Erie County
Technical
School

PROPOSED AGENDA ITEM

BOARD MEETING DATE: June 28, 2008

SUBJECT: Insurance proposals

INITIATED BY: Paul Fritz, Business Manager

DESCRIPTION:

Proposals were received on June 19, 2007 for Property, Liability and Worker Compensation insurance policies effective July 1, 2007.

The Request for Proposals is developed every three years utilizing the expertise of McPherson Management Company (Warren McPherson).

The quotations are for the annual fiscal year period July 1, 2007 through June 30, 2008.

Proposals were received from:

Agency-Company	Property/liability/auto	Worker Comp
SA Wagner-Utica	$57,327	
Wagner-Giblin-PSBA	$52,389	**$21,768**
Alternate Money & Securities	$ 258	
Total quote	**$52,647**	

SA Wagner/Utica is our current provider for property/liability/auto.
Wagner Giblin/PSBA is our current provider for worker compensation.

RECOMMENDATION:

Motion to accept the quotes as proposed effective July 1, 2007 at the 07-08 costs as listed:

1. Property, Liability, Auto: Wagner Giblin-PSBA, $52,647, and
2. Worker Compensation: Wagner-Giblin-PSBA $21,768

McPHERSON MANAGEMENT COMPANY

INSURANCE CONSULTANTS - NO SALES
137 BERRY ROAD, P.O. BOX 366, FREDONIA, NEW YORK 14063-0366
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WARREN D. MCPHERSON, CPCU, ARM

June 27, 2007

1-page fax

to Paul Fritz, Business Manager
Erie County Technical School

re: REPORT ON BID INVITATION for
PROPERTY, LIABILITY & WORKERS' COMPENSATION COVERAGES for
JULY 1, 2007 INSURANCE POLICY RENEWALS

Dear Paul,

We have reviewed the quotations for the captioned insurance which were submitted on June 19th and have the following observations and recommendations.

A. AN OVERVIEW

1. Agencies:
Of the three agencies which received Requests For Proposals, one each from S. A. Wagner and Wagner-Giblin Agency were received. Great Lakes Insurance Agency was unable to provide a quotation.

Insurance coverages being quoted are:

Property - building, contents & outdoor property
Equipment - yard maintenance vehicles, electronic data processing, etc.
Crime - Employee Dishonesty, Money & Securities
General Liability
Automobile Liability, Comprehensive & Collision
School Officials' Liability
"Umbrella" Liability
Workers' Compensation.

S. A. Wagner's bid is quoted through the incumbent insurance companies: Utica Mutual and the P.S.B.A. companies. Wagner-Giblin's quotation is using all of the P.S.B.A. insurance companies.

S. A. Wagner had no quotation for Workers' Compensation. That coverage will simply need to remain with Wagner-Giblin.

2. Company ratings
All insurance companies meet the criterion of having a satisfactory A. M. Best rating.

B. DETAILS

1. **Recap:**

The expiring insurance cost is
$64,412 annually for other than Work. Comp.,
$20,021 for Work. Comp.

The quotations are for the same coverages as in expiring policies:

A. Other than Work. Comp.:

S. A. Wagner	Wagner-Giblin	Difference
$57,327	$52,389	$4,938 8.6%

B. Work. Comp. No bid $21,768

2. Alternative bids - a recommendation:

We recommend one change from the coverage in the expiring policies as follows:

> Increase Money & Securities limit from $25,000 to $100,000. The former is really too low a limit. The additional cost is $258 annually (quoted by Wagner-Giblin) OR 421 (quoted by S. A. Wagner).

This change produces the following net annual costs for other than Work. Comp.

