

UNIVERSITY OF GUAM UNIBETSEDAT GUAHAN BOARD OF REGENTS

RESOLUTION NO. 13-20

RELATIVE TO APPROVING THE PROPOSED FY2014 INSURANCE PROGRAM

WHEREAS, the University of Guam (University) is the primary U.S. Land Grant institution accredited by the Western Association of Schools and Colleges (WASC) serving the post-secondary needs of the people of Guam and the region; and

WHEREAS, the governance and well-being of the University is vested in the Board of Regents (BOR); and

WHEREAS, the University's insurance program provides liability coverage and protection for the University's assets, which are vital for student learning; and

WHEREAS, the University and its risk manager have prepared insurance specifications for the following policies: primary liability, educators legal liability, limited professional liability, umbrella liability, property, property terrorism, comprehensive crime, automobile, and automobile excess liability; and

WHEREAS, the University through its risk manager and insurance broker has prepared and disseminated the FY2014 Insurance Specifications and received offers on the specified coverage to 11 insurance carriers/agents, representing all the major carriers on Guam; and

WHEREAS, the University has partnered with United Educators Insurance, as one of approximately 80 institutions out of its 1,150 members, in a Risk Reduction Program for Contract Management, which offers the University an opportunity to automatically renew its annual liability policies under stable terms, conditions and premiums over a three-year period; and

WHEREAS, the University's evaluation committee has evaluated the offers, and with its risk manager and insurance broker, recommends the best qualified offeror for each policy within the FY2014 insurance program; and

WHEREAS, the President, Physical Facilities Committee and Budget, Finance, Investment and Audit Committee have reviewed and recommend that the Board approve the proposed FY2014 insurance program.

NOW, THEREFORE, BE IT RESOLVED, that the BOR hereby approves the Administration and Committees' recommendations for the FY2014 insurance program, as attached, and

BE IT FURTHER RESOLVED, that the Vice President for Administration and Finance is authorized to instruct the insurance broker to place the recommended insurance policies effective 1 October 2013, so as to provide continuous insurance coverage for the University of Guam within the terms offered.

Adopted this 19th day of September, 2013.

ATTESTED:

W.Chris Perez, M.D., Chairman

Robert A. Underwood, Ed.D., Executive Secretary



Administration and Finance

Approved/Not Approved:

Office of the Vice President

Memorandum

14 September 2013

TO:

President

From:

Vice President for Finance and Administration, David O'Brien

Risk Manager Michael Moody (IRIS Ltd.)

Comptroller Zeny Nace

Re:

FY2014 Insurance Program Recommendations

Purpose

This memo provides the Risk Management Committee's recommendations for FY14 insurance coverage.

Overview

On September 10, 2013, the Risk Management Committee (Committee) reviewed the quotes received from local insurance carriers for the renewal of the University's insurance program for FY 2014. The Committee was comprised of Vice President David O'Brien, Comptroller Zeny Nace, and Risk Manager Mike Moody. Also present were Legal Counsel Victorina Renacia, Extension Associate Russell Bala-an from the Comptroller's Office, and AM Insurance (Broker) representatives AnnMarie Muna and Gen Calvo. We reviewed the competitive bidding process, insurance specifications as provided to AMI, market and underwriter information, and the underwriter's quotes as submitted.

AMI distributed the FY14 Insurance Specifications, prepared by Risk Manager Mike Moody and the University, and sought quotes for property insurance, automobile insurance, and liability insurance from 11 carriers: American Standard, Aon Century, Calvo's Chartis, Cassidy's Pacific Indemnity, Great National Chung-Kuo, Guahan Insurance Nippon Koa, Moylan's Dongbu, Moylan's First Net, Nanbo Tokio Marine and Takagi Aioi, , and United Educators (UE). These represent all of the major carriers writing insurance in Guam. Quotes have been submitted by American Standard, Calvos Chartis, Moylan's First Net, Moylan's Dongbu and UE. (Note: the committee reviewed the estimated UE quotes on September 10 and received UE's final quotes, including a lower quote for Limited Professional Liability on September 14). Details about the Broker's approach to the market, process and submitted quotes is found in the attached FY2014 Insurance Markets and Underwriters and FY2014 Insurance Quotes, both of which are prepared by the Broker and reviewed by the Committee.

Based on the quotes received and the Committee's recommendations on the coverages, the University's FY2014 insurance program for property insurance, automobile insurance, crime insurance (renewal), and liability insurance will cost \$666,828. This is a decrease of \$14,728 (~2%) from last year's premium of \$681,556. Details follow.

