

PROPERTY CASUALTY & WORKERS COMP INSURANCE RENEWAL 2022 - 2023

BOARD OF DIRECTORS SPECIAL MEETING, SEPTEMBER 29, 2022



TAHOE DONNERSM

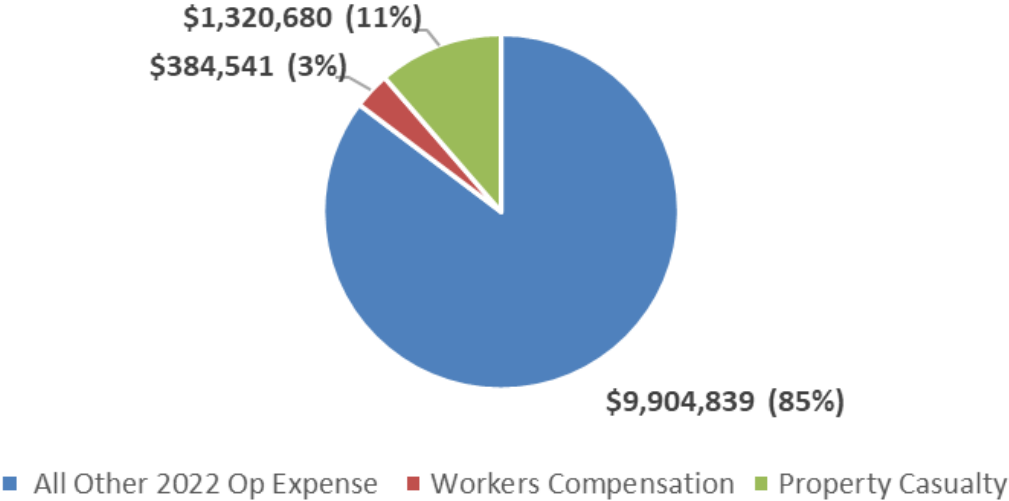
RECOMMENDATION

By Motion:

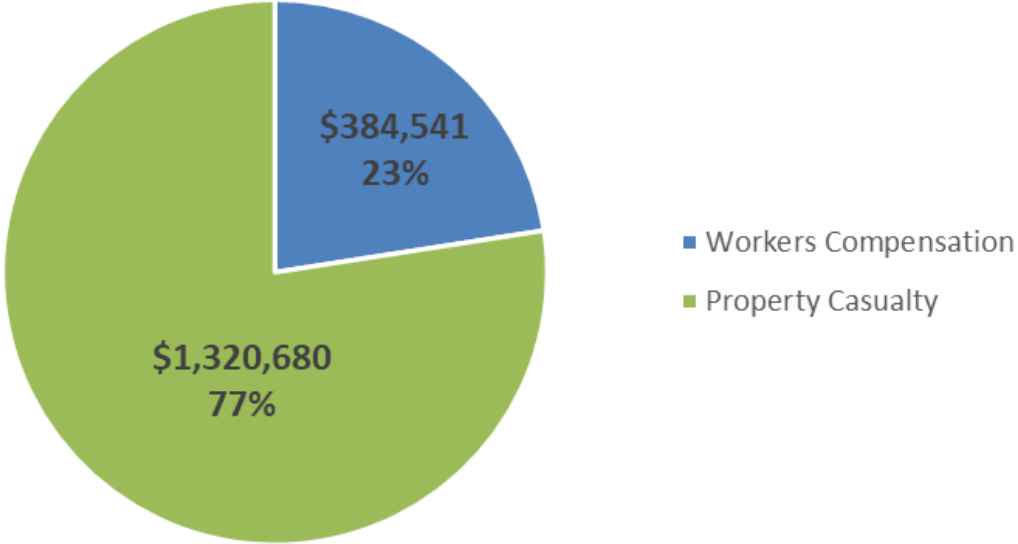
The Board of Directors approves the property casualty and workers compensation insurance renewals as indicated in Exhibit A: Proposed 2022-2023 Schedule of Insurance.

