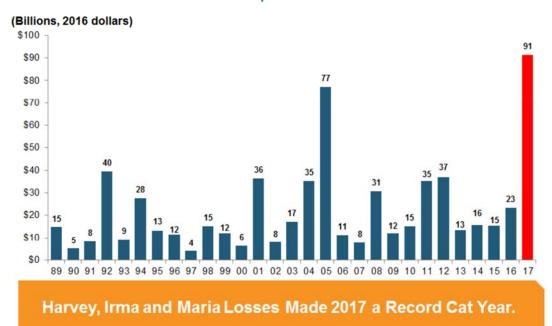
To keep track of current insurance market conditions, and to predict direction of the market in the future, Gallagher analyzes the key forces that drive the insurance market. These factors can be summarized in our "P.R.I.M.E." outlook below:

	<b>Market Conditions</b>	Notes
Primary Insurance	( -) Negative	<ul> <li>✓ Surplus expected to be reduced by \$80B due to losses.</li> <li>✓ 2018 Major Cat Losses:         <ul> <li>O Michael insured loss estimate \$10B – 4<sup>th</sup> strongest storm to hit the US</li> <li>O CA wildfires insured loss estimate up to \$80B</li> </ul> </li> <li>✓ 2018 follows 2017, a record year of Cat Losses of \$140B</li> <li>✓ London continues to struggle – open market has not made a profit since 2014</li> <li>✓ Domestic property carriers have not made a profit the last two years</li> <li>✓ Upward pressure expected on property and some casualty lines – especially auto liability and aviation</li> </ul>
<b>R</b> einsurance	(-) Stable	<ul> <li>✓ Despite reinsurers paying out \$100B in cat losses in 2017 the reinsurance market was stable for 2018 and 2019</li> <li>✓ Due to losses in 2018 reinsurance pricing is expected to increase from 5-15%</li> <li>✓ Alternative capital is "locked up"; rising interest rates may cause capital to shift away</li> </ul>
Investments	(+) Positive	<ul> <li>✓ 2018 was a volatile year with the stock market losing 6% following a strong 10 year run</li> <li>✓ Fed has begun raising rates</li> <li>✓ Investment results improving</li> </ul>
<b>M</b> odeling	( +/- ) Stable	✓ RMS v18 is the latest model being utilized by carriers; there hasn't been an effect on pricing due to modeling so far in 2018
Exposure Growth (Demand)	(+) Positive	✓ Unemployment is at all-time lows ✓ GDP Q2 4.2%; Q3 3.5%; Q4 estimate 2.6%





# U.S. Insured Catastrophe Losses



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Sources: Property Claims Service, a Verisk Analytics business; Insurance Information Institute.

## **Gallagher Higher Education Practice Observations**

2018 was a year marked by high profile claims brought against prominent colleges and universities, a significant movement toward consolidation/collaboration/closure in the small private college space, free speech and campus civility concerns and growing attention to the exposure of chronic traumatic encephalopathy (CTE).

As of August 1st, we are aware of 3 open claims with the potential to cause full Medical Professional and Excess Liability Tower losses of over \$100M for each coverage line and an employment class action with the potential to also exceed 100M in damages (D&O/ELL). In at least 2 of these claim scenarios, client coverage attorneys are looking for tower limits under the D&O as well as the Medical Professional and GL. Total exposed limits are 800M+.





## III. London/Atlanta Report - 2019

In preparation for the 2019 Property renewal Chauncey, Lynn Powers, Marsha Hackathorn and Gallagher made our 7<sup>th</sup> annual visit to London to solicit competitive renewal terms. This was the second time our visit followed significantly adverse property losses in the marketplace.

We met with 20 underwriters as follows:

Underwriter	Carrier
Matt Tyler	Brit Syndicate
James Robertson	Hiscox Syndicate
Rupert Cousins	Sompo Europe
Rhys Thomas	AXA XL Syndicate
Miles Osario	Hamilton Re Syndicate
Howard Barnes	Ark Syndicate
Kit Barber	MS Amlin Syndicate
Andrew Middleton	Tokio Marine HCC
Derek Eales/Nick Chalk	MSF Pritchard Syndicate
Simon King/Nick Adams	Blenheim Syndicate
James Dick	C N A Hardy Syndicate
Sam Yates	Neon Syndicate
Jamie Courtney	Talbot Syndicate
Neil Wren	Agora Syndicate
Matthew Narbett	Cathedral Syndicate
Paul Bassett/Charles Summers	Gallagher (Terrorism/Active Shooter)
Michael Dagger/Joseph Bado	Gallagher (Construction)
Natalie Gibb	Channel Syndicate
Neil Chapman/Alex Emerson	Unicorn Underwriting
Nick McAllister	Canopius





