

Decision Paper



DECISION PAPER **Property and Casualty Insurance Renewal**

September 12, 2018

ISSUE:

The Association Property and Casualty insurance policies are set for renewal on October 1, 2018.

BACKGROUND:

The Association Property and Casualty insurance policies renew on an annual basis. The Association has a well-designed and enhanced enterprise risk program, set up in a layering fashion to provide appropriate coverage given the comprehensive activities and services the Association provides. These insurance policies include coverage for property (buildings, contents, lifts, equipment, business income, etc.), general liability, automobile, difference in conditions (earthquake and flood, etc.), Crime, Cyber/Digital, Prime Umbrella, Excess Umbrella, and Directors' and Officers' insurance. The Prime Umbrella and Excess Umbrella and Excess Crime perform an important function in the risk program providing coverage for the "if, and when" potential of large claims made.

The property and casualty insurance premiums are based on several factors, (1) projected and actual gross revenue receipts, (2) loss experience, types of risk exposure, and (2) statements of value on assets owned and leased by the Association. All revenue projection figures, asset values and exposure risks are annually reviewed and gathered from respective support staff, senior management, and industry experts. Tahoe Donner has excellent loss experience, meaning low to no losses per line of insurance.

While developing this year's renewal information management included the following changes to the Statement of Values specific to property insurance:

- Total Building and Contents values flat to prior year renewal
- Total Mobile Equipment \$85,672 insured value (3%) increase over prior year. This value change is primarily the two recent chipper replacements within the policy year.
- Snowbird chair replacement
 - Deleted double chair Snowbird lift \$1,200,000 insured value
 - Added new triple chair Snowbird lift \$1,400,000 insured value
 - Net chair lift insured value increase of \$200,000

Total estimated Real and Personal Property value change from current policy year to renewal is \$285,672, or .5% increase over last year. Total real property value is estimated at \$55,606,522; total insurable values, including \$2,000,000 business interruption, is \$57,606,522.



Decision Paper



For the 2018-2019 renewal management estimated eleven percent (11%) increase to gross receipts (Revenue) over prior year. Total estimated gross receipts for renewal are \$13,180,000; expiring policy was \$11,750,000.

Review of the property or general liability deductibles as a way of mitigating total insured value increase is being completed. Management is recommending reviewing deductible levels for:

- General Liability
- Property Liability

At the time of preparing this decision paper deductible changes and premium pricing was not available. The Board will be provided these figures as they are submitted for discussion and potential action to adjust.

Management and Interwest Insurance Services, Inc. is investigating additional coverage quotes for future recommendations as follows:

1. Additional excess or umbrella coverage- tiered options to go from X50MM to X75MM to X100MM
2. Is there specific coverage that we can obtain relative to our controlled burning completed by the TDA Forestry department? Ie to alleviate rumors out there that we aren't adequately insured to cover a suit if our controlled burn piles get out of control and cause property damage.
3. Crises Response (Violent acts/active shooter) coverage
4. Increase to pollution coverage from 100K extension under the Property Liability coverage to a Pollution Liability policy

Property Casualty Market Highlights

- Carriers instituting minimum 10% rate increase to address nationwide catastrophic losses and prior soft market.
- Carriers instituting rates increase to California markets due to wildfire losses.
- California auto incidents relating to distracted drivers still rising thus large increases to rates and policies.
- Directors and Officers and Employee Practices and Liability Insurance market continue to improve.

Tahoe Donner's broker of record is Interwest Insurance Services, Inc. for all property and casualty insurance lines with coverage expiring September 30, 2018. The expiring 2017-2018 property casualty insurance renewal premium was \$442,021 plus broker's fee of \$25,000 for a total of \$467,021.

This year management worked with Interwest Insurance Services, Inc for a market proposal. Safehold Special Risk declined to propose a quote. Attached you will find a recommended schedule of insurance for the 2018 – 2019 policy year with property casualty renewal premium of \$504,251 plus broker's fee of \$25,000 for a renewal total of \$529,251.



Decision Paper



RECOMMENDATION:

Management recommends the Board of Directors consider approving Interwest Insurance Services, Inc.'s proposal of \$504,251 plus \$25,000 broker's fee for total Property and Casualty Insurance renewal for the policy year, October 1, 2018 to October 1, 2019 of \$529,251.