PROPERTY CASUALTY INSURANCE – EXPIRING POLICY YEAR 2021/2022

2022 Op Fund Budget: Property Casualty Insurance Breakout



2022 TDA Property Casualty Insurance Expense



PROPERTY CASUALTY + WORKERS COMPENSATION PREMIUM EXPENSE COMPARISON

Coverage	2020-2021 Renewal Premium & Applicable tax and fees	2021-2022 Renewal Premium & Applicable tax and fees	Net Change Over Prior Policy Year		2022-2023 Renewal Premium & Applicable tax and fees	Net Change Over Prior Policy Year	
Property/Casualty Subtotal	\$ 1,006,243	\$ 1,293,680	\$ 287,437	29%	\$ 1,426,845	\$ 133,165	10%
Workers Comp Subtotal	\$ 379,022	\$ 362,541	\$ (16,481)	-4%	\$ 471,483	\$ 108,942	30%
Total Insurance Premiums	\$ 1,385,265	\$ 1,656,221	\$ 270,956	20%	\$ 1,898,328	\$ 242,107	15%
Interwest Brokers Fee (\$22k WC+\$25k PC)	\$ 47,000	\$ 47,000	\$0	0%	\$ 47,000	\$0	0%
TOTAL Property/Casualty & Workers Comp Renewal	\$ 1,432,265	\$ 1,703,221	\$ 270,956	19%	\$ 1,945,328	\$ 242,107	14.2%

- 2023 Draft Budget anticipates Net 25% increase in insurance premium expense; \$2,113,230
- 2022 – 2023 Proposed Renewal is \$1,945,328; \$167,902 less than draft budget.

PROPERTY CASUALTY

PROPERTY CASUALTY INSURANCE COVERAGE LIMITS

Total Limits = \$50 million

Liberty Surplus Insurance Company 6th Layer of Excess <p style="text-align: center;">\$10M</p>		
Westfield Specialty Insurance Company 5th Layer of Excess <p style="text-align: center;">\$10M</p>		
StarStone National Insurance Company 4th Layer of Excess <p style="text-align: center;">\$10M</p>		
Markel American Insurance Company 3rd Layer of Excess <p style="text-align: center;">\$10M</p>		
Berkley National Insurance Company Second Layer of Excess <p style="text-align: center;">\$5M</p>		
AIG Mountain Guard First Layer of Excess Limits: \$25,000,000 (\$50,000,000 aggregate limit or 2, \$25,000,000 occurrences) <p style="text-align: center;">\$5M</p>		
\$10,000 Self Insured Retention		
<p style="font-size: 24pt;">\$1M</p> <p>AIG/MountainGuard General Liability Coverage Limit: \$1M per occurrence/\$2M Aggregate Notable Coverages included & Deductible levels: Sexual Misconduct Deductible: \$15,000 Bodily Injury & Property Damage deductible: \$15,000 Liquor Liability deductible: \$15,000 Employee Benefits Liability deductible: \$1,000</p>	<p style="font-size: 24pt;">\$1M</p> <p>AIG/MtnGuard Auto Liability Limit: \$1,000,000 Symbol 1: "Any Auto" Uninsured & Underinsured motorist coverage included Hired & Non-owned coverage included</p>	<p style="font-size: 24pt;">\$1M</p> <p>Starstone Work Comp Employers Liability Each accident Disease</p>



