

PURMIT Board of Trustees Meeting Notice

The Public Universities Risk Management and Insurance Trust (“PURMIT”) will hold a regular meeting at 9:00 a.m. at Davis Wright Tremaine LLP, 1300 SW Fifth Avenue, Suite 2400, Portland OR on May 4, 2016. PURMIT will also hold an executive session immediately following the regular meeting agenda items on May 4, 2016. The session will address documents and information relating to the 2016-17 allocation model, attorney-client communications regarding the handling of PURMIT documents by regulatory bodies and contract provisions, and potential and/or current litigation. The executive session is being held pursuant to ORS 192.660(2)(f) and ORS 192.660(2)(h).

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Ryan Britz at 800-449-7707.

PURMIT Board of Trustees Meeting Agenda

1. Call to Order, Roll Call
2. Review and Approval of Minutes from March 9, 2016 PURMIT Board of Trustees Meeting
3. SAIF Workers’ Compensation Renewal Proposal Presentation
4. Financial Review as of March 31, 2016
5. Financial Proforma Discussion
6. July 1, 2016 Insurance Renewal Discussion
7. Legal Counsel items
8. Other items
9. Executive Session Pursuant to ORS 192.660(2)(f)
10. Final Decisions Related to Executive Session Discussions (if any)
11. Adjournment

Agenda Item #2

PURMIT Board of Trustees Meeting

March 9, 2016

9:00 a.m. – 2:00 p.m.

Minutes

Trustees Present: Ryan Hagemann (WOU); Craig Morris (SOU); George Marlton (OIT); Patrick Hughes (OSU)

Trustees Present by Phone: Brian Roy (PSU)

Trustees Absent: Lara Moore (EOU)

Others Present: James Parker (DWT); Ryan Britz (Berkley); Ashley Grealish (USSE); Karen Graham (AJG); James Martinez (AJG); Ty Goare (AJG); Jon Paulsen (Berkley); Sheri Reintjes (Berkley); Kim Severson (Berkley), James Rozzi (RPS), Joshua Fletcher (Lexington), Ted Dow (Lexington)

Others Present by Phone: Jaime Kilcoyne (K Financial); Annette Schmidt and Jeff Nass (Berkley Risk)

Call to Order

Chair Patrick Hughes called the meeting to order at 9:00 a.m.

Roll Call

Roll call was taken of those present and on the phone.

Review and approval of minutes

Meeting minutes from the December 3 Board of Trustees meeting reviewed and discussed. Ryan Britz brought two items to the attention of the Board: the meeting minutes from the December 3 meeting that were distributed with the board packet inadvertently omitted page three. Mr. Britz redistributed the meeting minutes with page three included. Mr. Britz pointed out that page four of the December 3 meeting minutes, specific to the section related to the start date of the claims contract with Berkley, had the incorrect year, with the meeting minutes showed 2015, the correct year is 2016.

Action:

A motion was made by Mr. Morris to approve the minutes and corrections. The motion was seconded by Mr. Marlton. The motion carried with no objections.

Financial Audit discussion

Mr. Kilcoyne from K Financial presented the audit findings to the Trustees. Mr. Kilcoyne indicated that the 2015 audit was the first audit performed of the Trust's finances by K Financial. Mr. Kilcoyne indicated that first time audits are often challenging for all parties and that Berkley provided the documents needed to adequately perform the audit. Mr. Kilcoyne indicated that there are two letters included in the audit packet: Statute 114 and Statute 115. Statute 114 outlines the responsibility of the auditor. Statute 115 outlines the responsibility of the Trust's management. Statute 115 letter is used for management communication of any items regarding internal controls. Mr. Kilcoyne pointed out four items that were present during the 2014 term: accounts payable cut-off procedures properly reported; claim payment reconciliation; journal entry reconciliation and approval and SOC-1 report for claim handling. Mr. Morris requested a status update on these items from Berkley and Ms. Schmidt indicated she will address his question during her portion of the financial presentation.

Mr. Kilcoyne continued to address K Financial's process for auditing. Most of K Financial's time is spent on IBNR and loss and expense reserves. Mr. Kilcoyne expressed his thanks to the Trustees for selecting K Financial as the audit firm. Mr. Kilcoyne also expressed his thanks for the ability to present the audit work to the Trustees.

Action:

A motion was made by Mr. Hughes to approve the audited financial statement. The motion was seconded by Mr. Marlton. The motion carried with no objections.

Preliminary Allocation Discussion

Mr. Britz presented the preliminary allocation worksheets with the group. Mr. Britz started out by addressing the four areas that need to be adequately priced and accounted for as part of the allocation process: insurance costs, operational costs, expected claim costs (current and prior year development) and surplus. Mr. Britz commented that the intent for this meeting was to produce an allocation for each of the member institutions to provide some guidance as to what they can reasonably expect to be their individual program cost allocations as well as discuss any desired

program structure changes. Mr. Britz discussed the workers' compensation coverage and indicated that the information presented uses the estimated payrolls provided by each university as well as the expiring experience mods and other SAIF factors. SAIF will not have their quotes to PURMIT until late April. Mr. Britz commented that the actuarial ultimate loss pick provided by PWC was utilized for the worker's compensation expected claims cost allocation. Mr. Britz did not use any fund surplus to offset the workers compensation allocation amounts. Ms. Graham questioned how adverse loss development in prior years would be handled through the allocation process. Mr. Parker commented that the workers' compensation is not a pooled coverage and that each university stands on its own and therefore adverse claim experience would directly affect the university that experienced the claims.

Mr. Britz then discussed the General Liability allocation, mentioning that the information presented was based on the structure, retention and deductible amounts of the expiring program. The expected claim costs used were supplied and taken directly from the actuarial study. The premium for the excess liability insurance is expected to be reduced by 4%. Mr. Britz was waiting on confirmation of this information and did not have confirmation from the excess carriers that the credit had been applied. The surplus calculation process remained the same as in past years. Mr. Parker commented on the surplus requirement as determined by the State of Oregon. Mr. Britz commented that because there was no fund surplus allocation for the GL line, there was no off-set to the allocation amounts for GL. Mr. Britz further commented that Berkley did not utilize any fund surplus amounts to offset the allocation amount for any line of coverage. This is a change from the prior administrator. Mr. Roy commented that the Trustees and the administrator need to develop surplus goals for the Trust so the Trustees can better decide on allocation and pricing actions from year to year. Mr. Marlton requested further information about the allocation to OIT and how it was determined. Mr. Britz commented that he would discuss any specifics Mr. Marlton would like to explore. Mr. Marlton indicated he would like to set a conference call to have that discussion.

Auto liability allocation steps followed the same process and the general liability. Expected claim costs were taken directly from the actuarial study. Excess premium was apportioned per the pricing of the excess carrier. Operational costs we allocated using same methodology of the other coverages. There was no fund surplus off-set to the allocation.

Mr. Britz next discussed the property coverage. The property coverage has an effective date of 10/15 but the Trustees have expressed an interest moving the date to 7/1 so there is a common

effective date for all Trust coverage. Berkley requested Arthur J. Gallagher to explore the possibility of changing the effective date to 7/1 and what steps need to occur to have this happen. Arthur J. Gallagher reported that they are working with the property carrier to develop options and believe that changing to an effective date of 7/1 will be a possibility for the Trust. Mr. Britz continued the property coverage discussion explaining that the allocation process for this coverage was the same as the others previously mentioned.

Finally, the direct specialty coverages that are placed based on a group purchasing philosophy were presented. These coverages are not pooled within the Trust and as such the premium was allocated to each member institution per carrier pricing.

The Trustees requested that Berkley work to analyze the revised liability retention amounts at varying levels to assist with determining the correct level of risk as well as surplus goals of the Trust going forward. Mr. Morris outlined the following takeaways: firm up cost/allocation with updated information from Arthur J. Gallagher and SAIF, run pro-forma models to provide guidance for discussion of surplus goals and Berkley to assist any member institutions with internal allocation questions.

July 1, 2016 Insurance Renewal Discussion

Ms. Graham from Arthur J Gallagher presented the renewal terms and conditions for coverage effective 7/1/2016. Ms. Graham mentioned the team that supports the PURMIT coverage brokering, specifically James Martinez and Ty Goare. Ms. Goare is new to the PURMIT program and will be taking on primary responsibility for coordination and placement of coverage. Mr. Martinez will continue to be involved with the program but in a different capacity than what he was previously. Ms. Graham commented that the Trust's decision to hire an administration firm to handle the insurance operations of the Trust have given the insurance markets more confidence in the stability of the program and it is expected that as the Trust moves forward, there will be additional markets that will be interested in supporting the Trust.