Prepared By: Annie Rosenfeld

Board Meeting Date: __September 22, 2018__

General Manager Approval to Place on the Agenda: _____



RECOMMENDED SCHEDULE OF INSURANCE 2018-2019

Policy Period	Coverage	Carrier	Broker	Limits	Policy No.	Self Insured Retention/ Deductibles	Coverage Highlights	EXPIRING	RENEWAL	Net Change	%Change
								2017-2018	2018-2019		
10/1/18 - 10/1/19	Commercial Liability	Granite State Insurance Co	Interwest Insurance Services, Inc	\$1,000,000/ No Aggregate		\$10,000 per occurrence \$50,000 aggregate	ISO 2006 - Broad Form	\$ 104,137	\$ 128,499	\$ 24,362	23%
10/1/18 - 10/1/19	Prime Umbrella Liability Policy	National Union Fire Insurance Co of PA	InterWest Insurance Services, LLC 1357 E. Lassen Ave. Chico, CA 95973	\$25,000,000 X of \$1MM;		\$10,000	Following ISO Form; includes abuse/molestation to 5MM	\$ 108,952	\$ 131,998	\$ 23,046	21%
10/1/18 - 10/1/19	Excess Liability Policy	Starstone	Interwest Insurance Services, LLC 1357 E. Lassen Ave. Chico, CA 95973	\$15,000,000 X of \$26MM		Not Applicable	Excess liability - Following Form	\$ 26,500	\$ 29,002	\$ 2,502	9%
10/1/18 - 10/1/19	Excess Liability Policy	Navigators	Interwest Insurance Services, LLC 1357 E. Lassen Ave. Chico, CA 95973	\$9,000,000 X of \$41MM		Not Applicable	Excess liability - Following Form	\$ 13,137	\$ 14,500	\$ 1,363	10%
10/1/18 - 10/1/19	Property/Inland Marine	Granite State Insurance Co	Interwest Insurance Services, Inc	\$56,901,562 Bldg & BPP \$6,782,043 Lifts & Mobile Equip, Detached signs \$551,000 Schedule Equipment \$500,000 Rented Equipment \$1,000,000 Business Income \$1,060,250 Golf Course Maint Equip		\$5,000 Bldg & BPP \$5,000 Ski Lifts & Snowmaking, \$1,000 Schedule Equipment \$1,000 Rented Equipment \$10,000 Business Income \$1,000 Golf Course Grounds	Created Especially for Ski areas and their exposures - Special Form - Includes Mechanical Breakdown, Earthquake & Flood; Business Interruption 2MM	\$ 79,743	\$ 87,355	\$ 7,612	10%
10/1/18 - 10/1/19	Crime	Granite State Insurance Co	Interwest Insurance Services, Inc	\$500,000 EE Theft; all others \$25,000		\$5,000/\$1,000	Employee Theft, Premises, Transit, Forgery, Computer Fraud, Expense	\$ 1,300	\$ 1,305	\$ 5	0%
10/1/18 - 10/1/19	Excess Crime	Travelers	Interwest Insurance Services, Inc	\$1,000,000		\$505,000	Excess liability	\$ 2,353	\$ 2,372		0%
10/1/18 - 10/1/19	D&O / EPLI / Fiduciary	Navigators	Interwest Insurance Services, Inc	\$5,000,000/\$5,000,000/\$1,000,000 Shared limit		\$50,000		\$ 55,381	\$ 55,381	\$ -	0%
10/1/18 - 10/1/19	Excess D&O	Steadfast Insurance Company	Interwest Insurance Services, Inc	\$5,000,000 Excess \$5,000,000		Not Applicable					
10/1/18 - 10/1/19	Excess D&O	Navigators	Interwest Insurance Services, Inc	\$4,000,000 Excess \$10,000,000		Not Applicable					
10/1/18 - 10/1/19	Business Auto	Granite State Insurance Co	Interwest Insurance Services, Inc	\$1,000,000		\$1,000/\$3,000/\$5,000 per vehicle list on file	Liability/UM/UIM Med Pay - Comp/Collision per vehicle on file - Auto Extra Endorsement, Hired & Non-owned Auto	\$ 46,714	\$ 50,035	\$ 3,321	7%
10/1/18 - 10/1/19	Spa Liability	Granite State Insurance Co	Interwest Insurance Services, Inc								
10/1/18 - 10/1/19	Digital Risk	HISCOX 100% Llyod's	Interwest Insurance Services, Inc	\$1,000,000 / \$250,000		\$5,000	includes coverage for Social Engineering	\$ 3,804	\$ 3,804	\$ -	0%
							Property/Casualty Subtotal	\$ 442,021	\$ 504,251	\$ 62,230	14%
10/1/18 - 10/1/19	Workers' Compensation	Starstone National Insurance Co	Interwest Insurance Services, Inc	\$1,000,000/\$1,000,000/\$1,000,000		Not Applicable		\$ 502,876	\$ 505,898	\$ 3,022	1%
							Total Insurance Premiums	\$ 944,897	\$ 1,010,149	\$ 65,252	7%
							Interest Brokers Fee	\$ 47,000	\$ 47,000		combined fee (PC & WC)
							TOTAL Property/Casualty & Workers Comp Renewal	\$ 991,897	\$ 1,057,149	\$ 65,252	7%