#### Key Takeaways - London Markets

- 1. 2018 was the second year in a row London experienced adverse loss and profitability.
- 2. Syndicates have been required to submit plans for 2019 to return to profitability to include
  - a. Reducing premium written
  - b. Exiting lines of insurance/classes of business
  - c. Non-renewing accounts with attritional losses
- 3. Reinsurance is pricing is expected to increase.
- 4. Alternative capital is "locked up" as losses from 2017 and 2018 are finalized; and with rising interest rates capital may be shifted away from the insurance market.
- 5. All underwriters reported a lift in rate in 2018
  - a. Averages ranged from 10% to 25%
  - b. For new distressed classes of business rates were up as much as 30-100%
- 6. 2019 Underwriters suggested they are still off technical rates from a low of 10% to 25%; one underwriter suggested they needed to get back to 2012 rates (about 30% higher)
- 7. FCSRMC's 12 years in Lloyds for Cat property was important to Lloyd's supporting the renewal in face of two years of hurricane related losses.
- 8. FCSRMC is the kind of account Cat writers want good construction with no attritional losses

A Lloyd's policy is slightly different than traditional insurance purchased in the US where one company provides the entire policy. While different, the London model is effective for CAT placements because each Lloyd's syndicate is critical to overall the Lloyd's placement as each syndicate provides valuable capacity. Lloyd's model is: We don't want 100% of something; we want to write a smaller percentage so they can provide capacity and be there when a claim happens.

Year	Total Limits	Premium	Total Wind Limit	Capacity %
2018	\$30,000,000	\$2,955,000	\$100,000,000	30%
2017	\$59,256,250	\$3,407,676	\$200,000,000	30%
2016	\$59,256,250	\$3,570,278	\$200,000,000	30%
2015	\$55,256,250	\$3,086,976	\$200,000,000	28%
2014	\$40,381,250	\$3,236,300	\$150,000,000	27%
2013	\$34,368,750	\$3,321,625	\$125,000,000	27%
2012	\$11,700,000	\$950,500	\$90,000,000	13%

Lloyd's is a very unique market and without seeing it firsthand it can be a difficult marketplace to understand. Lloyd's represents 30% of wind capacity for FCSRMC, and we thought it would be beneficial to provide the operations committee with firsthand account of our London efforts for 2019.





We also met with key market partners in Atlanta in November:

Underwriter	Carrier
Steven Black	Brit – incumbent
Taylor Duerr	Sompo/Endurance - incumbent
Scott Johnson	Berkshire – former incumbent
Darrell Pippen	Swiss Re – lead primary incumbent
Billy Adams	RSUI - incumbent
Rich Juliano/Stephen Glazer	Hiscox - incumbent
Brett Lang	Eagle Facility – not on program

#### Key Takeaways - Atlanta Markets

- 1. Another challenging year of losses for CAT writers hurricanes, wildfires, attritional losses.
- 2. Insured losses as a result of Michael are estimated by to as much as \$10B.
- 3. Markets we met with did not have their individual estimated loss for Michael, however Axis had published an estimate of \$100M (Axis is not currently on our program).
- 4. All markets indicated that capacity is still available, in fact a few markets indicated they could add capacity if needed.
- 5. Rate discussions were general and high level; we can expect a rate increase in the range of 15% 20%.
- 6. Some reinsurance treaties renew 1/1/19; others are later in the year, while others don't purchase reinsurance.
- 7. Accounts will be underwritten on a case by case basis no broad brush price increase.
- 8. As with Hurricane Irma, the colleges performed as expected through Hurricane Michael.
- 9. Some markets prefer to participate in a compressed primary vs stretch, will look to rehang program (as needed) to achieve optimal pricing for desired limits.





### IV INSURANCE PREMIUMS

#### Strategy

1. Property – premium drives FCSRMC's program cost.

FCSRMC property loss experience since 2003:

Year	Limit	Premium	TIV	Insured Losses	Loss Ratio
2018*	\$100,000,000	\$9,850,000	\$8,283,547,191	\$49,936,498	506.97%
2017**	\$200,000,000	\$11,004,325	\$8,145,881,393	\$9,761,012	88.70%
2016	\$200,000,000	\$11,533,500	\$7,171,559,001	\$0	0.00%
2015	\$200,000,000	\$12,815,000	\$7,203,378,080	\$0	0.00%
2014	\$150,000,000	\$13,377,904	\$7,005,300,841	\$3,274,000	24.47%
2013	\$115,000,000	\$14,386,017	\$6,671,774,889	\$0	0.00%
2012	\$90,000,000	\$13,339,876	\$6,429,931,747	\$0	0.00%
2011	\$150,000,000	\$11,729,575	\$6,106,261,124	\$0	0.00%
2010	\$150,000,000	\$12,400,000	\$5,887,669,297	\$0	0.00%
2009	\$175,000,000	\$12,350,000	\$5,712,724,121	\$0	0.00%
2008	\$200,000,000	\$10,854,910	\$5,241,992,128	\$0	0.00%
2007	\$115,000,000	\$12,400,000	\$4,939,324,645	\$0	0.00%
2006	\$106,000,000	\$11,574,184	\$4,607,555,915	\$0	0.00%
2005	\$200,000,000	\$7,215,000	\$4,530,005,407	\$9,589,191	132.91%
2004	\$200,000,000	\$6,150,000	\$4,330,142,167	\$12,799,773	208.13%
2003	\$200,000,000	\$7,151,000	\$4,035,582,448	\$0	0.00%
		\$178,131,291		\$85,360,474	47.92%

