

New Jersey Schools Insurance Group Board of Trustees Report 2016 to 2017 Renewal Terms

1. Property

We have continued to work with property markets in the US, London, Europe and Bermuda to provide competitive capacity for NJSIG. For the expiring year, our reinsurance was \$9,080,622.

We have many layers and will be finalizing terms this week. At present, we have indications of an overall decrease of just under 5% as well as an increase in Flood Zone A from \$20 million to \$25 million. We also increased the overall limits to \$450 million from \$400 million.

Approximately 45% of the program is placed in Lloyds of London and other European insurance companies. These placements include 10% brokerage for the Willis Towers Watson London Facility. Other placements with US wholesalers at 10% brokerage.

EDP is rated using the same property rates.

Recommend Resolution: Approve the proposed property program at the \$450 million limit for no more than \$8,656,918.

2. Equipment Breakdown

Last year we had a flat rate from HSB. This year we went to market and received several proposals. In the end, HSB came in with an approximately 10% reduction. The other two proposals were essentially at the same pricing.

Recommend Resolution: Approve the HSB proposal at \$737,489.

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3. Property Terrorism

For the current year, we purchase \$100,000,000 through Lloyd's. We had a rate of .001. For the renewal, we have been offered .000954. This is a 5% decrease. As this line is placed with Lloyd's, it is placed through Willis Global Placement at 12% brokerage as they issue policies and handle all claims for this facility.

Recommend Resolution: Approve the program at the lower rate that was offered.

4. Workers' Compensation

For the current year Safety National provides excess workers compensation over the Group's \$1,000,000 retention. The current rate is .023175 of standard premium. They have responded with a flat renewal rate.

For the 2016-2017 year they have proposed a rate of .023175 at the current \$1,000,000 retention.

Recommend Resolution: Approve the Safety National proposal at current retention.

5. Workers' Compensation Supplemental Indemnity

For the current year, coverage is with Chubb Insurance Company through Rob Mcloskey Insurance at a rate of .0232 for professional and .2004 for nonprofessional at the seven day period. Last year the rates increased 5%.

For the 2016-2017 year they have not yet provided their rates. This is not a line of business placed by Willis Towers Watson.

Recommend Resolution: Approve Chubb Insurance Company at no more than a 5% increase.

6. Primary General Liability/Primary Auto Liability/\$9 million Excess

The Primary liability coverages and first layer of excess are provided by Munich Re. Last year the combined coverage was \$6,248,500 in premium. This year the combined premium for all lines is \$5,727,021.

Recommend Resolution: Approve Munich Re.

8. Crime

For the 2016-2017 year, Great American has agreed to a flat rate for the renewal.

Recommend Resolution: Approve Great American's proposal.

9. Excess Liability

Last year, Torus increased their rates 1%. Torus has proposed a rate the same as last year. This is for the excess limits of \$15 million excess of \$10 million.

For the \$5 million excess of \$26 million, Markel has proposed a flat renewal rate.

Recommend Resolution: Approve the Torus/Markel proposal at flat rates.

10. School Leaders Errors and Omissions

As we have discussed in previous years, this line of business has been performing poorly in both frequency and severity. Last year involved a large increase, a move to a new carrier, and a change in claim handling.

Recommend Resolution: Approve the program from QBE/APEX at flat renewal rates.

11. School Violent Acts Insurance

For the 2016-2017 year, we propose the AIG program at not to exceed a .21 rate.

Recommend Resolution: Approve the AIG proposal.

12. Environmental Program

As this program had some significant losses in the past, Zurich has been raising rates. They are proposing a rate for 2016-2017 at .001510 which is a 4.9% rate increase. We are awaiting a proposal for a three year rate guarantee at a lower rate. This requires a home office approval. We hope to hear before the board meeting

Recommend Resolution: Approve the proposed program at no more than a 4.9% increase.

13. Cyber Liability Program

The program is placed with Beazley Data Breach. They have added a new coverage for this year for Fraudulent Instruction Coverage with a limit of \$25,000 per event and \$100,000 annual aggregate. The current rate is .001206 per \$100 TIV. The proposed rate is .001097 which is a 9.1% rate decrease.

Recommend Resolution: Approve the proposed program at the reduced rates.