Ms. Graham commented that they requested the excess carriers to provide quote options at varying retention levels. The costs for the reduced Trust retention needs to be weighed against the offset in claim costs for the reduced retention. Berkley will work with Arthur J. Gallagher and PWC and provide analysis of buy down options and associated costs and benefits. In addition to the expiring limits option, Ms. Graham provided terms and conditions for an additional limit of \$25M above \$50M. Ms. Graham also presented an alternative carrier approach to the \$25M x \$25M layer via a

risk purchasing group. Ms. Graham commented that terms and conditions will be finalized and shared with Berkley for final allocation and discussion with the Trustees.

Mr. Martinez discussed the property coverage and change of renewal date options. The excess property carrier became involved with the program at 10/15/2015. As part of the property coverage transaction, the carrier is performing property inspections at all of the member sites. These inspections are critical to the support of the program by the property carrier as well as an important component to the risk management process of each institution and further to the Trust. Mr. Martinez commented that they are working with the carrier to revise the effective date from 10/15 to 7/1. It is important to note that there is currently a two-year rate guarantee, subject to a specific loss ratio. Mr. Martinez confirmed that changing the effective date appeared to be a reasonable request and that as part of the change there needs to be assurance that the current rate lock guarantee will hold or the possibility of resetting the rate and rate lock for another period. Mr. Martinez will work with the excess carrier and advise Berkley the outcome of the marketing efforts. Mr. Morris indicated that a common effective date, as long as terms and conditions remain favorable for the Trust, would be preferred.

Ms. Graham also presented another alternative product for the property coverage, being a three year aggregate product. There was some concern from the Trustees regarding the coverage and what happens when the aggregate limit is exhausted. Ms. Graham indicated the Trust would have the ability to purchase additional limit, though not certain of the reinstatement terms and conditions. Mr. Britz indicated that it would be important to know those specifics prior to moving forward with further discussion and analysis.

Ms. Graham also provided updates regarding the specialty coverage renewals:

- Crime – renewal option at \$10M limit, deductible options at \$100,000 and \$50,000. Premium same as expiring for \$100,000 deductible.
- Fine Arts – loss limit is adequate for exposures present. Premium is same as expiring.
- Foreign Package – rates same as expiring, limits same as expiring. Exposure has increased from last year. Continue to monitor and track exposures to ensure adequate limits.
- Multi Media – additional information needed from some of the members to finalize quote. Berkley will be working with the members to facilitate gathering of information.

- Non-owned aircraft – premium down due to decrease in exposure, limits same as expiring

Mr. Marlton expressed interest establishing cyber liability coverage either for the entire membership or for the TRU's. Ms. Graham commented that if everyone were to purchase the coverage and have the coverage attached at a reasonable retention, there is potential for the purchase of adequate limits for each entity. Mr. Paulsen commented that a strategy may exist whereby a lower limit for the entire group and those that need more limit can purchase above the group limit. Ms. Graham and Mr. Martinez agreed that they would re-approach the marketplace and current carrier to see what options and limits exist based on this approach.

Financial Review as of 12/31/2015

Ms. Schmidt reported on the financial outlook of PURMIT. Ms. Schmidt informed the Trustees that the financials will be the same format as used by K Financial going forward for consistency. Ms. Schmidt provided an overview of the Q2 financials, including the following highlights:

Operating Results (on a combined basis – 2nd quarter, 2016)

- The total member contributions/revenue of \$2.8M
- Total Losses & loss adjustment expenses of \$2.8M
- General and administrative expenses of \$331K
- Other Income of \$900 dollars
- And a net loss to Surplus of \$345K for the second quarter.

Operating Results (by fund – 2nd quarter, 2016)

- Trust (which includes Direct Specialty and Operations)
 - Total Revenue of \$310K, Operating Expense of \$304K, and resulting in operating income of \$5K, and ending the second quarter in a positive net position of \$62K.
- G/L & Auto
 - Total Revenue of \$1M, Losses of \$1.3M, resulting in operating loss of \$320K, and carrying over a loss position from prior year of \$2.6M, and ending the second quarter at a negative net position of \$2.9M.
- Property
 - Total Revenue of negative \$137K, losses of \$66K, operating expense of \$27K, resulting in operating loss of \$231K, and carrying over a positive position from prior year of \$1.6M, and ending the second quarter at a positive net position of \$1.4M.
- Workers Compensation(WC)
 - Total Revenue of \$1.5M, losses of \$1.3M, small operating expense of \$88 for a regulatory fee, resulting in operating income of \$199K, and carrying over a positive net position from prior year of \$2.6M, and ending the second quarter at a positive net position of \$2.8M.

Ms. Schmidt briefly discussed the general and administrative expenses of \$331K, and showing the comparison to the year-to date budget, and indicating that all expenses are on track.

Ms. Schmidt reviewed the Balance Sheet and a few highlights on a combined basis are as follows:

- Under Assets, cash and cash equivalents totaling \$9.7M for Q2, this includes the operating and money market accounts, Accounts receivables of \$302K, Fixed Assets of \$81K which is the CSC Riskmaster Software, Prepaid Assets of \$2.1M, which is the insurance premiums, for total Assets of \$12.3M
- Total Liabilities of \$11M which include reserves for losses and loss accrued expenses, and Accounts Payable of \$255K.
- And ending the second quarter with \$1.3M of Surplus.

Ms Schmidt also discussed the five items on the internal control letter from K Financial, indicating that these items will not be a concern going forward as they are all incorporated in the normal course of business at Berkley Risk Administrators.

Workers' Compensation – Retrospective Rating Plan

Mr. Britz reviewed the SAIF policy and retrospective rating plan with the Trustees. This was an overview of the current WC program that has been in place going back to the DAS days. Mr. Britz outlined how the premium has been calculated, discussed experience mods and class code rates being used by SAIF. Mr. Britz also reviewed the retrospective rating plan from a current year as well as past years and the 10 year retrospective review of losses. In addition, Mr. Britz discussed the possibility of exploring another insurance option, self-insurance. Similar to other pooled Trust lines of coverage, there are many programs in existence today that utilize the self-insurance structure for WC. Mr. Morris expressed interest and agreed that it would be appropriate to continue to perform due diligence on other WC options for consideration by the Trustees. Mr. Parker commented that there are specific regulatory requirements that need to be considered and accomplished depending on the desired program structure. Mr. Britz commented that Berkley would continue to work through the process and bring back to the Trustees a plan for consideration to move this process forward.

Claims Discussion

Ms. Severson provided information to the Trustees regarding activities by Berkley staff since inception of the claim handling contract began effective January 1. Berkley has conducted conference calls with all current and former Trust members to get an understanding of all claims,

processes, procedures and identification of any claims that are in need of immediate attention. In addition, Ms. Severson and other Berkley staff have met with three member universities and will be meeting with others in the near future. Berkley staff has requested that PURMIT members submit all Trust coverage claims to Ms. Severson so she can accurately assign those claims to the appropriate coverage part and assist with claim adjudication and communication where appropriate. Mr. Marlton asked if there needs to be rule or referendum to make certain all claims get reported to Berkley. Mr. Morris commented that the Risk Council should be made aware that all claims are to be reported to Berkley. Mr. Paulsen also commented that it is standard practice to discuss claims that exceed \$100,000 with the Trustees. Berkley will bring claims that meet this threshold to the Trustees attention quarterly.

Action:

A motion was made by Mr. Morris that all members must report all claims related to PURMIT-procured policies (whether report only, within the member's retention, or within the Trust layer) to Berkley as soon as practical. The motion was seconded by Mr. Hagemann. The motion carried with no objections.

Berkley staff discussed with the Trustees their initial thoughts on trends and development areas that have come to their attention in the early stages of their claim involvement. Legal bills incurred by member institutions were a focus of discussion. Berkley commented that there may be ways to reduce legal expenses on specific claims. Mr. Morris requested Berkley talk with member general counsel to discuss the findings and explore options to improve efficiency. Mr. Hagemann commented that there are times where the need exists to aggressively pursue litigation. Mr. Britz agreed with Mr. Hagemann that each claim has its own merits and there may be efficiencies recognized on certain claims or types of claims versus others. Berkley staff will continue to review legal spend on claims and present potential options for Trustee consideration.

Mr. Paulsen provided an update on the claims transition process from the prior systems into Berkley's in house program. Pulling the prior data from two sources proved a bit challenging for a variety of reasons. Berkley informed the Trustees that they worked with each member institution and the actuary to establish a "baseline" at the end of 2015 for the launch point going forward.