\*2018 Estimate \*\*2017 Estimate

Catastrophic Property Pricing Basics:

- a. Catastrophe exposures place special demands on insurer capitalization.
- b. Catastrophes represent significant financial hazards to an insurer, including the risk of insolvency, an immediate reduction in earnings and statutory surplus, the possibility of forced asset liquidation to meet cash needs, and the risk of a ratings downgrade.
- c. In setting rates for catastrophe insurance coverage, the general trend is away from using a long historical experience period, toward the application of catastrophe models to current or anticipated exposure distributions.
- d. For various reasons, insurers may decide they have a need to control or limit catastrophe risk. Usually this results in reducing exposure in segments where capacity is exceeded, and using reinsurance or capital market instruments to transfer exposure to someone else.





- e. Generally, the liquidity (or illiquidity) of an insurer after a catastrophe does not cause insolvency. Rather, it is the magnitude of the event relative to company surplus. Insurers must strike a balance between the benefits of being prepared for low-probability catastrophes and the cost of pre-event preparations.
- f. 2017 record property losses impacted earning across the board but did not result in a capital event for the marketplace. Reinsurance renewals were not as adverse as expected.
- g. 2018 losses will again impact earnings across the board but will not likely result in a capital event for the marketplace. However, there is a tightening expected in the reinsurance market and we anticipate increased rates across the board with more pressure on loss affected accounts.
- h. Meaningful deductibles are key so carriers are not paying attritional losses/trading dollars.

A historical perspective of FCSRMC's property program:

FCSRMC Property Program History 2007 - 2018									
Program Year	T	otal Insurable Values	P	rogram Limit	Rate / \$100 TIV		Premium	Pro	gram PPN
2007-2008	\$	4,934,324,645	\$	115,000,000	\$0.25	\$	12,400,000	\$	107,82
2008-2009	\$	5,236,992,128	\$	200,000,000	\$0.21	\$	10,854,910	\$	54,27
		World	wide	Financial Crisis an	d Economic Dow	ntur	1		
2009-2010	\$	5,712,724,121	\$	175,000,000	\$0.22	\$	12,350,000	\$	70,57
2010-2011	\$	5,887,669,297	\$	150,000,000	\$0.21	\$	12,400,000	\$	82,66
2011-2012	\$	6,106,261,124	\$	150,000,000	\$0.19	\$	11,729,575	\$	78,19
RMS Version 11.0 Model Change									
2012-2013	\$	6,429,931,437	\$	90,000,000	\$0.21	\$	13,339,876	\$	148,22
2013-2014	\$	6,671,774,889	\$	125,000,000	\$0.22	\$	14,386,017	\$	115,08
2014-2015	\$	7,005,300,841	\$	150,000,000	\$0.19	\$	13,377,904	\$	89,18
2015-2016	\$	7,203,379,080	\$	200,000,000	\$0.18	\$	12,815,000	\$	64,07
2016-2017	\$	7,171,409,571	\$	200,000,000	\$0.16	\$	11,533,500	\$	57,66
2017-2018	\$	8,145,881,393	\$	200,000,000	\$0.14	\$	11,004,325	\$	55,02
		2018 Renewa	(Box	und Program - Ad	verse 2017 CAT F	tesul			
2018-2019	\$	8,283,547,191	\$	100,000,000	\$0.12	\$	9,850,000	\$	98,50
						\$	146,041,107		
Since 2007 -									
> Property valu	ues h	ave increased 68	%						
> Program limi	ts ha	ve fluctuated bas	sed o	n market conditio	ns				





### **Agreed To Go-To Market Strategy:**

- a. In light of the record CAT losses of 2017 and losses of 2018 we will face headwinds in the CAT property marketplace:
  - i. Secure renewal of the \$100M expiring program with no more than a 15% premium increase to include the 6% increase in property values as a baseline.
  - ii. Secure an option to add \$25M x \$100M.
  - iii. Rehang the program as necessary to optimize competition.
  - iv. If needed, explore an option to include an automatic 5% in increase in 2019 assuming losses to mitigate the increase in 2019.
- b. FCSRMC desires to reduce property deductibles where and when feasible to better insulate the fund balance and to ensure FCSRMC's program is competitive for member colleges. This may not be the renewal to press hard on deductibles in light of the Irma and Michael losses and clearly the lack of attritional losses is a positive
- 2. Other Lines press for flat rate/pricing; if increase quoted seek to improve limits/terms
  - a. <u>Stand-alone Terrorism (Property</u>) secure quote at flat or better premium based on current retention/limits.
  - b. Workers' Compensation secure quote at expiring \$750,000 retention at expiring rate. Secure out of state coverage for colleges as needed.
  - c. United Educators press for flat premium but we expect headwinds in light of loss activity.
  - d.  $\mathbf{Crime} 2^{\text{nd}}$  year of three year policy; coverage will renew at expiring premiums.
  - e. <u>Equipment Breakdown</u> this is the 2<sup>nd</sup> year of a three year rate guarantee subject to losses; anticipate renewal to be offered a the expiring rate.
  - f. <u>Cyber</u> 2<sup>nd</sup> renewal with AIG; Loss ratio is over 300%. FCSRMC is pleased with AIG claim handling. Seek to minimize any further premium increases.
  - g. <u>International Travel</u> flat or better renewal at current retention/limits. Explore alternative with Chubb to provide enhanced travel accident and sickness benefits.
  - h. Site Pollution flat or better renewal at current retention/limits.
  - Master Rolling Builders Risk rates were adjusted downward in 2017– this will be the fourth year of a five year program. Due to low take up rate the deposit based on declared values (PECO) may be adjusted downward and as such the deposit premium would also be adjusted downward.
  - j. <u>Active Shooter/Workplace Violence</u> explore options for coverage.