PROPERTY CASUALTY INSURANCE COVERAGE LIMITS

Great American Excess Crime Coverage

\$20M

Travelers Excess Crime coverage

Limit: \$5M

Retention: \$500,000

\$5M

AIG/MountainGuard Crime coverage

Deductible: \$5K

Employee Theft limit: \$500,000

Computer/Funds transfer fraud limit: \$250,000

**Crime Limits Total =
\$20 million**

Houston Specialty Insurance Co

\$5M

RSUI/Landmark D&O Excess

\$5M

Ironshore Specialty Insurance Directors & Officers Excess

\$10M

RSUI Directors and Officers Excess

\$5M

**Navigators Director & Officers and
Employment Practices Liability**

Limit: \$5,000,000

\$5M

\$1M

**Navigators Fiduciary
Liability Coverage**

Limit: \$1,000,000

\$50,000 Self Insured
Retention

\$5K Retention

**D&O, EP Limits Total =
\$30 million**



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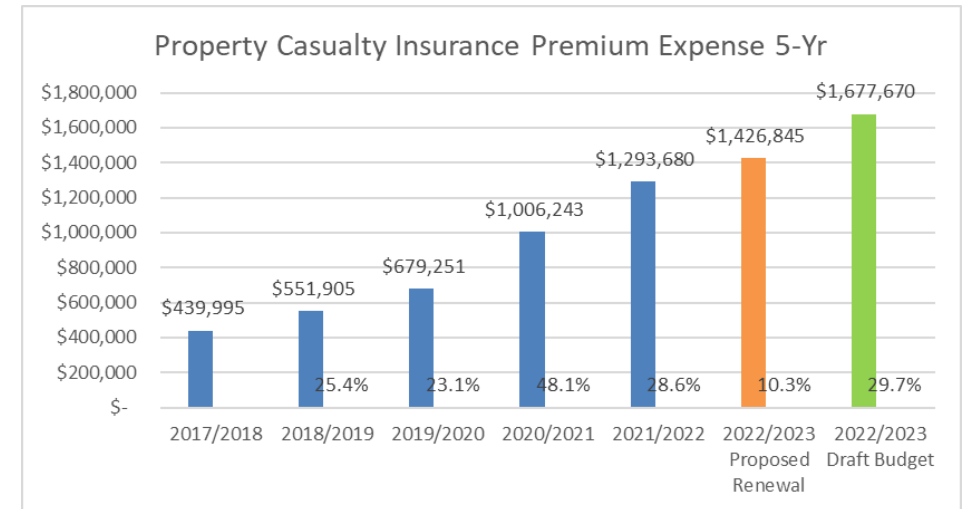
PROPERTY CASUALTY POLICIES RENEWAL 2022-2023

ASSUMPTIONS OF IMPACTS TO RENEWAL

- Increase to Property Liability premium due to increased building replacement values
- Low TDA losses will benefit renewal quotes through discounts and other considerations
- Catastrophic claims payout nationally and globally continue to plague carriers' capacities which will continue to drive insurers to crank up premiums
- Will need to consider higher deductibles to offset increases; especially Property Liability