Berkley combined the data from both prior sources and tied to the actuarial report for consistency. When these data sets tie together, Berkley will push the information into their claim software. Once the claim information is loaded, Berkley will then begin adjudication and data entry for claim transactions going forward. Mr. Graham commented that these procedures and practices will assist with the placement of the excess coverage going forward. Berkley staff commented that their goal was to have all the claim info into their system and ready to produce a loss run as of the end of March.

Legal Counsel Update

Mr. Parker provided a banking and PUF update to the Trustees. The banking arrangement between PURMIT and Treasury is ready to move forward once the terms of the banking agreement are finalized. The next step will be to negotiate PURMIT's ability to join the PUF. The DOJ has previously agreed that PURMIT is eligible to participate in the PUF. However, the PUF agreement itself requires an attorney opinion letter. Mr. Parker outlined three options for the next step to have access to the PUF: (1) have DWT request that the DOJ allow OSU and Treasury to amend their agreement to expressly include PURMIT as a participating member in the PUF; (2) have DWT write the opinion letters requested by OSU; and/or have PURMIT participate in Treasury short term fund and try to amend legislation during next legislative session to include PURMIT as a named member of the PUF. Mr. Morris commented that if the Trust waits for next year's legislative session, the Trust could miss out on the interest from the PUF for the remainder of this year and possibly next year.

Action:

A motion was made by Mr. Hagemann instructing DWT to pursue the first two options simultaneously and authorizing the Chair to pre-approve up to a \$30,000 budget to complete the opinion letters described above for PURMIT's inclusion in the PUF. The motion was seconded by Mr. Hughes. The motion carried with no objections.

Lexington Property Coverage Presentation

Ms. Graham introduced Mr. Rozzi, Mr. Fletcher and Mr. Dow to the Trustees. Mr. Rozzi works with RPS (a division of Arthur J Gallagher), Mr. Fletcher and Mr. Dow work for Lexington. Mr. Dow

started the conversation by commenting that all inspections have been ordered for the member institutions and are anticipated to be complete by mid to late spring. All inspection results will be discussed individually with each institution as the inspections are completed. In addition to inspections, Lexington is also willing to assist with building plan reviews. Mr. Martinez asked if there had been any feedback from any of the institutions regarding the inspections to date and there had not been any. Mr. Martinez asked Mr. Fletcher if Lexington would be willing to consider a cancel/rewrite of the coverage at July 1, 2016. Mr. Fletcher commented that he did not see any issues with changing to a July 1 effective date. He did request that they be allowed some additional time to perform additional inspections before they made a final determination. Mr. Britz asked if there was any additional information needed by Lexington to keep this moving. Mr. Fletcher and Mr. Rozzi commented that they have all of the underwriting information at this time and will wait for additional inspection results and then be in contact with their decision on the cancel/rewrite. Ms. Graham commented that there are some alternative products coming to the market that may be something PURMIT will want to consider. Mr. Rozzi commented that there is a 3 year aggregate product that has been made available to certain entities. The intent of the product is to engineer natural catastrophe type exposures to each client and add more science to the rating program compared to what has traditionally existed. The program would have a 3 year aggregate limit with one reinstatement provision. Mr. Rozzi commented that they will continue to work on this product with Lexington and provide additional information to Ms. Graham. Mr. Morris thanked Mr. Rozzi, Mr. Fletcher and Mr. Dow for making the trip to Oregon to introduce themselves and their products.

Other Items

Mr. Britz commented that the next meeting needs to be set so the Trustees can finalize open items prior to July 1. The Trustees agreed to set next meeting on May 4, 2016.

Adjourn

A motion to adjourn the meeting at 2:33 pm was made by Mr. Hughes. The motion was seconded by Mr. Morris. The motion carried with no objections.

Agenda Item #3

Materials Distributed at Meeting

Public Universities Risk Management & Insurance Trust Renewal 2016-17

May 4, 2016



Guaranteed cost vs. retrospective rating plans

- A typical insurance policy is often referred to as “guaranteed cost” coverage as the insured pays a standard premium for the policy period
 - Gives more certainty to insured, but less control and at higher cost
 - Analogy of auto insurance
- A retrospective rating plan sets a minimum and maximum premium and self-adjusts based on other factors, usually the cost of claims
 - Gives more control to insured, generally at a lower upfront cost

Benefits of a retrospective vs. guaranteed cost plan

- A paid loss cash flow plan provides an employer the greatest cash flow advantage of all the retrospective plans offered by SAIF
- Rather than paying standard premium under a guaranteed cost plan, PURMIT only pays basic premium, excess loss premium (if elected) along with terrorism/catastrophe premium and DCBS assessments each quarter in addition to monthly claim cost payments
- It allows PURMIT to potentially reduce a significant portion of premium subject to ability to control claims and paid losses
- Close to self-insurance as possible, but with limits of liability

Retrospective Premium

Cost

Basic Premium

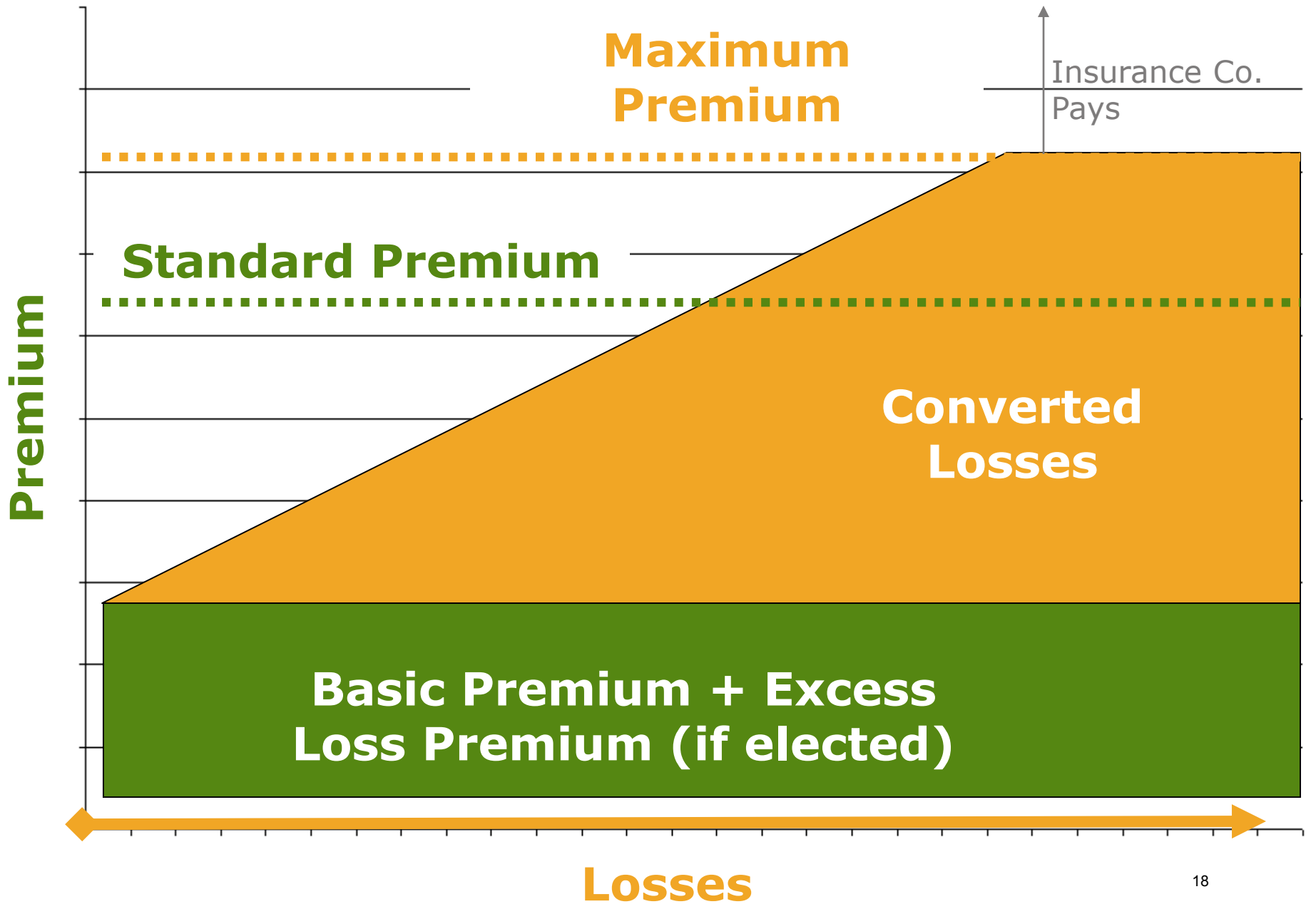
- Administration Costs
- Insurance Charge