#### Results

## **Excess Property**

1. Cat Model Results are essentially unchanged based on RMS v18:

Property	16-17	17-18	18-19	19-20	% Change
250 Yr. PML - RMS	\$199,547,595	\$236,791,129	\$215,004,687	\$218,555,118	2%
500 Yr. PML - RMS	\$268,028,675	\$317,579,368	\$289,088,536	\$296,859,075	3%
AAL - RMS	\$9,100,258	\$10,604,619	\$8,862,831	\$8,665,825	-2%

2. <u>Baseline</u> – Renewal of the expiring program - \$100M Limit, 3% Named Hurricane Deductible.

FCSRMC presented losses to the carriers in both 2017 and 2018. Loss affected accounts will face upward pressure on rate. Most carriers have offered renewal but most have reduced their participation. New carriers have offered capacity to replace those that reduced capacity.

Property	2018-2019	2019-2020	% Change
Total Values	\$8,283,547,191	\$8,746,521,327	5.6%
Limit	\$100,000,000	\$100,000,000	0%
Composite Rate/\$100	\$0.12	\$0.14	20.2%
Price/Million	\$98,500	\$125,000	27%
Total Premium	\$9,850,000	\$12,500,000*	27%

\*Estimate

For comparison purposes the cost/rate for \$100M since 2013:

Year	Premium	Values	Rate
18-19	\$9,850,000	\$8,283,547,191	\$0.1189
17-18	\$8,918,125	\$8,145,881,393	\$0.1095
16-17	\$9,337,500	\$7,171,559,001	\$0.1302
15-16	\$10,375,000	\$7,203,378,080	\$0.1440
14-15	\$11,623,000	\$7,005,300,841	\$0.1659
13-14	\$11,900,000	\$6,671,774,889	\$0.1784

Rate change 2013-2017: -38.62% Rate increase in 2018: +8.61%





# Florida College System Risk Management Consortium 2019-2020



3. Options for additional limits in light of the magnitude of loss suffered due to Hurricane Michael:

Limit	Indicated Premium	Status
\$25,000,000 x \$100,000,000	\$900,000	Quotes Pending
\$50,000,000 x \$100,000,000	\$1,600,000	Non-bindable indication
\$100,000,000 x \$100,000,000	\$3,000,000	Non-bindable indication





### **Other Lines**

## **Workers' Compensation**

Gallagher secured a flat rate renewal at the \$750,000 expiring self-insured retention with Safety National.

Carrier	Response	Premium	Expiring	Comments
Safety National	Quoted	\$288,766 \$12,936	\$288,790 \$10,913	Secured renewal based on the expiring rate at the expiring \$750,000 SIR (\$.0212)  Other states written by college as needed on a guaranteed cost basis

## **United Educators Casualty Package**

2019 is the third renewal of the United Educators Program. Coverage includes Educators Legal Liability (including employment practices liability), Buffer/Excess Liability and Fiduciary Liability. Educators Legal Liability is the premium driver.

Educators Legal Liability Premium and Exposure Comparison

	2014	2015	2016	2017	2018	2019	% Change YOY
Premium	\$1,007,107	\$1,078,145	\$950,250	\$931,245	\$968,378	\$1,058,424	9%
FTE	327,413	318,879	313,960	308,361	301,992	303,235	0%
# of EE's	48,630	48,182	49,031	47,554	48,463	49,005	1%
Rater per FTE	\$3.08	\$3.38	\$3.03	\$3.02	\$3.21	\$3.49	9%

As of 1.14.19 FCSRMC's Educators Legal Liability losses are trending adversely.

ELL	Number of Claims	Premium	Paid Losses – Indemnity and Expense	Incurred Losses	Paid Loss Ratio	Incurred Loss Ratio
2016	91	\$950,250	\$685,738	\$1,134,333	72%	119%
2017	64	\$931,245	\$175,550	\$997,799	19%	107%
2018	41	\$968,378	\$0	\$35,000	0%	4%
Total	196	\$2,849,873	\$861,288	\$2,167,132	30%	76%





**FCSRMC** 

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FCSRMC has emphasized reporting of matters that might give rise to a claim and as such the number of claims reported by the college has increased since moving to UE.