PROPERTY CASUALTY PREMIUM EXPENSE COMPARISON

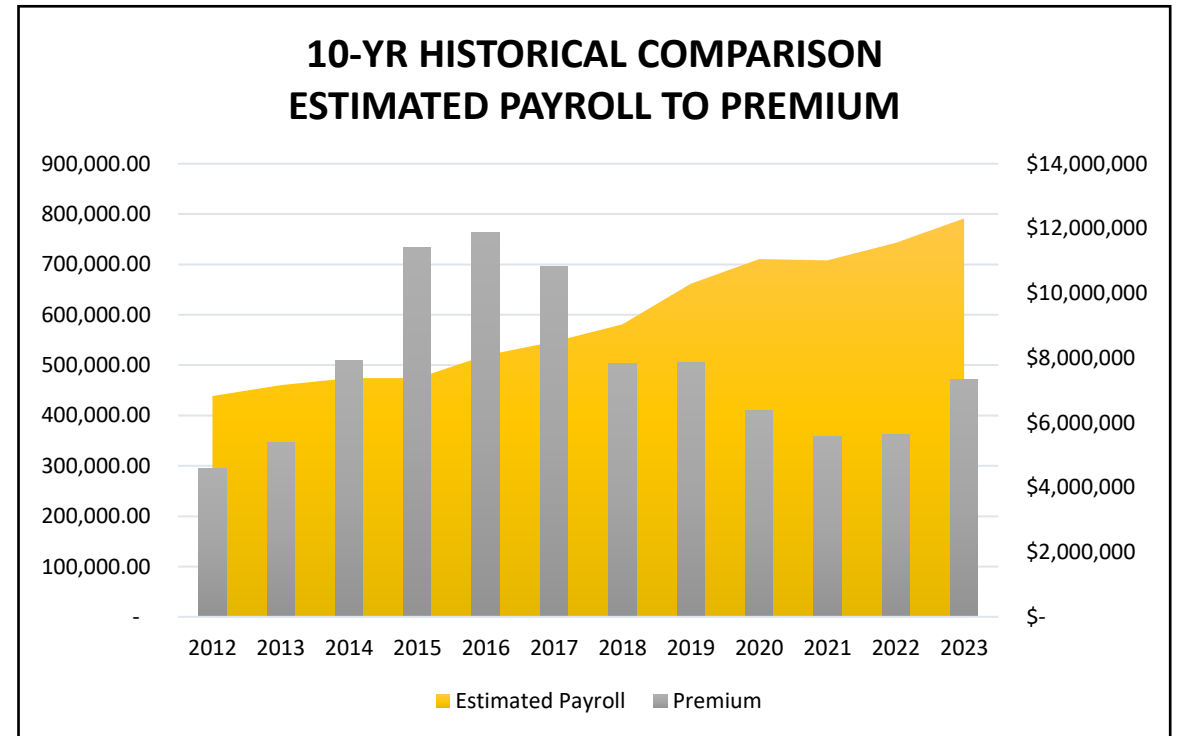
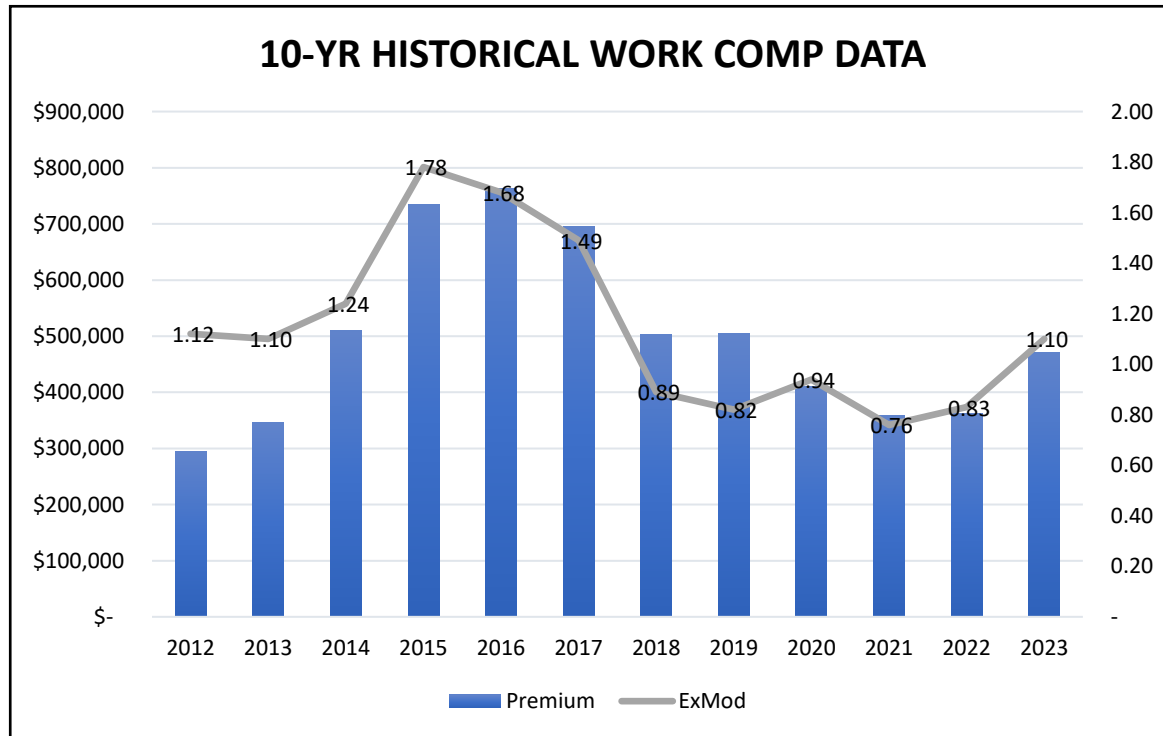
Coverage	2020-2021 Renewal Premium & Applicable tax and fees	2021-2022 Renewal Premium & Applicable tax and fees	Net Change Over Prior Policy Year	2022-2023 Renewal Premium & Applicable tax and fees	Net Change Over Prior Policy Year
Commercial Liability	\$ 154,955	\$ 233,718	51%	\$ 272,296	17%
Property/Inland Marine/Boiler	\$ 154,199	\$ 210,253	36%	\$ 298,294	42%
Sabotage, Terrorism and Active Shooter	\$ 7,837	\$ 8,255	5%	\$ 13,790	67%
Pollution	\$ 17,274	\$ 20,472	19%	\$ 13,148	-36%
Business Auto	\$ 60,115	\$ 69,548	16%	\$ 68,466	-2%
Cyber	\$ 4,949	\$ 4,949	0%	\$ 8,105	64%
Prime Umbrella Liability Policy	\$ 130,307	\$ 169,009	30%	\$ 171,822	2%
Excess Liability Policies	\$ 255,613	\$ 359,345	41%	\$ 349,377	-3%
Crime	\$ 1,500	\$ 1,851	23%	\$ 1,041	-44%
Excess Crime Policies	\$ 46,151	\$ 50,348	9%	\$ 55,535	10%
D&O / EP/ Fiduciary	\$ 70,692	\$ 72,561	3%	\$ 85,290	18%
Excess D&O/EP/Fiduciary Policies	\$ 102,652	\$ 93,371	0%	\$ 89,681	-4%
Premium Subtotal	\$ 1,006,243	\$ 1,293,680	28.6%	\$ 1,426,845	10.3%
Service Fees	\$ 47,000	\$ 47,000	0%	\$ 47,000	0%
TOTAL	\$ 1,053,243	\$ 1,340,680	28.6%	\$ 1,473,845	10.3%