+

Plus

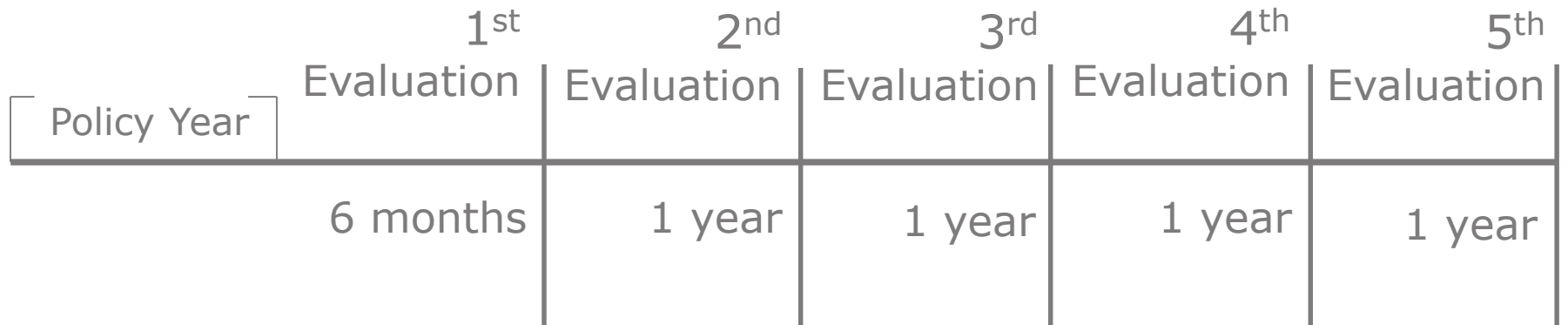
Converted Losses

- Claims Costs
- Processing Costs



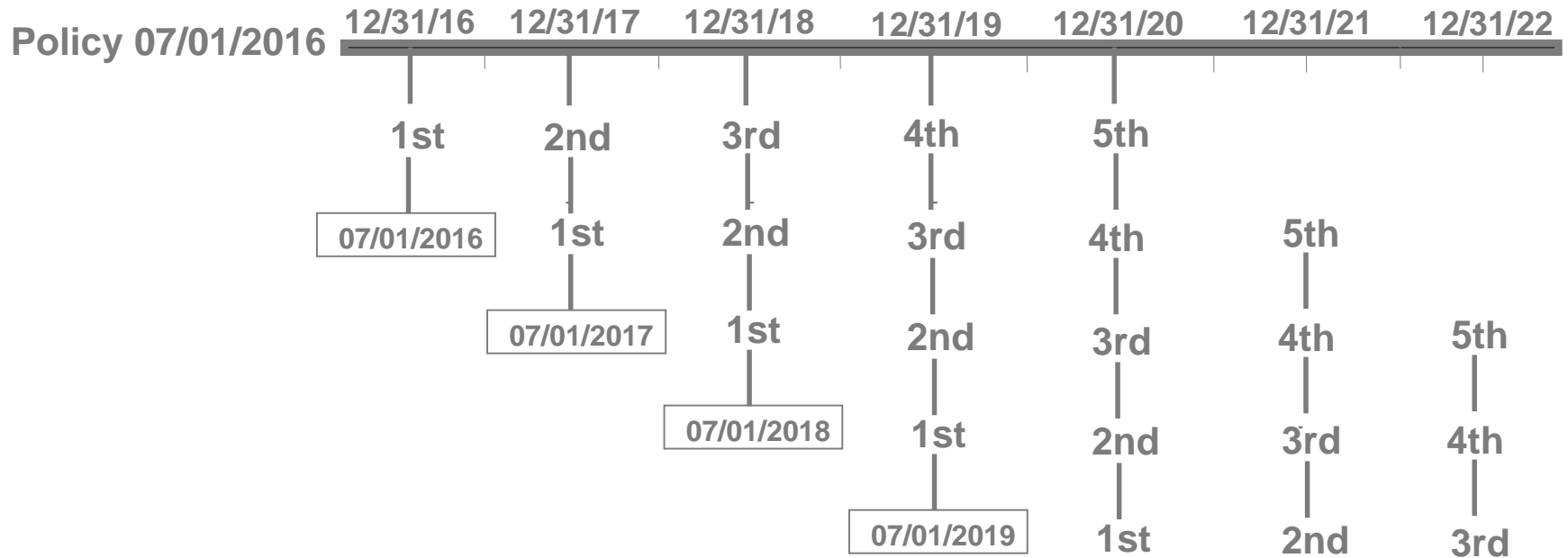
One-Year Retrospective Rating Plan

Time Line



Effects of “Stacking” Retrospective Rating Plans

Evaluation cut-offs



The public universities have performed well the last 4 years

- The last 4 years of data was used to develop the 2016-17 renewal quotes
- Total claims frequency is down
- Claims severity is also down
- Paid losses are down (\$425,364 to date in 2015-16 compared with \$1,157,599 in 2012-13)
- Time loss claims and total time loss days are up

2016-17 – What has changed?

- Total estimated payroll of \$757,567,947 increased slightly from the \$753,116,297 estimated in 2015-16
- PURMIT's weighted experience rating modifier decreased from .64 to .55
- Many class codes rates decreased from last year
- SAIF's investment income offset is down over \$100,000 this year compared with 2015-16
- The excess loss limit factor determined by NCCI increased from .037 in 2015-16 to .047

2016-17 – What has changed?

- Standard premium of \$2,308,272 is down from the \$2,599,754 estimated for 2015-16
- Total estimated DCBS assessments of \$151,937 are down 10.5% from the \$169,873 estimated in 2015-16
 - Lower standard premium = lower DCBS assessments
- The increased employer liability limit (ELCB) rate remained the same
- Terrorism and catastrophe rates remained the same

2016-17 Renewal Key Points

- Multiple options available with minimum premium ranging from \$242,369 to \$620,464
 - All options have the same increased employer liability limits of \$1 million
 - 10 and 5-year tail options which determines the length of claim cost exposure and length of liability for PURMIT of those claims
 - Excess loss limits ranging from zero to \$2 million on a per occurrence basis
 - Maximum premium limits ranging from 150% to 200% of standard premium

Four option sheets included in your packets:

- 10-year tail, \$2 million excess loss limit with 150% & 200% maximum premium threshold
- 10-year tail, \$1 million excess loss limit with 150% & 200% maximum premium threshold
- 10-year tail, no excess loss limit with 150% & 200% maximum premium threshold
- 5-year tail, no excess loss limit with 150% and 200% maximum premium threshold

Comparison of same features from 2015-16 plan

	<u>2015-16</u>	<u>2016-17</u>
• Basic Premium	\$171,584	\$228,519
• Excess Loss Premium	\$115,429	\$130,187
• Terrorism Premium	\$75,312	\$75,757
• Catastrophe Premium	\$75,312	\$75,757
• Increased Employer Liability	\$10,358	\$9,196
• DCBS Assessments	<u>\$169,873</u>	<u>\$151,937</u>
• Total Costs*	\$617,868	\$671,353

*Side-by-side comparison of 10-year tail, \$2 million excess loss limit, and 200% maximum premium limit. These estimated costs will subsequently vary depending on the actual payroll reported each quarter and do not include the monthly claim costs multiplied by the 1.2 loss conversion factor.

Lowest, same, highest estimate comparison

	<u>Lowest</u>	<u>Same</u>	<u>Highest</u>
• Basic Premium	\$242,369	\$228,519	\$304,692
• Excess Loss Premium	N/A	\$130,187	\$315,772
• Terrorism Premium	\$75,757	\$75,757	\$75,757
• Catastrophe Premium	\$75,757	\$75,757	\$75,757
• Increased ELCB	\$9,196	\$9,196	\$9,196
• DCBS Assessments	<u>\$151,937</u>	<u>\$151,937</u>	<u>\$151,937</u>
• Total Costs*	\$555,016	\$671,353	\$933,111

Lowest is 10-year tail, no excess loss limit, and 200% maximum premium limit. Same is 10-year tail, \$2 million excess loss limit, 200% maximum premium limit. Highest is 5-year tail, \$500K excess loss limit, and 150% maximum premium limit.

*These estimated costs will vary depending on the actual payroll reported each quarter and do not include the monthly claim costs multiplied by the 1.2 loss conversion factor.

Why consider a 5-year tail with no excess loss and 150% max?