#### General and Automobile Liability

To date there have been 118 claims reported to UE as potential excess liability claims. While the colleges enjoy protection under 768.28 and most, if not all of these claims, should settle within the tort caps, there is an increase in the frequency of severe claims.

#### Fiduciary Liability

To date there has been one fiduciary claim reported alleging overcharging of insurance premiums. This coverage is subject to a \$2,500 deductible. To date UE has paid \$36,120 in defense costs and the claim has a remaining defense reserve of \$141,196.

Carrier	Response	RMPC	Premium After RMPC	Expiring After RMPC	Line
		\$64,342	\$1,058,424	\$968,378	Educators Legal Liability
United	Quoted	\$3,640	\$59,886	\$59,722	Fiduciary Liability
Educators	Quoted	\$16,883	\$277,723	\$261,287	Buffer Liability
		\$6,026	\$99,129	\$91,536	Excess Liability
	Ontion	Increase ELL retention to \$75K*	\$855,137	NA	Estimated RMPC credits:
	Option	Increase ELL retention		NA	\$75K - \$78,533 \$100K - \$71,233
		to \$100K**	\$735,051		

<sup>\*</sup>Assume Select Counsel utilized; Approved Counsel would be \$125K

Premiums reduced by 6% RMPC; Total credits secured by application of the RMPC are \$90,891.

UE 2017 Dividend of \$1,893 to paid 45 days after renewal.





<sup>\*\*</sup> Assumes Select Counsel utilized; Approved counsel would be \$150K

The renewal pricing reflects UE's overall book of business performance and FCSRMC's specific performance.

UE Book of Business Loss Trends:

- \* ELL: For the second consecutive year, Educators Legal Liability loss experience is trending negatively, driven by employment practice liability claims related to reverse Title IX and accreditation issues
- \* BLX: Primary General Liability and Buffer Liability lines have continued to be unprofitable; however, we are seeing some improvement. The loss experience is driven by:
  - a. Slip/trip/falls
  - b. General accidents
  - c. Continued frequency and severity of sexual assault/Title IX claims
- \* GLX/U: An increase in low frequency, but severe, claims impacted Excess and Umbrella Liability loss experience

#### Approach to Premium Changes

UE equitably allocates premium changes based on a member's individual risk profile and loss experience. Approximately three quarters of all renewal policies receive a minimal premium increase due to minimal losses and premiums that properly reflect their risk profile. The remaining policies get proportionally higher premium increases.

#### Financial Strength

Our underwriting approach and pricing integrity allow UE to maintain our A.M. Best "A" rating. Maintaining UE's fiscal strength is critical to respond to the complex, long-tail claims of educational institutions. Any excess surplus is returned to members through their Surplus Savings Accounts or as dividends as approved by our Board. This year, members are eligible for a dividend distribution of 2 percent of a member's SSA balance, payable 45 days after renewal. FCSRMC's 2018 dividend is \$1,893.





## $\underline{Terrorism}$

Carrier	Response	Premium	Expiring	Comments
Lloyds	Quoted	\$60,000	\$60,000	Property damage cover as per the expiring \$100M Limit (cut to \$100K last year)
	Option	\$70,000	NA	\$200M Limit

## **Equipment Breakdown**

Carrier	Response	Premium	Expiring	Comments
Travelers	Quoted	\$190,067	\$179,983	Moved coverage to Travelers last year subject to a 3 year rate commitment so long as loss ratio is <30%

## **Crime**

Carrier	Response	Premium	Expiring	Comments
Hanover	Quoted	\$27,269 – Blanket \$26,867 – Fiscal Agent	\$27,269 – Blanket \$26,867 – Fiscal Agent	Flat; 2nd year of three year program
Great American  – Fiscal Agent Excess	Quoted	\$7,570	\$7,570	Flat; provides limit of \$5M x of \$10M primary





## **Network Security/Cyber**

This is the second renewal with AIG. In the first year with AIG paid losses are excess of \$990K on premium of \$260K or a loss ratio of 380%. Renewal with AIG last year was up 43% due to losses and this year AIG quoted a 5% increase with an increase in the deductible for Broward College on renewal.

Carrier	Response	Premium	Expiring	Comments
AIG	Quoted	\$389,730	\$370,397	\$25,000 Retention except \$50,000 HCC, PBSC, SPC, VC, MDC, BC
AIG	Option	\$446,711	NA	Adds System Failure Coverage Endorsement – extends coverage to include loss due to a critical "supply chain" vendor that is shut down either due to a system failure or security failure. Subject to a supplemental application from the colleges that did not complete the SMART application.

## **International Travel Package**

AIG has offered renewal. Premium is up due to an increase in reported estimated travel.

We have also secured an alternative with Chubb. The key differences include a \$500,000 medical expense benefit at \$0 deductible vs. \$50,000/\$500 and Security and Evacuation coverage to include natural disasters. Chubb provides coverage across 3 policies vs. one. Global Assistance services would replace AIG Travel Guard.

