

SSBA General Insurance Plan



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Year	2016	2017	2018	2019	2020
Revenue	100%	100%	100%	100%	100%
Profit	100%	100%	100%	100%	100%
Loss	100%	100%	100%	100%	100%

SSBA General Insurance Plan

1986 - Property and Casualty Insurance Plan incepted with AON

1996 - Plan moved to Marsh, where we remain to present.

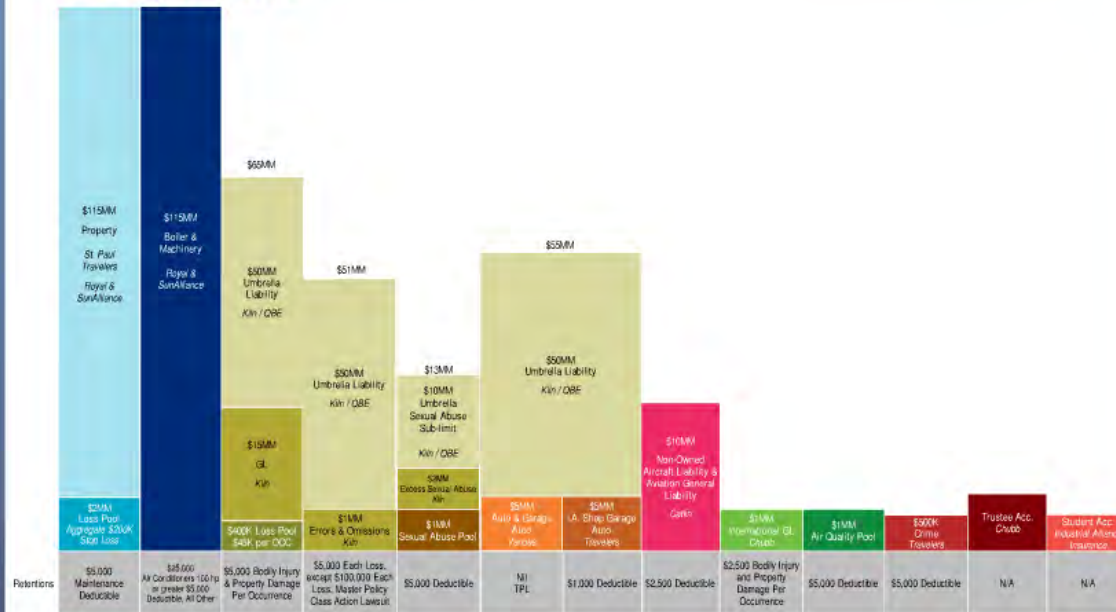
Loss Pools

1996 - set up our own Self-Insured Retention Funds (SIRs) on SM and Abuse Liability and Property coverages to reduce our premium costs as Insurers took on less risk.



