

**COMBINED PHONE MEETING OF THE BUSINESS AFFAIRS AND
EXECUTIVE COMMITTEES OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, June 19, 2019 – 9:00 A.M.**

Present for the Business Affairs Committee: Mr. Harold Epps and Mr. Steve Herzog

Present for the Executive Committee: Mr. Jeremiah J. White (Chair); Lydia Hernández Vélez, Esquire, and the Honorable James Roebuck

College Administration: Donald Generals, Ed.D., Mr. Jacob Eapen,
Mr. James P. Spiewak and Victoria Zellers, Esq.

AGENDA

PUBLIC SESSION

(1) 2019-20 Property and Casualty Insurance Renewal Package (Action Item):

Discussion: Mr. Eapen noted that for today's agenda there was only one action item, the FY 2019-2020 insurance renewal package. Mr. Spiewak stated that Attachment A contains the summary of the insurance premiums and coverages based upon the insurance renewal process conducted by Willis Towers Watson (WTW), the College's broker. He reviewed the coverages and noted that the staff were recommending carrier changes for the ELL and Cyber insurance policies. He stated that overall, the insurance premiums increased from \$898,174 in 2018-19 to \$951,070 in 2019-20.

Ms. Zellers explained that a concern with changing ELL carriers is the need to have continuous coverage for existing claims and administrative charges that could become claims in a subsequent year. She noted that staff and WTW thoroughly explored these circumstances with both AIG (current provider) and UE (recommended provider) and were assured of continuous coverage. In addition to the lower premium, Ms. Zellers remarked that having both ELL and General Liability coverage with the same carrier eliminates the possibility of certain types of claims being denied by one carrier or the other. Additionally, UE will provide \$75,000 in crisis management funds, has been easy to work with, and generally has a more client-friendly philosophy since it is a reciprocal risk retention group owned by its members.

Mr. Spiewak noted that the other change in carriers was moving to Chubb from AIG due to a lower premium. Ms. Zellers noted that, additionally, Chubb offered a better panel of law firms and security consultants to utilize should an incident occur.

In response to Committee members' questions, staff noted that WTW has been the College's insurance broker for the past seven years. They were chosen from the RFP finalists that also included AON, Gallagher and PK Financial, a minority firm. Mr. Spiewak responded that the general liability policy has a \$25,000 deductible per claim with a \$100,000 annual maximum, and that the deductibles paid over the past few years is in the \$40,000 range. Ms. Zellers noted that most of the ELL claims are handled in-house with spending for external law firms in the range of \$20,000 per year. Staff noted that annually there are typically 4 or 5 slip and fall general liability claims and a few employment-related claims filed with administrative agencies such as EEOC and OCR. There are currently three employment-related claims that are at the federal level and there was one cyber insurance claim last year.

Action: Mr. Epps moved and Mr. Herzog seconded the motion that the Business Affairs Committee recommend that the Executive Committee of the Board of Trustees approve the 2019-20 insurance program, with a total cost of \$1,006,070 including the broker fee. The motion passed unanimously.

Action: Ms. Hernández Vélez moved and Mr. Roebuck seconded the motion that the Executive Committee of the Board of Trustees approve the 2019-20 insurance program, with a total cost of \$1,006,070 including the broker fee. The motion passed unanimously.

(2) Next Meeting Date:

The next regularly scheduled meeting of the Business Affairs Committee will be held on Wednesday, August 21st at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

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Attachments

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ATTACHMENT A

2019-2020 Property and Casualty Insurance Renewal Program

Introduction

The College insurance program is reviewed annually prior to the July 1 renewal with its broker, Willis Towers Watson (WTW). During the renewal strategy meeting held on February 25, 2019, it was decided that WTW would approach the incumbent carriers with the intent of securing identical coverages at premiums as close to expiring as possible and approach other selective carriers.

General Liability

The College's general liability coverage has been with United Educators (UE) for the past eighteen years. Willis Towers Watson has opined that UE has the best General Liability (GL) policy form available in the higher education market offering the most comprehensive coverage. The College was anticipating a rate increase in the range of 4 to 7% based upon discussions WTW had with UE's underwriters but the renewal premium of \$201,420 came in \$8,276 or 4% higher than the expiring premium with no change to the deductibles (\$25,000 each occurrence; \$100,000 annual aggregate). As in past years, the College was granted a 6% premium rate credit based upon certain risk management initiatives that were undertaken during the year. Additionally, the College is entitled to a dividend of \$14,715 from United Educators if at least one coverage line (GL or Umbrella) is renewed. This, in effect, makes the net cost to the College for fiscal year 2019-20 equal to \$186,705. United Educators is organized as a reciprocal risk retention group – owned by its members like CCP; this would be the eighth consecutive year that the College will have received a dividend.

Umbrella

The College's umbrella liability coverage (\$25 million for any one loss) has also been with United Educators for the past eighteen years. UE's policy form offers the most comprehensive coverage in the higher education market for umbrella/excess coverage according to Willis Towers Watson. United Educators offered a renewal rate of \$98,030 which is \$9,155 or 10% higher than the expiring premium. This policy also sits on top of the \$1 million coverage for student medical malpractice insurance. It also provides excess general liability, automobile liability, employers' liability, and foreign liability insurance. As with the general liability policy, the College was granted a 6% premium reduction based upon certain risk management initiatives that were undertaken during the year.