Carrier	Response	Premium	Expiring	Comments
AIG	Quoted	\$49,687	\$38,331	Coverage as per expiring, exposure increase
Chubb	Quoted	\$75,383	NA	Chubb provides various improvements in comprehensive travel accident and sickness vs. AIG





## **Site Pollution including Storage Tanks**

This is the third renewal with Ironshore. Ironshore has previously kept renewal premium flat since inception. This year the premium is up slightly due to an uptick in reported circumstances. There was one circumstance reported in 16-17 and one in 17-18 and to date there have been 4 reported in 18-19.

Carrier	Response	Premium	Expiring	Comments
Ironshore	Quoted	\$133,962	\$129,996	3 <sup>rd</sup> renewal – 1 <sup>st</sup> increase since inception – increase in reported circumstances

## **Master Rolling Builders Risk**

This is year 4 of a 5 year program: no change in rates/terms. Due to low take up rate the carrier may not be willing to offer renewal terms after the 5<sup>th</sup> year.

Carrier	Response	Premium	Expiring	Comments
Starr - London	Quoted	\$81,926 Deposit*	\$121,209 Deposit	Year 4 of 5 year program: no change in rates/terms:  Palm Beach, Broward, Dade, Monroe Counties:  NC \$0.38 Renovation \$0.20  XWS minimum \$250K deductible; \$100K Wind; 100KFlood; \$20K AOP  Other Counties:  NC \$0.22; Renovation \$0.15  Flat \$200K NWS deductible; \$100K Wind; 100KFlood; \$20K AOP

<sup>\*</sup>FCSRMC may apply 18-19 unused deposit of \$103,037 currently vs. total deposit for a net return premium of \$21,111.





## **Premium Summary**

Coverage	2016	2017	2018	2019	% Change
Property	\$11,533,500	\$11,004,325	\$9,850,000	\$12,500,000*	26.9%
Terrorism	\$79,000	\$70,000	\$60,000	\$60,000	0%
Equipment Breakdown	\$211,445	\$181,649	\$179,983	\$190,067	5.6%
Educators Legal Liability	\$950,250	\$931,245	\$968,378	\$1,058,424	9.3%
Fiduciary Liability	\$56,701	\$54,288	\$59,722	\$59,886	.27%
Workers' Compensation	\$594,035	\$589,749	\$299,703	\$301,702	.66%
Excess Casualty	\$357,671	\$343,365	\$352,823	\$376,852	6.8%
Crime - Blanket	\$27,269	\$27,269	\$27,269	\$27,269	0%
Crime - Fiscal Agent	\$34,437	\$34,437	\$34,437	\$34,437	0%
Network Security – Cyber	\$215,000	\$259,566	\$370,697	\$389,730	5.1%
International Travel Package	\$46,521	\$49,782	\$38,331	\$49,687	29.6%
Master Rolling Builders Risk	\$151,776	\$135,521	\$121,209	\$81,926	-32.4%
Site Pollution including Tanks	\$128,428	\$129,996	\$129,996	\$133,962	3.1%
Total	\$14,386,033	\$13,906,192	\$12,492,548	\$15,263,942	22.2%

<sup>\*</sup>Indication for \$100M primary

### **Notes:**

- 1. The overall renewal premium is up an estimated \$2,771,394 or 22% driven by the property premium
- 2. Does not include estimated property assessments of \$50.
- 3. MRBR deposit premium to be reduced by application of unused deposit from current term for an estimated return premium of \$21,111 based on projects reported to date.





## **Optional Coverages**

#### Flood

National Flood Insurance Program (NFIP)

- NFIP is available for non-residential structures and their contents, including commercial and manufacturing properties on a building by building basis with limits up to \$500,000 per building and \$500,000 for contents. A loss deductible applies separately to each building loss and personal property loss. The minimum policy deductible is \$500.
- If NFIP is not purchased on buildings in SFHA zones, the amount eligible for federal assistance from FEMA is reduced by the maximum amount of insurance proceeds that would have been payable had the building been covered by an NFIP policy.
- Gallagher can assist FCSRMC with the placement of NFIP insurance if desired.

#### Private Commercial Flood Insurance

- Insurance carriers are starting to offer flood polices for SFHA zones on a building by building basis with limits of \$1,000,000 per building and \$500,000 for contents.
- Premium is generally less than NFIP.
- Private flood insurance does not directly satisfy the Stafford Act insurance requirements.
- Gallagher can assist FCSRMC with the placement of private commercial flood if desired.





## **Employed Professionals Liability**

The UE Educators Legal coverage provides coverage for the professional liability for the following:

- 1. The education and teaching of students including employment practices liability
- 2. College employed accountants, attorneys, charitable trust management, and notaries.

UE offers a stand-alone Internship and Professional Services policy for licensed faculty and employees:

Architect

Athletic trainer

Engineer

Physician

Kinesiologist

Legal

Nurse practitioner

Occupational therapist

Pharmacist

Physical therapist

Physician assistant

Psychologist

Veterinarian

We have recently had discussions with a few colleges regarding employed licensed architects and facility directors.. We would recommend FCSRMC consider adding this coverage for those colleges wishing to extend professional liability coverage to a broader range of employees.