Property Insurance

Quotes were submitted by American Standard (believed to be general agent for Pacific Indemnity), Calvos Chartis and Moylan's First Net. The only responsive and responsible offer received was from Moylan's First Net, our current carrier. Theirs was also the lowest cost. That offer continued current coverage with a premium of \$385,038. This is a decrease of \$10,512 (~3%) compared to last year and at the same coverage and terms. The Committee notes

several competitive and favorable aspects of the coverage that remain in effect: First Net's mold coverage of \$550k; the reduction in the property windstorm, typhoon, tidal wave and earthquake deductible at 2% of claim minimum \$100k rather than minimum \$150k; and the reduction in the property terrorism deductible from \$250k to \$100k. The Committee recommends acceptance of the Moylan's First Net offer.

Automobile & Excess Auto Liability Insurance

Two offers were received from American Standard (believed to be general agent for Pacific Indemnity) and Moylan's Dongbu. Moylan's Dongbu quote was the only responsive and responsible bid offer and the lowest at \$15,266. This is a decrease of \$3.478 (~19%) from last year. Besides competitive factors, the premium decreased due to the decrease in the fleet from 82 to 81 vehicles.

Prices were offered for liability coverage only and for liability insurance plus physical damage coverage. The Committee agreed not to purchase collision damage coverage in view of the University's favorable loss history (note: in FY13 collision damage coverage would have added \$37k to the premium).

The Committee recommends acceptance of the Moylan's Dongbu offer.

Crime Insurance

Moylan's Dongbu will provide crime coverage for the third, as the University purchased a three-year policy at \$7,727 in FY12. The Committee recommends continuance of the Moylan's Dongbu coverage.

Liability Insurance

Only one offer was received from United Educators. UE's renewal quotes total \$258,797 for four liability policies: primary general liability, umbrella liability, educators' legal liability, and limited professional liability. This is an decrease of \$737 (0.3%) compared to last year. This is good news as the limited professional liability premium generally increases with the University's enrollment, which has increased. For the other three coverages, the University's partnership with UE to establish a Risk Reduction Program for Contract Management continues. This partnership enables the University to automatically renew its annual liability policies under stable terms, conditions and premiums over a three-year period. FY14 is the third year. The Committee recommends that the UE offer be accepted.

			UNI	FY2014 INSURANCE MARKETS & UNDERWRITES	Y OF GUISURANCI	E				
GENERAL AGENT	CARRIER	A.M. BEST RATING	PROPERTY	AUTOMOBILE	EXCESS AUTO	CRIME	PRIMARY	EDUCATORS LEGAL LIABILITY	UMBRELLA LIABILITY	LICENSED PROFESSIONAL LIABILITY
AMERICAN STANDARD	See Note	See Note	\$400,560	\$20,079	Included w/Auto Quote	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE
AON	Century	B++		Carr	Carrier did not respond to RFP and does not meet company rating	nd to RFP an	d does not meet	company rating	-	
CALVOS	Chartis	Α	\$439,057	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE
CASSIDYS	Pacific Indemnity	A-			Ca	rrier did not re	Carrier did not respond to RFP.			
GREAT NATIONAL INSURANCE	Chung Kuo	Not Rated			Carrier declined to quote		due to limits, terms & conditions	& conditions		
GUAHAN INSURANCE	Nippon Koa	A+			Carrier indicated that		they will not be participating	cipating.		
MOYLAN'S	First Net (100% Reins w/Lloyds)	Þ	\$385,038	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE
MOYLAN'S	Dongbu	Þ	NO QUOTE	1-Year Term \$15,266 3-Year Term \$13,739	Included w/Auto Quote	\$7,727	NO QUOTE	ΝΟ QUOTE	NO QUOTE	NO QUOTE
NANBO	Tokio Marine	A ₊		Carrier declin	Carrier declined to quote as they are not able to meet conditions of the specifications.	ney are not ab	le to meet condi	tions of the spe	cifications.	
UNITED EDUCATORS	UE	A+	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	\$87,874	\$63,907	\$81,923	\$28,413
TAKAGI	Aioi	A+			Ca	Carrier did not re	not respond to RFP.			

Notes:

08/20/2013 - Received FY14 Insurance Specifications from UOG. 08/21/2013 - Sent FY14 Insurance Specifications out to all Carriers. 8/24/2013 - Sent an email to all Carrier providing them with Loss History and reminded them of the submission deadline. 09/02/2013 - Phoned all Carriers to remind them of the submission date and time. 09/04/2013 - Phoned all Carriers to encourged them to submit any line of coverages. 09/05/2013 - Reminded all Carriers of deadline and encouraged all to submit on the 6th of September. 9/06/2013 - Called all Carriers in the morning to remind them that the deadline to Submit was today. 6pm Submission deadline.

which is an A- Rating. * American Standard - Did not indicate the carrier in their submission, however they provided an email two days before deadline indicating they were General Agents for Pacific Indemnity,