WORKERS COMENSATION

- * Current program**
- * Alternative programs for future consideration**

WORKERS COMPENSATION RENEWAL 2022 - 2023



- 2023 Draft Budget anticipated \$435,560 (13.3% increase) for workers compensation insurance expense
- Proposed renewal is \$493,483; \$57,923 over the draft 2023 budget amount; 30% increase over prior year



WORKERS COMPENSATION RENEWAL 2022 - 2023

ASSUMPTIONS IMPACTING THIS YEAR'S RENEWAL

- CA Workers Compensation Insurance Rating Bureau (WCIRB) Pure Rates increase on average 7.8% and reduced the Expected Loss Rates (ELR)
- TDA's Experience Modification Rate (ExMod) 32.5% increase from .83 to 1.10
- 6.5% increase to estimated payroll over prior year
- Increasing medical costs in CA impacting claims expense.
 - Higher medical costs in the Truckee region than in more populated regions.

2023 – 2024 OPTION GROUP CAPTIVE INSURANCE

Group Captive Definition

- A variation on a captive insurance company, or an insurance company wholly owned by those it insures
- The captive exists primarily to provide greater long-term cost stability than the traditional markets
- Group captive premium is based on each group member's actual results, not industry impacts
- Longview approach to controlling costs and benefitting from TDA's strong safety program in good years
- Opportunity to reduce insurance costs when there are favorable results year to year, while still having protection from unpredictable events or catastrophic losses

Sources: Risk & Insurance.com, Granite Group Captive

QUESTIONS?

REFERENCE MATERIAL

TIMELINE OF RENEWAL PROCESS



- Winter ops loss rep. site visit
- Initial discussion on renewal strategies
- Claims management focused

- Claims management focused

- Quarterly claims review
- Market review and discussion on renewal strategy adjustment as needed

- Claims management focused

TIMELINE OF RENEWAL PROCESS



- Market and trends discussion
- Quarterly claims review
- Preparation and submission of renewal documentation

- Underwriters review TDA risk program, loss runs, recent loss rep. site visit comments for rating and quote generation
- TDA staff respond to Q&A from carriers through broker
- Day to day review by staff of market impacts, trends with broker

- Carriers provide quotes on lines of coverage
- Professional insurance broker(s) provide advisement to board on coverage and renewal
- Board of Directors make decision to approve renewals and bind coverage

- Policies renew on October 1, 20XX