Carrier	Response	Premium	Expiring	Comments
United Educators	Quoted	\$3,150	NA	Scheduled Architects and Facility Directors \$3M/\$6M subject to an SIR of \$200,000
United Educators	Option	\$4,200	NA	Scheduled Architects and Facility Directors \$3M/\$6M subject to an SIR of \$75,0000

To add other employed professionals to this coverage would require additional underwriting.





## **Active Shooter/Crisis Management**

Following the school shooting last February in Parkland, FL we wanted to bring forward some options for designed to respond to such an event. UE provides Pro-Response benefits of up to \$75,000 per college per policy year. UE does not have a separate premium charge for this coverage. As such there would be no premium reduction to remove it.

AIG Active Shooter Coverage provides 1st party coverage of \$1M per event and in the aggregate. Coverage includes the following:

Coverage	Standard Limits	
Expenses		
Each Insured Event	\$250,000	
Sublimit - Clean-up Costs	\$50,000	
Sublimit - Relocation Expense	\$50,000	
Each Policy Period	\$500,000	
Judgments, Settlements and Defense Costs		
Each Insured Event	\$250,000	
Each Policy Period	\$500,000	
Business Interruption Costs		
Each Insured Event	\$250,000	
Sublimit - Loss of Attraction	\$50,000	
Each Policy Period	\$500,000	
Death or Dismemberment		
Each Insured Person	\$100,000	
Each Insured Event	\$500,000	
Consultant Expenses		
Each Insured Event	Unlimited	
Each Policy Period	Unlimited	
Aggregate Limit each Insured Event		
Each Insured Event	\$1,000,000	

AIG provides this coverage by enhancing their Kidnap and Ransom form to extend coverage to active shooter events by endorsement.





#### AIG

### Triggers of coverage:

- A physical attack on your real property
- Assault off premises must occur while traveling or conducting business on behalf of the insured
- Must involve the use/display of a lethal weapon (broadly defined)
- No media stipulation required to trigger coverage or minimum victims impacted to trigger

#### Loss (what is covered):

- Death and Dismemberment
- Business Interruption and Extra Expense Costs

#### Including Loss of Attraction

- Consultant Expenses Unlimited
- Judgment, Settlement and Defense Costs
- Expenses (including, but not limited to):

#### Partners:

- NYA International Crisis Prevention and Response
- Abernathy MacGregor Strategic Communications Advisor
- AIG Travel Travel, Medical, Security Services

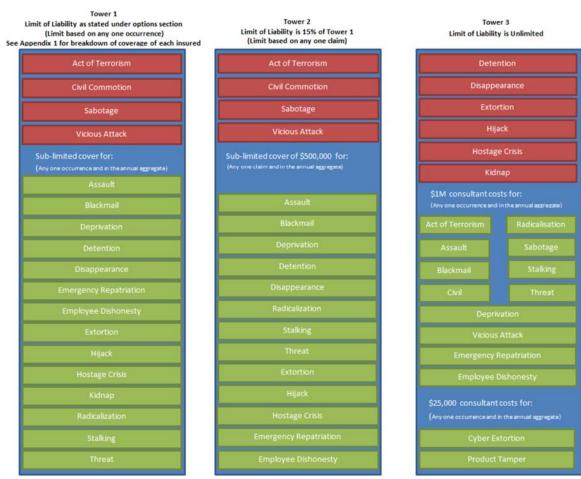
#### Premium is based on the FTE as follows:

- 1. Under 25,000 Students \$2,000
- 2. Over 25,000 students \$3,000





Gallagher's London office has developed a robust crisis management product based on input from Broward County Schools. Coverage extends to Act of Terrorism, Civil Commotion, Sabotage, Vicious Attack, Detention, Disappearance, Extortion, Hijack, Hostage and Kidnap, and more. Limits offered are \$5M/\$5M, \$15M/\$15M and \$25M\$25M. Coverage is provided in a 3 tower format – 1st. party coverage, 3rd party coverage, and Crisis Response Consulting Costs.







Carrier	Response	Premium	Expiring	Comments
AIG	Quoted	\$57,000	NA	\$2,000 per college under 25,000 students; \$3,000 per college over 25,000 students  27 Individual policies providing \$1M aggregate limit each
Lloyds of London	Options	\$202,580 \$325,080 \$425,833	NA	\$5M 1st Party; \$750K 3rd Party \$15M 1st Party; \$2.25M 3rd Party \$25M 1st Party; \$3.75M 3rd Party

For the Lloyds of London program, the 3rd party limits may be increased to 50% of the 1st Party limit for additional premium as follows:

Option 1 \$34,375

Option 2 \$65,000

Option 3 \$96,950

Consultation Costs are unlimited for acts of Detention, Disappearance, Extortion, Hijack, Hostage Crisis, and Kidnap. Otherwise a \$1M per incident/aggregate applies.