S. A. Wagner	Wagner-Giblin	Difference
$57,748	$52, 647	$5,101 8.8%

C. RECOMMENDATIONS:

We recommend your board accept

> Wagner-Giblin's bid of $52,647 (which includes the above alternate) for coverages other than Workers' Compensation
> Wagner'-Giblin's bid of $21,768 for Workers' Compensation

McPherson Management Company

Warren D. McPherson

Warren D. McPherson, CPCU

INSURANCE SPECIFICATIONS

2007

ERIE COUNTY TECHNICAL SCHOOL

Prepared by:

McPherson Management Company
137 Berry Road
P.O. Box 366
Fredonia, New York 14063-0366

ERIE COUNTY TECHNICAL SCHOOL

INSTRUCTIONS TO BIDDERS

1. BIDDER ELIGIBILITY

Participating agents/agencies must be licensed in Pennsylvania and provide a Certificate of Insurance evidencing current Agents/Brokers Errors and Omissions Liability insurance with a limit of at least $1,000,000 per occurrence or per claim.

2. QUOTATIONS DUE AT THE SCHOOL OFFICE NO LATER THAN

Tuesday June ~~12th~~ 19 2007at 1:30 p.m.

3. EFFECTIVE DATE

July 1, 2007 is the effective date for the coverages being quoted.

4. INSURANCE COMPANY INSPECTIONS * & ADDITIONAL INFORMATION

To arrange appointments for inspections, contact:

Paul D. Fritz, Business Manager	(814) 864-0641 ext. 344
Erie County Technical School	fax 864-9400
8500 Oliver Road	E-mail pfritz@ects.org
Erie, PA 16509-4699	

* Bids submitted "subject to insurance company inspection" will not be considered.

For additional information contact:

Warren D. McPherson, CPCU	(716) 673-1777
McPherson Management Company	fax 673-1760
137 Berry Road	E-mail mcpher@netsync.net
P.O. Box 366	
Fredonia, New York 14063-0366	

5. BID FORMAT

Bids are to be <u>submitted in duplicate</u> on the quotation form enclosed. Bidders may attach additional information as addenda to the quotation form. Please submit sample policies and forms when I.S.O. forms are not being used.

Indicate how your quotations provide broader or less broad than that asked for in these specifications. Be specific. Do not simply submit your forms for McPherson Management or School personnel to discover the differences.

6. VARIATIONS FROM SPECIFICATIONS

These specifications are principally for bidding purposes. The basic coverages are quite similar to those which exist on the expiring policies. This will enable the bids to be compared with present costs.

These specifications should not be construed to represent optimum insurance coverages. The successful bidder should be especially aware of this when arranging actual coverages with the school. <u>Your additional quotations are encouraged to be presented as an addendum to the coverages requested herein</u>.

7. COVERAGE CONFIRMATION

The successful bidder will be expected to provide written confirmation of complete coverage prior to the effective date of coverage. If complete policies are not ready at that time, written binders will be acceptable. Binders bearing the expiration date of "until policy issued" are preferable to ones for a stated number of days (e.g. 30 days).

8. INSURER IDENTIFICATION AND CERTIFICATION

All bids must contain the name and home office address of the company(ies) together with a statement that such company(ies) is (are) licensed to conduct business and to provide applicable coverages in Pennsylvania. If any of your proposed insurance companies have a Best's Rating of less than A+, state the applicable rating(s) in your proposal.

9. PAYMENT OPTIONS

Bids should include specifics of payment options available.

10. INSURER'S RECOMMENDATIONS

Should the insurer's(s') acceptance of the risks presented be contingent upon certain requirements or recommendations with which School must comply, such requirements or recommendations must be stated in your bid.

NOTE ----> Bids submitted "subject to insurance company inspection" *will not be considered.*

11. "PACKAGING" OF COVERAGES

It is immaterial whether coverages are written under one or more policies.

12. DIVIDENDS

Bids should not include anticipated dividends. If your bid contemplates dividends, state the particulars as an addendum to the bid.

13. TERMINATION NOTICES BY INSURERS

Preference will be given to the bids which provide the longer terms for insurer notices of cancellation, non-renewal or material change. Provide this information with your bid.