	5-Year	10-Year
• Basic Premium	\$341,624	\$228,519
• Excess Loss Premium	N/A	\$130,187
• Terrorism Premium	\$75,757	\$75,757
• Catastrophe Premium	\$75,757	\$75,757
• Increased Employer Liability	\$9,196	\$9,196
• DCBS Assessments	\$151,937	\$151,937
• Total Costs*	\$654,271	\$671,353

Side-by-side comparison of 5-year tail, no excess loss limit, and 150% maximum premium limit option against a 10-year tail, with \$2 million excess loss limit, and 200% maximum premium limit option. The 5-year option has minimum costs of about \$17,082 more than the 10-year option, but it cuts 5 years of potential exposure off and reduces the maximum premium threshold from \$4,609,862 to \$3,457,397.

*These estimated costs will subsequently vary depending on the actual payroll reported each quarter and do not include the monthly claim costs multiplied by the 1.2 loss conversion factor.

Questions?

May 4, 2016



10 Year Tail

5 Year Tail

Max: 1.50

Max: 1.50

	10 Year Tail				5 Year Tail			
	No Excess Loss	\$500 Excess Loss	\$1M Excess Loss	\$2M Excess Loss	No Excess Loss	\$500 Excess Loss	\$1M Excess Loss	\$2M Excess Loss
BPF	Redacted				Redacted			
Basic Premium	274,287	235,103	248,933	255,847	341,130	304,251	318,080	329,605
Excess Loss	-	315,315	201,912	129,998	315,315	201,912	129,998	129,998
Total Minimum Cost:	274,287	550,418	450,845	385,845	341,130	619,566	519,992	459,603
Maximum Premium	3,457,397	3,457,397	3,457,397	3,457,397	3,457,397	3,457,397	3,457,397	3,457,397

Max 1.75

Max: 1.75

	10 Year Tail				5 Year Tail			
	No Excess Loss	\$500 Excess Loss	\$1M Excess Loss	\$2M Excess Loss	No Excess Loss	\$500 Excess Loss	\$1M Excess Loss	\$2M Excess Loss
BPF	Redacted				Redacted			
Basic Premium	253,542	223,578	235,103	239,713	324,995	295,031	306,556	315,775
Excess Loss	-	315,315	201,912	129,998	315,315	201,912	129,998	129,998
Total Minimum Cost:	253,542	538,893	437,015	369,711	324,995	610,346	508,468	445,773
Maximum Premium	4,033,629	4,033,629	4,033,629	4,033,629	4,033,629	4,033,629	4,033,629	4,033,629

Max: 2.00

Max: 2.00

	10 Year Tail				5 Year Tail			
	No Excess Loss	\$500 Excess Loss	\$1M Excess Loss	\$2M Excess Loss	No Excess Loss	\$500 Excess Loss	\$1M Excess Loss	\$2M Excess Loss
BPF	Redacted				Redacted			
Basic Premium	242,018	216,664	225,883	228,188	313,471	290,421	297,336	306,556
Excess Loss	-	315,315	201,912	129,998	315,315	201,912	129,998	129,998
Total Minimum Cost:	242,018	531,979	427,795	358,186	313,471	605,736	499,248	436,554
Maximum Premium	4,609,862	4,609,862	4,609,862	4,609,862	4,609,862	4,609,862	4,609,862	4,609,862

10 year Tail		5 Year Tail	
Annualized Allocation - All Costs		Annualized Allocation - All Costs	
<u>200% Max</u>	\$4,609,862	<u>200% Max</u>	\$4,609,862
10yr/2m Occ Cap	\$689,491	10yr/2m Occ Cap	\$721,082
10yr/1m Occ Cap	\$761,698	10yr/1m Occ Cap	\$831,649
10yr/No Occ Cap	\$575,765	10yr/No Occ Cap	\$645,715
<u>150% Max</u>	\$3,457,397	<u>150% Max</u>	\$3,457,397
10yr/2m Occ Cap	\$716,659	10yr/2m Occ Cap	\$788,776
10yr/1m Occ Cap	\$784,263	10yr/1m Occ Cap	\$851,957
10yr/No Occ Cap	\$607,355	10yr/No Occ Cap	\$672,793

Agenda Item #4

Public Universities Risk Management & Insurance Trust (PURMIT)

Financial Review

3rd Quarter 2016

PURMIT – Board of Trustees Meeting

May 4, 2016

Agenda

Operating Results

- Statements of Revenue and Expenses and Changes in Net Position Consolidated and by Fund
- Statements of General and Administrative Operating Expenses

Financial Position

- Statement of Net Position
- Statement of Net Position Rollforward
- Statement of 25% Regulatory Requirement

PURMIT

Statements of Revenue and Expenses and Changes in Net Position As of March 31, 2016

	FY 2016 YTD
OPERATING INCOME:	
Member contributions earned (net of excess insurance and reinsurance premiums and brokerage commissions of \$3,866,416 FY 2016 YTD)	\$ 4,054,009
Total operations revenues	4,054,009
OPERATING EXPENSES:	
Losses and loss adjustment expenses	\$ (3,928,766)
General and administrative	(499,773)
Total operating expenses	(4,428,539)
Operating income	(374,530)
NONOPERATING REVENUE:	
Net investment income	\$ 1,352
Total nonoperating revenue	1,352
Increase in net position	(373,178)
Net position, beginning of the fiscal year	1,701,484
Net position, ending of the fiscal quarter	\$ 1,328,306

PURMIT

Statements of Revenue and Expenses and Changes in Net Position By Fund As of March 31, 2016

	FY 2016 YTD				
	Trust *	GL and Auto	Property	Workers Comp	Total
OPERATING INCOME:					
Member contributions	\$ 2,210,126	\$ 2,174,289	\$ 2,066,527	\$ 1,469,483	\$ 7,920,425
Excess insurance, reinsurance and commissions **	(1,731,690)	(587,861)	(2,067,801)	520,936	(3,866,416)
Total operations revenues	<u>478,436</u>	<u>1,586,428</u>	<u>(1,274)</u>	<u>1,990,419</u>	<u>4,054,009</u>
OPERATING EXPENSES:					
Losses and loss adjustment expenses	\$ -	\$ (1,700,804)	\$ (449,926)	\$ (1,778,036)	\$ (3,928,766)
General and administrative	(472,575)	-	(27,110)	(88)	(499,773)
Total operating expenses	<u>(472,575)</u>	<u>(1,700,804)</u>	<u>(477,036)</u>	<u>(1,778,124)</u>	<u>(4,428,539)</u>
Operating income	5,861	(114,376)	(478,310)	212,295	(374,530)
NONOPERATING REVENUE:					
Net investment income	\$ 1,352	\$ -	\$ -	\$ -	\$ 1,352
Total nonoperating revenue	<u>1,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,352</u>
Increase in net position	7,213	(114,376)	(478,310)	212,295	(373,178)
Net position, beginning of the fiscal year	55,955	(2,672,059)	1,687,602	2,629,985	1,701,484
Net position, ending of the fiscal quarter	<u>\$ 63,168</u>	<u>\$ (2,786,435)</u>	<u>\$ 1,209,292</u>	<u>\$ 2,842,280</u>	<u>\$ 1,328,306</u>

*Trust: Direct Specialty and Operations

** Insurance and reinsurance premiums including brokerage commissions

PURMIT

Statements of General and Administrative Operating Expenses As of March 31, 2016

<u>Description</u>	<u>Actual QTR 3 YTD</u>	<u>FY16 BUDGET</u>
Berkley Contract	\$ 236,250	\$ 315,000
USSE *	(24,692)	24,000
Broker of Record	-	200,000
Actuary for Trust	50,000	50,000
Legal For Trust	55,615	75,000
TPA for Claims	22,071	25,000
Outside Consulting/Training	-	5,000
External Auditor	18,000	18,000
Accounting Services	15,680	15,000
RMIS Database	39,336	54,050
Miscellaneous **	33,763	10,000
Claim Contract	53,750	107,500
Total General and Administrative Operating Expenses	<u>\$ 499,773</u>	<u>\$ 898,550</u>

* Check received regarding USSE, credit to previous charges.

** Telephone, Subscriptions, Bank Charges, Meeting & Conferences, Memberships, Regulatory Fees, Restitution Collections and Property fund expense FY16 with FM Global credit in FY15 \$27,240.

