

TUCSON UNIFIED

SCHOOL DISTRICT

RISK MANAGEMENT DEPARTMENT
1010 E. 10TH STREET TUCSON, AZ 85719
P.O. BOX 40400 TUCSON, AZ 85717
PHONE: (520) 225-6601 FACSIMILE: (520) 225-6631

MEMORANDUM

To: Governing Board Members
Superintendent Dr. Gabriel Trujillo
Rob Ross, General Counsel

From: Nicole Lowery, Risk Manager

Re: Trust / Alliance 18/9 SY Renewal for 6-12-18 BAI

Date: May 24, 2018

Renewal rates for Liability, Property, Auto, and Pre-Paid Legal are submitted to the Governing Board for approval on an annual basis. The following compares 2018/2019 renewal rates to the current rates.

Coverage Type	2018 - 2019 Rate	2017 - 2018 Rate	Difference
General, Professional & Auto Liability	\$1,077,942	\$1,069,522	\$8,420
Auto Physical Damage	\$74,164	\$49,613	\$24,551
Administrative Practices Liability	\$30,000	\$30,000	\$0
All Risk Property	\$1,205,302	\$1,151,804	\$53,498
Equipment Breakdown	Waived	\$43,088	(\$43,088)
Commercial Crime	\$8,000	\$8,000	\$0
Storage Tanks	\$18,480	\$18,480	\$0
Pre-Paid Legal	\$100,000	\$81,654	\$18,346
Total Premium	\$2,513,888	\$2,452,161	\$61,727

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We will continue to insure all fleet vehicles model year 2005 and newer under Auto Physical Damage; the cost for this renewal would have been \$55,200.00 We have elected to increase coverage to include all district vans and school busses valued above our deductible. This change adds 50 vans and 62 busses to the existing schedule.

All Risk Property is increasing due to the sizable property losses sustained by the district over the last two years. These losses include Tucson High football field, Pueblo vandalism, Cholla fire and Sahuaro storm damage.

Equipment Breakdown coverage was declined for the upcoming school year. We have submitted several claims for inoperative equipment over the last three years. Claims are regularly denied because district equipment is outside of the average useful life. At this time, this coverage type is not financially beneficial.

Pre-Paid Legal premium increased because of the three year loss ratio for this coverage. The loss ratio is expected to dramatically improve next year when the large claim in 15/16 is no longer part of the rating formula. We were able to get the Trust to agree to reduce their premium by \$15,000 for 18/19.

Worker's Compensation Insurance is also submitted on an annual basis. Rates for this coverage are based on the annual estimated payroll.

<i>Coverage Type</i>	<i>2018 - 2019 Rate</i>	<i>2017 - 2018 Rate</i>	<i>Difference</i>
Worker's Compensation Insurance	\$1,823,264	\$1,806,859	\$17,405

I am unable to attend the Governing Board Meeting on June 12th as I must attend a mandatory Trust Conference to maintain our discount on district premiums. I will gladly answer any specific questions that may arise before or after that time.