## **Renewal Decisions**

Decisions		
1. Property Program		
> \$100M Property Program Limit	YES	NO
> \$125M Property Program Limit – Cost to add estimated at \$900K	YES	NO
➤ Firm up \$150M Property Program Limit	YES	NO
➤ Firm up \$200M Property Program Limit	YES	NO
2. Terrorism		
> \$100M Limit	YES	NO
> \$200M Limit	YES	NO
3. ELL		
➤ Increase Retention to \$75K – Savings over expiring \$113,241	YES	NO
➤ Increase Retention to \$100K – Savings over expiring \$233,327	YES	NO
4. Cyber		
➤ Add System Failure and Security Failure of IT Providers or Outsource providers – Cost to add \$56,981	YES	NO
5. International Travel		
> Renew with AIG	YES	NO
➤ Move coverage to Chubb – Additional cost over AIG \$25,696	YES	NO
6. Optional Coverages		
Secure quotes for Flood Insurance	YES	NO
➤ Scheduled Employed Professionals Liability	YES	NO
o \$200,000 SIR	YES	NO
o \$75,000 SIR		
> Active Shooter – AIG	YES	NO
Crisis Protect – London	YES	NO
Option 1	YES	NO
Option 2 Option 3	YES	NO





**FCSRMC** 

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## **V. PROGRAM STRUCTURE**

## Strategy and Results

Program Structure is addressed within the Insurance premium discussion.







### VI. COVERAGE GAPS

## Strategy

- 1. Seek option to improve International Travel Accident & Sickness Product
- 2. Secure quote for Active Shooter & Prevention Products

#### Results

As outlined in the insurance premium discussion, we have secured the following:

- 1. Alternative International Travel and Accident Sickness Product with Chubb
- 2. Due to recent developments we have also secured options for Employed Professional Liability
- 3. Options for Active Shooter/Crisis Protection Programs







#### VII. UNINSURED & UNINSURABLE LOSSES

## Strategy

- 1. Fund Balance Protection:
  - a. Option for \$25M named hurricane deductible cap
  - b. Improve AOP and Flood deductible at no additional premium
  - c. Explore Top and Drop/Multi Year Second Event Cover
- 2. Explore options for additional limits Cyber, ELL, Property

#### Results

- Property market conditions this year were not favorable and any efforts to reduce deductibles would have added additional costs. Other products to protect fund balance have been reviewed in prior years and would also serve to further increase cost. We recommend revisiting these items when market conditions improve.
- 2. Based on market conditions and increased premiums, we narrowed our focus to providing an option for another \$25M in property limit and indications for \$150M and \$200M. We recommend revisiting options for higher limits on other lines when market conditions improve.







### **VIII. LOSS PREVENTION & CLAIMS**

## Strategy

Continue loss control and claims advocacy support.

#### Results

Suggested Approaches:

Loss Prevention

Work with Jim Smith, as needed, to:

- 1. Assist in Safety/Safety Management Training
- 2. Provide webinars (joint or individual) 4 or so a year.
- 3. Develop a total cost of risk reduction strategy using claim data from GB

#### Claims

- 1. Continue regular claim reviews
- 2. Continue to engage Bart Douglas as needed for support of claim related issues







#### IX. CONTRACTUAL LIABILITY

#### Strategy

Continue contract review and COI issuance

### Results

Continue contract review and COI issuance

#### **Contract Review Legal Disclaimer**

Clients and prospects benefit from our expert guidance to ensure their contracts are compliant and reasonable from an insurance perspective, and to ensure that the insurance provision in a particular contract accurately matches the clients current insurance limits. If a particular client requests Gallagher's review of indemnification language solely in connection with their insurance coverage, we can also provide that review by individuals qualified to do so. We cannot, however, provide comprehensive contract review or revision for any client – that responsibility must remain with each client and its legal counsel.





## Thank You for Your Business

We truly value our long-term partnership and appreciate the continued time, support and confidence you have placed in us as your risk management team. While costs are up this year due to market conditions, as we do annually, we have worked to bring the most cost effective and comprehensive program to FCSRMC.

Thank you.





## Arthur J. Gallagher & Co. at a Glance

Arthur J. Gallagher & Co. has been designing solutions to meet our Clients' unique needs for almost 90 years. We pioneered many of the innovations in risk management used by businesses in all industries today. We believe that the best environment for learning and growing is one that remembers the past and invents the future.

- Founded in 1927 by Arthur J. Gallagher and still run by the founding family.
- A global corporation with a strong heritage and culture, Gallagher is a company with 26,700+ team members.
- Divisions specializing in retail insurance brokerage operations, benefits and HR consulting, wholesale distribution, and third-party administration and claims processing.
- More than 700 offices in 33 countries and revenues of \$4.6 billion.
- Client-service capabilities in more than 150 countries around the world through a global network of correspondent brokers and consultants.

### Legal Disclaimer

Gallagher provides insurance and risk management advice that is tailored to our clients' risk transfer needs. Our review can include evaluation of insurance premium, risk transfer options, finance agreements, insurance limits, indemnification obligations, and contracts to ascertain appropriate coverage. We do emphasize that any risk management advice, insurance analysis, and limited review of contract terms and conditions, is only provided from an insurance/risk management perspective and is NOT legal advice. We do not provide legal advice and always recommend that our clients seek advice from legal counsel to become fully apprised of all legal implications from their business transactions.