14. GUARANTEE OF RATES

Preference will be given to the bids which will "freeze" rates for more than one year.

15. SPECIAL SERVICES

Describe special services provided by your agency and/or insurance company about which the school should know.

16. NON-COLLUSIVE BID CERTIFICATION

Bidders will complete the Non-Collusive Bid Certification found with the Quotation Form accompanying these specifications. These forms must be submitted with the quotations.

17. CURRENT INSURANCE COMPANIES

The coverages being quoted are currently written as follows:

Insurance company	Anniversary	Coverage
Utica Mutual	July 1	Property, General Liability & Auto
PSBA's carriers	July 1	School Officials Liability, "Umbrella" Liability & Worker's Compensation

RIGHTS AND INTENTIONS OF ERIE COUNTY TECHNICAL SCHOOL

1. SINGLE REPRESENTATIVE

It is the School's preference and intention to award all coverages being bid to a single representative even though each line of insurance is being separately quoted. However, the School will place coverages wherever economic and/or underwriting interests are best served.

2. TENURE OF REPRESENTATION

Although renewal cannot be guaranteed, it is the intention of the School to enter into at least a three-year relationship with the successful bidder rather than to invite bids annually.

3. ACCEPTANCE OR REJECTION

The School reserves all rights; including the right to permit informalities, irregularities or errors in the proposals (bids) provided that the School shall determine said items to be technical only and not material, and the right to determine that substantial compliance with these specifications constitutes compliance. The School also reserves the right to accept or reject any of the bids.

4. ANNOUNCEMENT OF AWARD

Announcement of the award will be made as soon as practical after bid opening.

5. UNDERWRITING AND LOSS DATA

The underwriting and loss data are provided for the purpose of establishing a fair basis for comparison of quotes and are not guaranteed to be accurate. The School will cooperate fully with the successful bidder with respect to inspections, appraisals, loss review and related items. Further, the successful bidder will have the right to negotiate changes in the premiums bid if an after-award review reveals that a substantive discrepancy exists from the underwriting data provided. However, the successful bidder shall not have the authority to unilaterally change the coverage or rate bases.

QUOTATION #1 - BUILDING & CONTENTS

Insured Entity Erie County Technical School

Coverages	Limits
Blanket Buildings & Business Personal Property	$119,743,000 blanket limit
Property of others irrespective of liability	included in blanket limit
Ordinance or Law coverage:	
A. Loss in value to undamaged portion of a buildings	included in blanket limit
B. Cost of removal of undamaged portion of buildings	$ 1,000,000
C. Increased cost of reconstruction	$ 1,000,000

Perils "All Risk" including perils of earthquake & equipment breakdown

Deductible $ 5,000 each loss

Coinsurance none - or 90% waived by Agreed Value clause

Valuation Replacement Cost basis

Use at least the following ISO forms, or broader
CP 0010 = Building & Personal Property Coverage
CP 1030 = Causes of Loss - Special
CP 0090 = Commercial Property Conditions

Notes

1. For your extensions of coverage, please complete the "Extensions Of Property Coverages" form which is part of the Quotation Form, separate from these specifications.
2. Successful bidder will need to confirm names of the loss payees and mortgagees, if any.
3. The limits for Ordinance Or Law are as per current policy extensions.
4. Include Loss Adjustment Agreement (ISO form CP 12 60) if different insurance companies are used for Building & Contents and for Boiler coverages.

ALTERNATE QUOTATIONS

1A Quote for deductible of $10,000 instead of $5,000

1B Quote for deductible which, in your opinion, provides a better premium trade-off than either of the above.

1C If the peril of Earthquake is not included in the blanket limit, provide cost for a limit of a limit of $5,000,000. State your deductible.