PURMIT

Statements of Net Position

As of March 31, 2016

ASSETS	<u>FY 2016 QTR 3</u>	<u>FY 2016 QTR 2</u>
Cash and cash equivalents	\$ 10,476,290	\$ 9,781,570
Receivable from members	329,732	302,908
Prepaid expenses *	1,422,454	2,193,950
Fixed assets - software, net	72,474	81,171
Other assets - deductible receivable	103,361	5,521
Total Assets	<u>\$ 12,404,311</u>	<u>\$ 12,365,120</u>
LIABILITIES AND NET POSITION		
Liabilities:		
Reserve for losses and loss adjustment expenses	\$ 10,852,277	10,754,057
Account payable and accrued liabilities	223,728	255,137
Unearned member contributions	-	-
Total Liabilities	<u>\$ 11,076,005</u>	<u>\$ 11,009,194</u>
Net Position:	<u>\$ 1,328,306</u>	<u>1,355,926</u>
Total Liabilities and net position	<u>\$ 12,404,311</u>	<u>\$ 12,365,120</u>

* Advanced paid premiums: Property and GL.

PURMIT

Statements of Net Position Rollforward As of March 31, 2016

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Mar 31, 2016</u>
Net Position, Beg. of Period	\$ (4,531,552) *	\$ 184,895	\$ 1,701,484
Add: Net Operating Income	4,716,447	1,456,824	(374,530)
Add: Nonoperating Revenue	-	59,765	1,352
Less: Dividends	-	-	-
Increase (Decrease) in Net Position	<u>\$ 4,716,447</u>	<u>\$ 1,516,589</u>	<u>\$ (373,178)</u>
Net Position, End of Period	<u>\$ 184,895</u>	<u>\$ 1,701,484</u>	<u>\$ 1,328,306</u>

- Beginning Fund Balance per the Risk Management Financial Status as of June 30, 2014 provided by Perkins & Co.

PURMIT

Statements of 25% Regulatory Requirement As of March 31, 2016

	ACTUAL	PROJECTED
	<u>FY16, Mar 31 YTD</u>	<u>FY16, Jun 30 YTD</u>
Member contributions earned (a)	\$ 4,054,009	\$ 5,009,870 (b)
Percentage	25%	25%
25% Calculation	<u>1,013,502</u>	<u>1,252,468</u>
Net Position, End of Period	1,328,306	1,328,306 (c)
Regulatory requirement, over or (short)	<u><u>\$ 314,804</u></u>	<u><u>\$ 75,838</u></u>

(a) Net of excess insurance , reinsurance premiums and brokerage commissions.

(b) Addition of three months of Member contributions earned.

(c) Assumption made Net Position, End of Period remains constant.

Summary of Oregon Statute: Surplus (Net Position, End of Preiod) must by greater than or equal to 25% of Total Assessments less Insurance Premiums (Members Contributions earned).

Questions and Comments?

Agenda Item #5

Public Universities Risk Management and Insurance Trust
Statements of Revenue and Expenses and
Proforma Changes in Net Position

As expiring

	Actual <u>2015</u>	Projected <u>2016</u>	Budget <u>2016</u>	Variance <u>2016</u>	Proposed Proforma <u>2017</u>	Proforma <u>2018</u>	Proforma <u>2019</u>
OPERATING INCOME:							
Member contributions earned	\$ 13,384,671	\$ 8,758,867	\$ 8,758,867	0	8,406,188	8,574,312	8,745,798
Surplus credit and adjustments	(646,731)	(656,400)	(656,400)	0	-	-	-
	<u>12,737,940</u>	<u>8,102,467</u>	<u>8,102,467</u>	<u>0</u>	<u>8,406,188</u>	<u>8,574,312</u>	<u>8,745,798</u>
OPERATING EXPENSES:							
Losses and loss adjustment expenses	(5,087,323)	(3,088,033)	(3,088,033)	0	(3,303,788)	(3,369,864)	(3,437,261)
Insurance premium expense	(6,346,924)	(4,145,914)	(4,630,914)	485,000	(3,596,039)	(3,667,960)	(3,741,319)
General and administrative	(1,412,493)	(898,550)	(766,550)	(132,000)	(902,000)	(911,020)	(920,130)
	<u>(12,846,740)</u>	<u>(8,132,497)</u>	<u>(8,485,497)</u>	<u>353,000</u>	<u>(7,801,827)</u>	<u>(7,948,843)</u>	<u>(8,098,710)</u>
NET OPERATING INCOME	<u>(108,800)</u>	<u>(30,030)</u>	<u>(383,030)</u>	<u>353,000</u>	<u>604,361</u>	<u>625,468</u>	<u>647,088</u>
NONOPERATING REVENUE:							
Net investment income	59,765	60,960	60,960	0	62,180	63,423	64,692
Other income	1,565,625	1,069,409	1,069,409	0	-	-	-
	<u>1,625,390</u>	<u>1,130,369</u>	<u>1,130,369</u>	<u>0</u>	<u>62,180</u>	<u>63,423</u>	<u>64,692</u>
Increase in net position	<u>1,516,590</u>	<u>1,100,339</u>	<u>747,339</u>	<u>353,000</u>	<u>666,541</u>	<u>688,891</u>	<u>711,779</u>
Net position, beginning of year	<u>184,894</u>	<u>1,701,484</u>	<u>1,701,484</u>	<u>0</u>	<u>2,801,823</u>	<u>3,468,364</u>	<u>4,157,255</u>
Net position, end of year	<u>1,701,484</u>	<u>2,801,823</u>	<u>2,448,823</u>	<u>353,000</u>	<u>3,468,364</u>	<u>4,157,255</u>	<u>4,869,035</u>

Public Universities Risk Management and Insurance Trust
Statements of Revenue and Expenses and
Proforma Changes in Net Position

\$750K retention

	Actual <u>2015</u>	Projected <u>2016</u>	Budget <u>2016</u>	Variance <u>2016</u>	Proposed Proforma <u>2017</u>	Proforma <u>2018</u>	Proforma <u>2019</u>
OPERATING INCOME:							
Member contributions earned	\$ 13,384,671	\$ 8,758,867	\$ 8,758,867	0	8,372,357	8,539,804	8,710,600
Surplus credit and adjustments	(646,731)	(656,400)	(656,400)	0	-	-	-
	<u>12,737,940</u>	<u>8,102,467</u>	<u>8,102,467</u>	<u>0</u>	<u>8,372,357</u>	<u>8,539,804</u>	<u>8,710,600</u>
OPERATING EXPENSES:							
Losses and loss adjustment expenses	(5,087,323)	(3,088,033)	(3,088,033)	0	(3,190,894)	(3,254,712)	(3,319,806)
Insurance premium expense	(6,346,924)	(4,145,914)	(4,630,914)	485,000	(3,721,219)	(3,795,643)	(3,871,556)
General and administrative	(1,412,493)	(898,550)	(766,550)	(132,000)	(902,000)	(911,020)	(920,130)
	<u>(12,846,740)</u>	<u>(8,132,497)</u>	<u>(8,485,497)</u>	<u>353,000</u>	<u>(7,814,113)</u>	<u>(7,961,375)</u>	<u>(8,111,493)</u>
NET OPERATING INCOME	<u>(108,800)</u>	<u>(30,030)</u>	<u>(383,030)</u>	<u>353,000</u>	<u>558,244</u>	<u>578,429</u>	<u>599,107</u>
NONOPERATING REVENUE:							
Net investment income	59,765	60,960	60,960	0	62,180	63,423	64,692
Other income	1,565,625	1,069,409	1,069,409	0	-	-	-
	<u>1,625,390</u>	<u>1,130,369</u>	<u>1,130,369</u>	<u>0</u>	<u>62,180</u>	<u>63,423</u>	<u>64,692</u>
Increase in net position	<u>1,516,590</u>	<u>1,100,339</u>	<u>747,339</u>	<u>353,000</u>	<u>620,423</u>	<u>641,852</u>	<u>663,799</u>
Net position, beginning of year	184,894	1,701,484	1,701,484	0	2,801,823	3,422,247	4,064,098
Net position, end of year	<u>1,701,484</u>	<u>2,801,823</u>	<u>2,448,823</u>	<u>353,000</u>	<u>3,422,247</u>	<u>4,064,098</u>	<u>4,727,897</u>

Public Universities Risk Management and Insurance Trust
Statements of Revenue and Expenses and
Proforma Changes in Net Position