	7	TY2014 INSURANCE	4 INSURANCE QUAN	OF GU	MOTES			
			FY2013	CALVO	MOYLAN'S	MOYLAN'S	AMERICAN	UNITED
POLICY	CURRENT	COVERAGE	PREMIUM	AIG	FIRST NET	DONGBU	STANDARD	EDUCATORS
DESCRIPTION	CARRIERS	LIMITS	2012-2013	(A)	(100% Reins w/Lloyds)	(A)	See Note	(A)
PROPERTY INSURANCE	Moylan's First Net		\$395,550	\$439,057	\$385,038	NO QUOTE	\$400,560	NO QUOTE
Blanket All Risks of Physical Loss or Damage Incl Wndstm, Tidal Wave, EQ & Fld	Wave, EQ & Fld:							
FY2013 Property Values: \$234,024,110								
FY2014 Property Values: \$234,024,110								
Limit of Liability		\$40,000,000			\$40,000,000		\$40,000,000	
Terrorism		\$10,000,000			\$10,000,000		\$10,000,000	
Sublimit: Typhoon, Earthquake, Flood & Tidal Wave	A	\$4Mil occurrence			74A			
Self Insured Retension:								
\$25,000 any one occurrence, EXCEPT Windstorm, Typhoon, Flood, TW & EQ which is 2% of claim, min. \$100,000	n, Typhoon, Flood	, TW & EQ which is	2% of claim, min.	\$100,000				
AUTOMOBILE INSURANCE	Cassidy's Insurance	\$1,000,000	\$18,744	NO QUOTE	NO QUOTE	1-Year Term	\$20,079	NO QUOTE
FY2013: Third Party Liability						\$15,266		
Medical Payments (each person)		\$1,000				3-Year Term		
FY2013: 82 Vehicles EY2014: 81 Vehicles						(Third Party Liability)		
EXCESS AUTOMOBILE	Movlan's			200		\$13,739		
EXCESS ACTOMOBILE	Dongbu	\$1,000,000	Incl. in Auto Premium	NO QUOTE	NO QUOTE	Included Above	Included Above	NO QUOTE
	Moylans		\$7,727	NO QUOTE	NO QUOTE	\$7,727	NO QUOTE	NO QUOTE
B. Loss Inside the Premises	Congra	\$200,000				(3rd Yr. Billing)		
C. Loss Outside the Premises		\$200,000						
D. Money Orders & Counterfeit Paper Currency		\$200,000						
E. Depositors Forgery		\$200,000						
F. Check Forgery		\$200,000		31				
G. Third Party Computer Fraud		\$200,000		*.				
H. Costs		\$200,000		2.00				
Deductible - \$20,000 each and every claim								

Subtotal for Local Lines:

\$422,021

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	-	TY2014 INSURANCE QUANT	4 ZSURANCE OF GOAM	ANCE OF	QUOTES			
			FY2013	CALVO	MOYLAN'S	MOYLAN'S	AMERICAN	UNITED
POLICY	CURRENT	COVERAGE	PREMIUM	AIG	FIRST NET	DONGBU	STANDARD	EDUCATORS
DESCRIPTION	CARRIERS	LIMITS	2012-2013	(A)	(100% Reins w/Lloyds)	(A)	See Note	(A)
PRIMARY GENERAL LIABILITY	UE	\$1,000,000	\$87,874	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	\$ 87,874.00
Deductible: \$10,000		Each Occ						
		\$3,000,000			234			
		Aggregate						i
UMBRELLA LIABILITY INSURANCE	UE	\$25,000,000	\$81,923	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	\$ 81,923.16
Self-Insured Retention: \$100,000 Sexual Molestation; \$25,000 Others		Aggregate						
EDUCATORS LEGAL LIABILITY Self-Insured Retention:	UE	\$5,000,000 Claim/Aggr	\$63,907	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	\$ 63,907.40
\$1,000 Directors, Trustees, Officers per claim \$250,000 Wrongful Employment Practices per claim \$100,000 Each Other Claim	Ħ							
LIMITED PROFESSIONAL LIABILITY Self-Insured Retention: \$0 Each Individual Non-Indemnifiable per claim	UE	\$1,000,000 Each Claim \$3,000,000	\$25,830	NO QUOTE	NO QUOTE	NO QUOTE	NO QUOTE	\$ 25,092.32
GRAND TOTAL ANNUAL PREMIUM :	M		\$681,556					

Note:

American Standard Insurance Underwriters, Inc. - Did not submit policy specimen, as required, and did not indicate the carrier in their submission. However, two days before deadline they emailed AM Insurance informing us that they are a General Agent for Pacific Indemnity, which is an A- Rating.

Calvo's Insurance Underwriters, Inc. - Did not submit policy specimen, which was required in the Specifications. United Educators - UOG to be receiving dividend payment of \$11,900.43.