QUOTATION #2 - EDP EQUIPMENT FLOATER

Insured Entity: Erie County Technical School

COVERAGES	Blanket limits
Electronic Data Processing (EDP) Equipment	$884,000
EDP Data, Media, Programs	$165,000
EDP Extra Expense	$100,000 per building
EDP Equipment away from premises	$ 25,000
Grounds maintenance equipment	$ 50,000 (tentative)

Perils "All Risk" including Earthquake, Flood, Mechanical Breakdown, Electrical Disturbance & Off-premises power interruption.

Deductible $250 *except*
$500 for Mechanical Breakdown & Electrical Disturbance

Coinsurance 90% for EDP equipment

Valuation Replacement Cost

ALTERNATE QUOTATIONS:

2A Provide quotation for deductible of $1,000 in lieu of the above deductibles.

QUOTATION #3 - CRIME

Insured Entity Erie County Technical School

COVERAGES	Limits
Employee Dishonesty, including Faithful Performance	$100,000 each employee
Money & Securities	$ 25,000 on premises $ 25,000 off premises
Forgery & Alteration	$100,000 each loss
Counterfeit currency & Money Orders	$ 1,000 each loss

Notes

1. "Employees" shall include:
   > Board members
   > Non-compensated officers
   > Students while handling student activity funds
   > Volunteer workers
2. Coverage shall be applicable to all locations

Deductible $ 500

Use the following ISO forms or broader

CR 1000 = Crime General Provisions
CR 0017 = Employee Dishonesty Coverage - Blanket; Form P
CR 0003 = Forgery or Alteration Coverage - Form B
CR 0004 = Theft, Disappearance & Destruction
CR 1044 = Faithful Performance of Duty

ALTERNATE QUOTATION

3A. Quote cost for Money & Security limit of $100,000 on and away from premises.
3B. Quote cost for Employee Dishonesty of $150,000 each employee

QUOTATION #4 - GENERAL LIABILITY

Insured entity Erie County Technical School

Additional Insureds Elected & appointed officials, employees, volunteers, student teachers & students.
State Public School Building Authority

Coverages	Limits
Bodily Injury Property Damage Personal Injury Products & Completed Operations Contractual Advertising Injury Corporal Punishment Nurses' Professional	$3,000,000 annual max. for Products & Completed Operations 3,000,000 annual max. other than Products or Comp. Operations 1,000,000 for Personal & Advertising Injury Liability 1,000,000 per occurrence other than Pers. & Adv. Liability
Abuse & Molestation Liability	$1,000,000 per occurrence $3,000,000 annual maximum
Health (Nursing) Student Liability	$1,000,000 per occurrence $1,000,000 annual maximum
Beauticians' Liability Medical Payments --------------> Property Damage to customers' property –>	$1,000,000 per occurrence $1,000,000 annual maximum $ 2,000 per person $ 500 per customer
Employee Benefit Liability (*Claims made)* Retroactive date: none $1,000 deductible	$1,000,000 per claim $3,000,000 annual maximum
Fire & Explosion Legal Liability	$1,000,000 per fire or explosion
Medical Payments	$ 10,000 each person

Special endorsements

1. Notice of Occurrence - see sample in Underwriting Data
2. Disclosure of Hazards - see sample in Underwriting Data
3. Knowledge of Occurrence - see sample in Underwriting Data
4. Worldwide Territory (to accommodate possible school-sponsored student/teacher travel away from the USA or Canada).

Notes

1. Liability coverage for athletic or sports participants is to be included. Quotes without this coverage will not be considered.
2. State if your policy will cover PD Liability for smoke, etc. from hostile fire, building heating equipment or educational activities within a building.
3. If your proposed coverage is broader or less broad than form CG 0001, cite the differences. Be specific.
4. State if your proposed Umbrella Liability carrier requires limits other than above and provide details.