\$500K retention

	Actual <u>2015</u>	Projected <u>2016</u>	Budget <u>2016</u>	Variance <u>2016</u>	Proposed Proforma <u>2017</u>	Proforma <u>2018</u>	Proforma <u>2019</u>
OPERATING INCOME:							
Member contributions earned	\$ 13,384,671	\$ 8,758,867	\$ 8,758,867	0	8,302,435	8,468,484	8,637,853
Surplus credit and adjustments	(646,731)	(656,400)	(656,400)	0	-	-	-
	<u>12,737,940</u>	<u>8,102,467</u>	<u>8,102,467</u>	<u>0</u>	<u>8,302,435</u>	<u>8,468,484</u>	<u>8,637,853</u>
OPERATING EXPENSES:							
Losses and loss adjustment expenses	(5,087,323)	(3,088,033)	(3,088,033)	0	(3,074,245)	(3,135,730)	(3,198,445)
Insurance premium expense	(6,346,924)	(4,145,914)	(4,630,914)	485,000	(3,866,372)	(3,943,699)	(4,022,573)
General and administrative	(1,412,493)	(898,550)	(766,550)	(132,000)	(902,000)	(911,020)	(920,130)
	<u>(12,846,740)</u>	<u>(8,132,497)</u>	<u>(8,485,497)</u>	<u>353,000</u>	<u>(7,842,617)</u>	<u>(7,990,450)</u>	<u>(8,141,148)</u>
NET OPERATING INCOME	<u>(108,800)</u>	<u>(30,030)</u>	<u>(383,030)</u>	<u>353,000</u>	<u>459,818</u>	<u>478,034</u>	<u>496,705</u>
NONOPERATING REVENUE:							
Net investment income	59,765	60,960	60,960	0	62,180	63,423	64,692
Other income	1,565,625	1,069,409	1,069,409	0	-	-	-
	<u>1,625,390</u>	<u>1,130,369</u>	<u>1,130,369</u>	<u>0</u>	<u>62,180</u>	<u>63,423</u>	<u>64,692</u>
Increase in net position	<u>1,516,590</u>	<u>1,100,339</u>	<u>747,339</u>	<u>353,000</u>	<u>521,997</u>	<u>541,457</u>	<u>561,396</u>
Net position, beginning of year	<u>184,894</u>	<u>1,701,484</u>	<u>1,701,484</u>	<u>0</u>	<u>2,801,823</u>	<u>3,323,820</u>	<u>3,865,278</u>
Net position, end of year	<u>1,701,484</u>	<u>2,801,823</u>	<u>2,448,823</u>	<u>353,000</u>	<u>3,323,820</u>	<u>3,865,278</u>	<u>4,426,674</u>

Public Universities Risk Management and Insurance Trust
Statements of Revenue and Expenses and
Proforma Changes in Net Position

\$500K retention

	Actual <u>2015</u>	Projected <u>2016</u>	Budget <u>2016</u>	Variance <u>2016</u>	Proposed Proforma <u>2017</u>	Proforma <u>2018</u>	Proforma <u>2019</u>
OPERATING INCOME:							
Member contributions earned	\$ 13,384,671	\$ 8,758,867	\$ 8,758,867	0	8,406,188	8,574,312	8,745,798
Surplus credit and adjustments	(646,731)	(656,400)	(656,400)	0	-	-	-
	<u>12,737,940</u>	<u>8,102,467</u>	<u>8,102,467</u>	<u>0</u>	<u>8,406,188</u>	<u>8,574,312</u>	<u>8,745,798</u>
OPERATING EXPENSES:							
Losses and loss adjustment expenses	(5,087,323)	(3,088,033)	(3,088,033)	0	(3,074,788)	(3,136,284)	(3,199,009)
Insurance premium expense	(6,346,924)	(4,145,914)	(4,630,914)	485,000	(3,866,372)	(3,943,699)	(4,022,573)
General and administrative	(1,412,493)	(898,550)	(766,550)	(132,000)	(902,000)	(911,020)	(920,130)
	<u>(12,846,740)</u>	<u>(8,132,497)</u>	<u>(8,485,497)</u>	<u>353,000</u>	<u>(7,843,160)</u>	<u>(7,991,003)</u>	<u>(8,141,713)</u>
NET OPERATING INCOME	<u>(108,800)</u>	<u>(30,030)</u>	<u>(383,030)</u>	<u>353,000</u>	<u>563,028</u>	<u>583,309</u>	<u>604,085</u>
NONOPERATING REVENUE:							
Net investment income	59,765	60,960	60,960	0	62,180	63,423	64,692
Other income	1,565,625	1,069,409	1,069,409	0	-	-	-
	<u>1,625,390</u>	<u>1,130,369</u>	<u>1,130,369</u>	<u>0</u>	<u>62,180</u>	<u>63,423</u>	<u>64,692</u>
Increase in net position	<u>1,516,590</u>	<u>1,100,339</u>	<u>747,339</u>	<u>353,000</u>	<u>625,208</u>	<u>646,732</u>	<u>668,777</u>
Net position, beginning of year	<u>184,894</u>	<u>1,701,484</u>	<u>1,701,484</u>	<u>0</u>	<u>2,801,823</u>	<u>3,427,031</u>	<u>4,073,763</u>
Net position, end of year	<u>1,701,484</u>	<u>2,801,823</u>	<u>2,448,823</u>	<u>353,000</u>	<u>3,427,031</u>	<u>4,073,763</u>	<u>4,742,539</u>

Agenda Item #6

Public Universities Risk Management & Insurance Trust
 Risk Allocation by Line of Coverage/Item
 2016-2017

As Expiring Limt/Ded/Retention

Deductible: OSU and PSU at \$100k, TRUs at \$5k

<u>Line of Coverage/Item</u>	<u>Deductible</u>	<u>Pooled</u>	<u>Specialty</u>	<u>EOU</u>	<u>OIT</u>	<u>OSU</u>	<u>PSU</u>	<u>SOU</u>	<u>WOU</u>	<u>USSE</u>	<u>Total</u>
				5,000	5,000	100,000	100,000	5,000	5,000	5,000	
Workers' Compensation											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 Workers' Compensation Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 Workers' Compensation Allocation											
<i>Estimated 2016-2017 Workers' Compensation Deductible**</i>											
General Liability											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 General Liability Budget											
25% Surplus - Expected Claims Costs & Operations											
Total 2016-2017 General Liability Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 General Liability Allocation											
<i>Estimated 2016-2017 General Liability Deductible**</i>											
Automobile Liability											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 Automobile Liability Budget											
25% Surplus - Expected Claims Costs & Operations											
Total 2016-2017 Automobile Liability Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 Automobile Liability Allocation											
<i>Estimated 2016-2017 Automobile Liability Deductible**</i>											

Redacted

Redacted

Property

Premium Costs for 2016-2017*
 Expected Claim Costs for 2016-2017*
 Operational Costs for 2016-2017*
 Total 2016-2017 Property Budget

25% Surplus - Expected Claims Costs & Operations
 Total 2016-2017 Property Assessment

Fund (Surplus) / Deficit
 Total 2016-2017 Property Allocation

Estimated 2016-2017 Property Deductible**

Direct Specialty Charges***

Total All Coverages

Premium Costs for 2016-2017*
 Expected Claim Costs for 2016-2017*
 Operational Costs for 2016-2017*
 Total 2016-2017 Assessment

25% Surplus - Expected Claims Costs & Operations
 Total 2016-2017 Property & Casualty Assessment

Fund (Surplus) / Deficit	\$	-	\$	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total 2016-2017 Risk Allocation		\$8,406,188	\$81,449	\$632,919	\$352,253	\$3,781,708	\$2,190,980	\$851,066	\$666,717	\$11,994	\$8,487,637	

Estimated 2016-2017 Deductibles**

Redacted

2015-2016 Risk Allocation	\$8,006,882	\$95,585	\$679,229	\$343,974	\$3,741,006	\$2,327,336	\$750,863	\$604,321	\$7,630	\$8,454,359
Total FY16 Risk Allocation - FY15 Risk Allocation	\$399,306	(\$14,136)	(\$46,310)	\$8,279	\$40,702	(\$136,356)	\$100,203	\$62,396	\$4,364	\$33,278

2016-17 Exposure Unit Assumptions

WC Subject Payroll	\$22,815,332	\$28,933,982	\$425,988,694	\$199,583,868	\$36,832,990	\$43,613,092	\$2,920,705	\$760,688,663
# of Students	3690	4316	30165	28523	6265	6119	0	79,077
# of Employees (FTE)	112	161	1372	2448	157		34	4,284
# of Vehicles	28	39	755	29	50	19	-	920
Property Values	\$345,892,803	\$312,057,541	\$2,710,686,953	\$1,564,628,530	\$421,801,459	\$411,909,127	\$375,727	\$5,767,352,140

Property: C/RW at 7/1/2016 for 2 year term per expiring terms and conditions
 65% minimum earned premium requirement
 No loss ratio clause

Public Universities Risk Management & Insurance Trust
 Risk Allocation by Line of Coverage/Item
 2016-2017