Workers' Compensation

The College was anticipating a rate increase of 5% based on changes in the experience modification factor. PMA quoted a rate of \$298,891 which is \$8,025 or 3% higher than the expiring premium. The College's PA experience modification factor for the New Year increased from .877 to .909, a 4% increase. The Human Resources Office and the College's Safety Committee continue to review all work-related claims and offer recommendations and training efforts where needed. The College's Safety Committee again received re-certification from the PA Department of Labor; this automatically makes the College eligible for a 5% reduction in premium.

Property

Affiliated FM quoted a rate of \$188,544 which is \$16,459 or 10% higher than the expiring premium. This policy was marketed with three additional carriers; however, the pricing was not competitive. The College will have a blanket limit of \$369,436,307 with a deductible of \$25,000. This policy also provides \$7 million of business interruption insurance.

Educators' Legal Liability

The College's current ELL policy, at a limit of \$15 million, has been with AIG for a number of years. At this year's renewal AIG only offered coverage to a limit of \$10 million. Willis was able to secure an additional \$5 million of coverage from Starr whose policy would contain the same terms and conditions of the AIG policy. The combined cost for these policies is \$137,320. Willis secured a quote from United Educators (UE), who has been the College's insurer for general and excess liability for the past eighteen years at a premium rate of \$115,239. UE had been the College's ELL insurer prior to AIG. In order to assure continuity of coverage regarding claims that are not yet in a litigated environment, College staff had discussions with representatives of AIG, UE and Willis. Confirmations were received from AIG confirming that currently reported claims would be covered by AIG should they become litigated claims in the future. UE confirmed that they will allow the College to handle OCR and EEOC claims in-house and that the College's preferred attorney can be added to their team of defense attorneys on a trial basis. Based upon staff's thorough review of all situational matters, a \$15-million-dollar policy with UE is recommended. In addition to the lower cost, UE's policy also has another advantage over the AIG policy; it contains \$75,000 of coverage to be used for crisis management to pay for services such as crisis communications, trauma/grief counseling, sexual misconduct investigations, and threat assessment consultations. Moving to UE also ensures coverage of certain claims that were previously carved out of UE's general liability policy and AIG's ELL policy.

Automobile

The incumbent carrier, Philadelphia Insurance Co., offered a renewal rate of \$19,885 which is \$169 higher than the current year. The automobile policy covers employees driving College owned, rented or hired vehicles as well as providing collision and comprehensive coverage for the College's (7) vehicles.

Student Medical Malpractice

CNA quoted a rate of \$8,125 that is \$85 higher than the expiring premium. The number of students participating in clinical settings affects the cost of this insurance. The number of students expected to be in clinical environments was increased from 760 to 768. There has been no rate increase for this coverage over the past several years. This policy provides \$1 million in coverage to the College and to students and faculty related to their activities in a clinical setting.

Crime

Travelers, the incumbent carrier's, renewal rate is \$5,781 or \$133 higher than the expiring policy. Travelers no longer offers a 3-year policy option. This policy provides the College with protection against 1st party (employee) theft and 3rd party theft and fraud for a limit of \$4 million. It also covers "social engineering fraud/ funds transfer" should an employee unwittingly transfer College assets to a fraudulent third party due to deceptive activities.

International Liability

This policy provides foreign-based general liability, automobile liability, and workers' compensation coverage as well as travel, medical and security assistance services for faculty and staff traveling abroad. This policy also includes kidnap and extortion coverage. The College purchased a three-year policy in fiscal year 2017-18 at an annual cost of \$2,356.

Security and Privacy (Cyber Insurance)

AIG, the incumbent carrier, offered a renewal rate of \$13,625 or \$40 higher than the expiring policy. The Cyber policy was marketed and Chubb offered a better rate of \$11,484. This insurance offers protection to the College if there were data security breaches or compromises of student and/or employee "private" information (as determined by federal and state jurisdiction). The carrier will provide forensic and legal assistance from a panel of experts to help determine the extent of the breach and the steps required to comply with applicable laws, include the following: notification to persons who must be notified under applicable law or on a voluntary basis; offer 12 months of 3-bureau credit monitoring to affected individuals; identify theft-related fraud resolution services for individuals enrolled in credit monitoring who become victims of identity theft; and extend coverage for theft, loss or unauthorized disclosure of information held by business associates as defined by HIPPA. First party benefits include protection for data recovery and business interruption, extortion threats, and regulatory defense and penalties. The policy also protects the College against 3rd party legal action for damages arising from the alleged breach (including defense costs). The College currently has a policy limit of \$3 million and offers notification and credit monitoring services for up to 250,000 affected individuals in addition to \$1 million of coverage for reputational loss in the event of a data security breach.

Broker Fee

The annual fee for 2019-20 is \$55,000 which is the same fee as the prior year.

Recommendation

College staff recommends that the College procure insurance as detailed below.

<u>Coverage</u>	<u>Carrier</u>	<u>Expiring (2019-20) Premium</u>	<u>Renewal (2019-20) Premium</u>
General Liability (\$1M)	United Educators	\$193,144	\$201,420
Umbrella (\$25M)	United Educators	88,875	98,030
Workers' Compensation	PMA	290,866	298,891
Property	Affiliated FM	172,085	188,544
Educators' Legal Liability (\$15M)	UE	102,544	115,239
Automobile	Phila. Insurance Co.	19,716	19,885
Student Medical Professional Liability (\$1M)	CNA	8,040	8,125
Crime (\$4M)	Travelers	5,648	5,781
International Liability	Navigators	2,356	2,356
Security & Privacy	Chubb	13,585	11,484
Travel Accident	AIG	1,315	1,315
TOTAL INSURANCE PREMIUMS		\$898,174	\$951,070
Broker Fee	Willis Towers Watson	\$55,000	\$55,000