QUOTATION #5 - AUTO

Insured Entity Erie County Technical School

Additional Insureds Employees, volunteers & board members

Auto Coverages		Limits
Liability for Owned, Hired & Non-Owned Autos		$1,000,000 per accident
Uninsured Motorist Liability		$1,000,000
Underinsured Motorist Liability		$1,000,000
PA First Party Benefits		statutory
Comprehensive	$ 500 deductible	Actual Cash Value
Collision	$ 1,000 deductible	Actual Cash Value
Hired Auto collision	$ 100 deductible	$ 40,000
Garagekeepers Liability		
Theft & VMM	$ 100 deductible	$ 45,000
Collision	$ 100 deductible	$ 45,000

Notes

1. Use ISO form CA 0001, Business Auto Policy, *or broader.*
2. Use symbol 1 for liability for "any auto"
3. State if your proposed Umbrella Liability carrier requires limits other than above and provide details.
4. Successful bidder will need to review the Pennsylvania options with the client to assure current applicability and needs.
5. Successful bidder will need to confirm names of the loss payees and additional insureds, if any.
6. See auto list for which autos have Comp. & Collision and which do not.

ALTERNATE QUOTATION

5A. Quote a selection of Comprehensive & Collision deductibles which, in your opinion, offers better value than those listed above.

QUOTATION #6 - SCHOOL OFFICIALS' PROFESSIONAL LIABILITY

Insured Entities
Erie County Technical School, elected or appointed officials, employees, volunteers, board & commission members, student teachers ... all past, present or future.

Liability coverages - Claims-Made basis	Limits
Coverage A Covers "wrongful acts". See definition below. **Defense costs** are *in addition* to the limit,	$1,000,000 each loss $1,000,000 maximum any one year
Coverage B Non-Monetary claims for exclusions numbered 5, 6 & 7	80% of claim in excess of $100,000 per claim; $250,000 max. per year

Deductible $5,000 each "wrongful act"
$10,000 + co-pay of 20% excess of deductible for non-monetary claims

Basis of coverage Claims made

Retroactive Date unlimited

Exclusions - not a complete list
1 Breach of fiduciary duty regarding employee benefit or pension plans contract
2 Dishonest act
3 Pollution/contamination
4 Personal profit or advantage to which not entitled
5 Failure to maintain adequate insurance
6 Asbestos
7 Bodily Injury, Death, Personal Injury, Property Damage or Emotional Distress
8 Fungi
9 Return of taxes, etc. as related to assessment abatement and/or collection of taxes
10 Failure to provide free appropriate education

Wrongful Acts definition - as per expiring policy

. . . any act, error, misstatement or omission constituting a breach of duty imposed by law or breach of an employment contract; OR violation of any employment-related right; or matter claimed against the school that arises out of the discharge of duties. It also includes corporal punishment.

Notes:
1. The above pretty well echoes salient features of current policy. State how your proposed E & O coverage differs from the above.
2. Provide specimen of your proposed policy and its endorsements.

QUOTATION #7 - "UMBRELLA" LIABILITY

Insured Entity Erie County Technical School

Other insured entities Elected & appointed officials, employees, volunteers, student teachers, students and any other insureds in the underlying policies.

Liability coverages	Limits
Bodily Injury, Property Damage & other coverages in the underlying liability coverages	$15,000,000 annual maximum per location for other than Products & Completed Operations. $15,000,000 annual max. for School Officials Liability $15,000,000 annual max. for Prod. & Comp. Operations $15,000,000 Personal Injury & Advertising Liability $15,000,000 per occurrence

Self-insured retention
$10,000, or none if yours is a following form

Retroactive date: July 1, 1998

Notes
1. Concerning pollution liability, state if your proposed policy will cover Property Damage Liability for smoke, etc. from hostile fire.
2. State if underlying limits are other than stated in the liability and auto coverage.
3. State over which liability policies or coverages your "Umbrella" Policy will NOT be excess.
4. State if your policy is an "Umbrella" or "Excess" form.

ALTERNATE QUOTATION:
Provide additional cost for the following if your proposed coverage does not include these in your basic quotation.

7A Pollution claims arising from
> a "hostile" fire; from building heating systems
> from educational activities from within school buildings.