\$750K Retention Option

Deductible: OSU and PSU at \$100k, TRUs at \$5k

<u>Line of Coverage/Item</u>	<u>Deductible</u>	<u>Pooled</u>	<u>Specialty</u>	<u>EOU</u>	<u>OIT</u>	<u>OSU</u>	<u>PSU</u>	<u>SOU</u>	<u>WOU</u>	<u>USSE</u>	<u>Total</u>
				5,000	5,000	100,000	100,000	5,000	5,000	5,000	
Workers' Compensation											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 Workers' Compensation Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 Workers' Compensation Allocation											
<i>Estimated 2016-2017 Workers' Compensation Deductible**</i>											
General Liability											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 General Liability Budget											
25% Surplus - Expected Claims Costs & Operations											
Total 2016-2017 General Liability Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 General Liability Allocation											
<i>Estimated 2016-2017 General Liability Deductible**</i>											
Automobile Liability											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 Automobile Liability Budget											
25% Surplus - Expected Claims Costs & Operations											
Total 2016-2017 Automobile Liability Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 Automobile Liability Allocation											
<i>Estimated 2016-2017 Automobile Liability Deductible**</i>											

Redacted

Redacted

Property

Premium Costs for 2016-2017*
 Expected Claim Costs for 2016-2017*
 Operational Costs for 2016-2017*
 Total 2016-2017 Property Budget

25% Surplus - Expected Claims Costs & Operations
 Total 2016-2017 Property Assessment

Fund (Surplus) / Deficit
 Total 2016-2017 Property Allocation

Estimated 2016-2017 Property Deductible**

Direct Specialty Charges***

Total All Coverages

Premium Costs for 2016-2017*
 Expected Claim Costs for 2016-2017*
 Operational Costs for 2016-2017*
 Total 2016-2017 Assessment

25% Surplus - Expected Claims Costs & Operations
 Total 2016-2017 Property & Casualty Assessment

Fund (Surplus) / Deficit

Total 2016-2017 Risk Allocation	\$8,372,357	\$81,449	\$615,748	\$353,959	\$3,782,052	\$2,189,087	\$839,878	\$661,355	\$11,726	\$8,453,806
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Estimated 2016-2017 Deductibles**

Redacted

2015-2016 Risk Allocation	\$8,006,882	\$95,585	\$679,229	\$343,974	\$3,741,006	\$2,327,336	\$750,863	\$604,321	\$7,630	\$8,454,359
Total FY16 Risk Allocation - FY15 Risk Allocation	\$365,475	(\$14,136)	(\$63,481)	\$9,985	\$41,046	(\$138,249)	\$89,015	\$57,034	\$4,096	(\$553)

2016-17 Exposure Unit Assumptions

WC Subject Payroll	\$22,815,332	\$28,933,982	\$425,988,694	\$199,583,868	\$36,832,990	\$43,613,092	\$2,920,705	\$760,688,663
# of Students	3690	4316	30165	28523	6265	6119	0	79,077
# of Employees (FTE)	112	161	1372	2448	157	34	4,284	
# of Vehicles	28	39	755	29	50	19	-	920
Property Values	\$345,892,803	\$312,057,541	\$2,710,686,953	\$1,564,628,530	\$421,801,459	\$411,909,127	\$375,727	\$5,767,352,140

Property: C/RW at 7/1/2016 for 2 year term per expiring terms and conditions

65% minimum earned premium requirement
 No loss ratio clause

Public Universities Risk Management & Insurance Trust
 Risk Allocation by Line of Coverage/Item
 2016-2017

\$500K Retention option

Deductible: OSU and PSU at \$100k, TRUs at \$5k

<u>Line of Coverage/Item</u>	<u>Deductible</u>	<u>Pooled</u>	<u>Specialty</u>	<u>EOU</u>	<u>OIT</u>	<u>OSU</u>	<u>PSU</u>	<u>SOU</u>	<u>WOU</u>	<u>USSE</u>	<u>Total</u>
				5,000	5,000	100,000	100,000	5,000	5,000	5,000	
Workers' Compensation											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 Workers' Compensation Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 Workers' Compensation Allocation											
<i>Estimated 2016-2017 Workers' Compensation Deductible**</i>											
General Liability											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 General Liability Budget											
25% Surplus - Expected Claims Costs & Operations											
Total 2016-2017 General Liability Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 General Liability Allocation											
<i>Estimated 2016-2017 General Liability Deductible**</i>											
Automobile Liability											
Premium Costs for 2016-2017*											
Expected Claim Costs for 2016-2017*											
Operational Costs for 2016-2017*											
Total 2016-2017 Automobile Liability Budget											
25% Surplus - Expected Claims Costs & Operations											
Total 2016-2017 Automobile Liability Assessment											
Fund (Surplus) / Deficit											
Total 2016-2017 Automobile Liability Allocation											
<i>Estimated 2016-2017 Automobile Liability Deductible**</i>											

Redacted

Redacted

Property

Premium Costs for 2016-2017*
 Expected Claim Costs for 2016-2017*
 Operational Costs for 2016-2017*
 Total 2016-2017 Property Budget

25% Surplus - Expected Claims Costs & Operations
 Total 2016-2017 Property Assessment

Fund (Surplus) / Deficit
 Total 2016-2017 Property Allocation

Estimated 2016-2017 Property Deductible**

Direct Specialty Charges***

Total All Coverages

Premium Costs for 2016-2017*
 Expected Claim Costs for 2016-2017*
 Operational Costs for 2016-2017*
 Total 2016-2017 Assessment

25% Surplus - Expected Claims Costs & Operations
 Total 2016-2017 Property & Casualty Assessment

Fund (Surplus) / Deficit

Total 2016-2017 Risk Allocation	\$8,302,435	\$81,449	\$588,895	\$354,854	\$3,775,825	\$2,180,269	\$821,534	\$650,506	\$12,000	\$8,383,884
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Estimated 2016-2017 Deductibles**

Redacted

2015-2016 Risk Allocation	\$8,006,882	\$95,585	\$679,229	\$343,974	\$3,741,006	\$2,327,336	\$750,863	\$604,321	\$7,630	\$8,454,359
Total FY16 Risk Allocation - FY15 Risk Allocation	\$295,553	(\$14,136)	(\$90,334)	\$10,880	\$34,819	(\$147,067)	\$70,671	\$46,185	\$4,370	(\$70,475)

2016-17 Exposure Unit Assumptions

WC Subject Payroll	\$22,815,332	\$28,933,982	\$425,988,694	\$199,583,868	\$36,832,990	\$43,613,092	\$2,920,705	\$760,688,663
# of Students	3690	4316	30165	28523	6265	6119	0	79,077
# of Employees (FTE)	112	161	1372	2448	157	34	4,284	
# of Vehicles	28	39	755	29	50	19	-	920
Property Values	\$345,892,803	\$312,057,541	\$2,710,686,953	\$1,564,628,530	\$421,801,459	\$411,909,127	\$375,727	\$5,767,352,140

Property: C/RW at 7/1/2016 for 2 year term per expiring terms and conditions

65% minimum earned premium requirement

No loss ratio clause

Public Universities Risk Management & Insurance Trust
Risk Allocation by Line of Coverage/Item
2016-2017
Allocation Summary

	Expiring Retention/Deductibles/Limits		\$750K Retention/Expiring Deductibles/Limits		\$500K Retention/Expiring Deductibles/Limits	
	<u>Pooled</u>	<u>Specialty</u>	<u>Pooled</u>	<u>Specialty</u>	<u>Pooled</u>	<u>Specialty</u>
Total All Coverages**						
Premium Costs for 2016-2017*	Redacted	\$81,449	Redacted	\$81,449	Redacted	\$81,449
Expected Claim Costs for 2016-2017						
Operational Costs for 2016-2017	\$902,000		\$902,000		\$902,000	
Total 2016-2017 Assessment	Redacted	\$81,449	Redacted	\$81,449	Redacted	\$81,449
25% Surplus - Expected Claims Costs & Operations						
Total 2016-2017 Property & Casualty Assessment	\$8,406,188	\$81,449	\$8,372,357	\$81,449	\$8,302,435	\$81,449
Fund (Surplus) / Deficit	\$0	\$0	\$0	\$0	\$0	\$0
Total 2016-2017 Risk Allocation	\$8,406,188	\$81,449	\$8,372,357	\$81,449	\$8,302,435	\$81,449

* Liability premium is indication for \$750K and \$500K

**Pricing/Terms/Conditions from current markets

Optional Quotes

\$25M x \$25M - CAUSE (Ironshore) (2 yr rate lock)

\$25M x \$50M - CAUSE (Great American) (2 yr rate lock)

Other Coverage Options

Crime

Redacted

Agenda Item #7

Materials Distributed at Meeting - if any

Agenda Item #8

Agenda Item #9

Agenda Item #10

Materials Distributed at Meeting - if any