13 Fully Underwritten Insurance Lines

Current Program Overview
January 31, 2016



Diagrams not to scale

MARSH

Current Program Overview

January 31, 2016

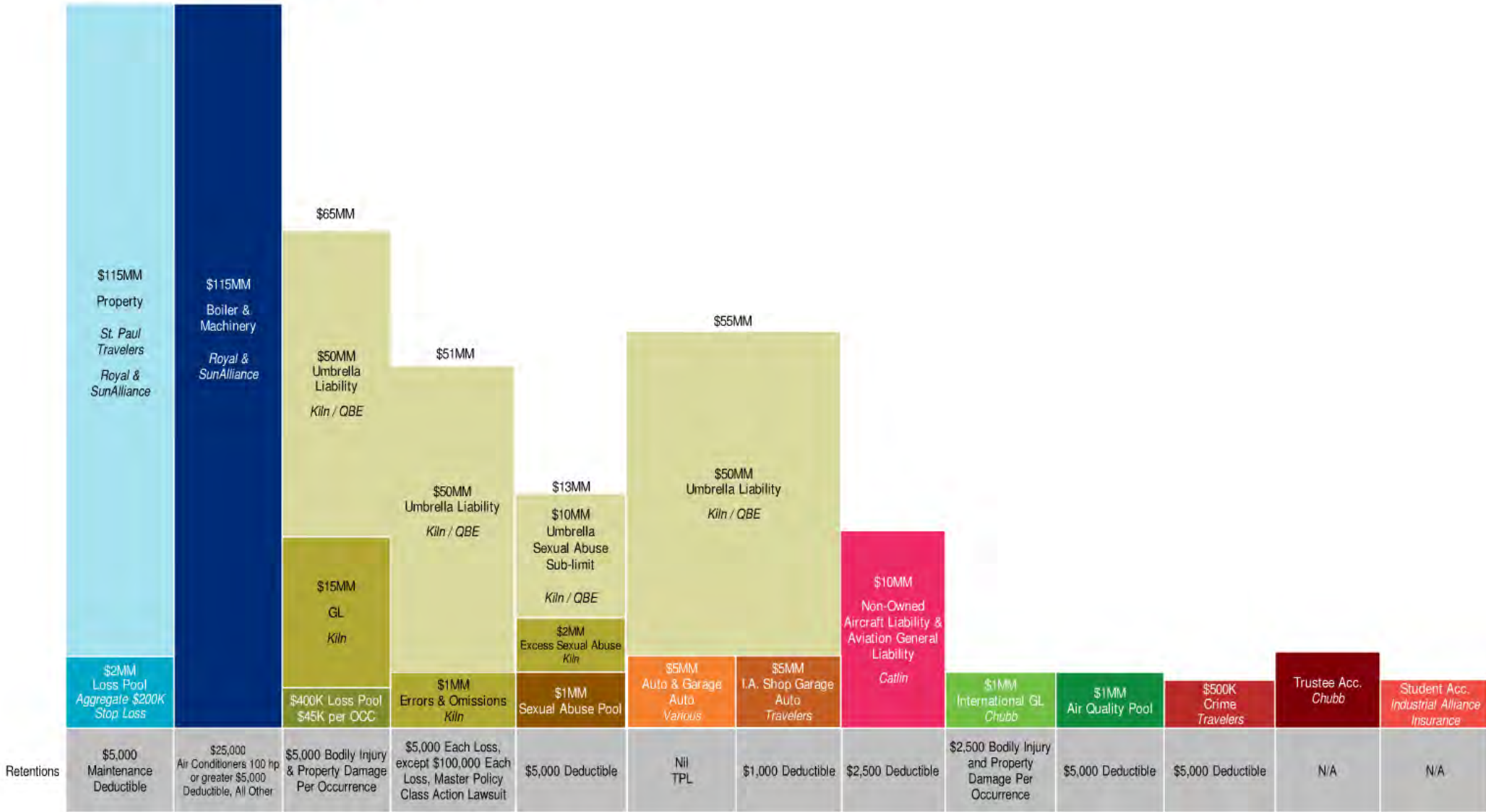


Diagram not to scale

Annual Renewal - February 1

- Marsh collects data from School Divisions in November to assess the various insured risks.
- Marsh negotiates rates with the insurers, and SSBA signs off.
- Marsh calculates premiums, invoices the School Divisions and then collects premiums.
- Marsh pay the insurers, our loss pools, our admin fee and their admin fee.

Premium Calculation

AQ and SM: \$1.00 per student

Property - based on property value

GL - formula based on student count

Administration

SSBA and Marsh

Fees are based on budget and the amounts required are applied to the property premium for each SD using a weighted formula based on their property value.

Total fees 2016 = Approx \$585,000

Total fees 2017 = Approx \$385,000

Loss Pools

1996 - set up our own Self-Insured Retention Funds (SIRs) on SM and Abuse Liability and Property coverages to reduce our premium costs as insurers took on less risk.

SM Loss Pool:
\$1 M / occurrence
\$1 M / year

Property Loss Pool:
\$ 200 K / occurrence
\$2 M / year

General Liability Loss Pool: 2001
\$ 45 K / occurrence
\$ 400 K / year

Air Quality Loss Pool: 2002
\$500 K / occurrence
\$ 1M / year

SM Loss Pool:

\$1 M / occurrence

\$1 M / year

Property Loss Pool:

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e.

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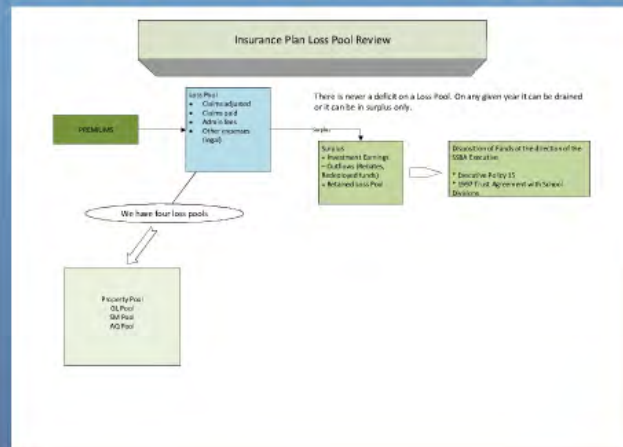
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Loss Pool Review



Options for Loss Pool Management

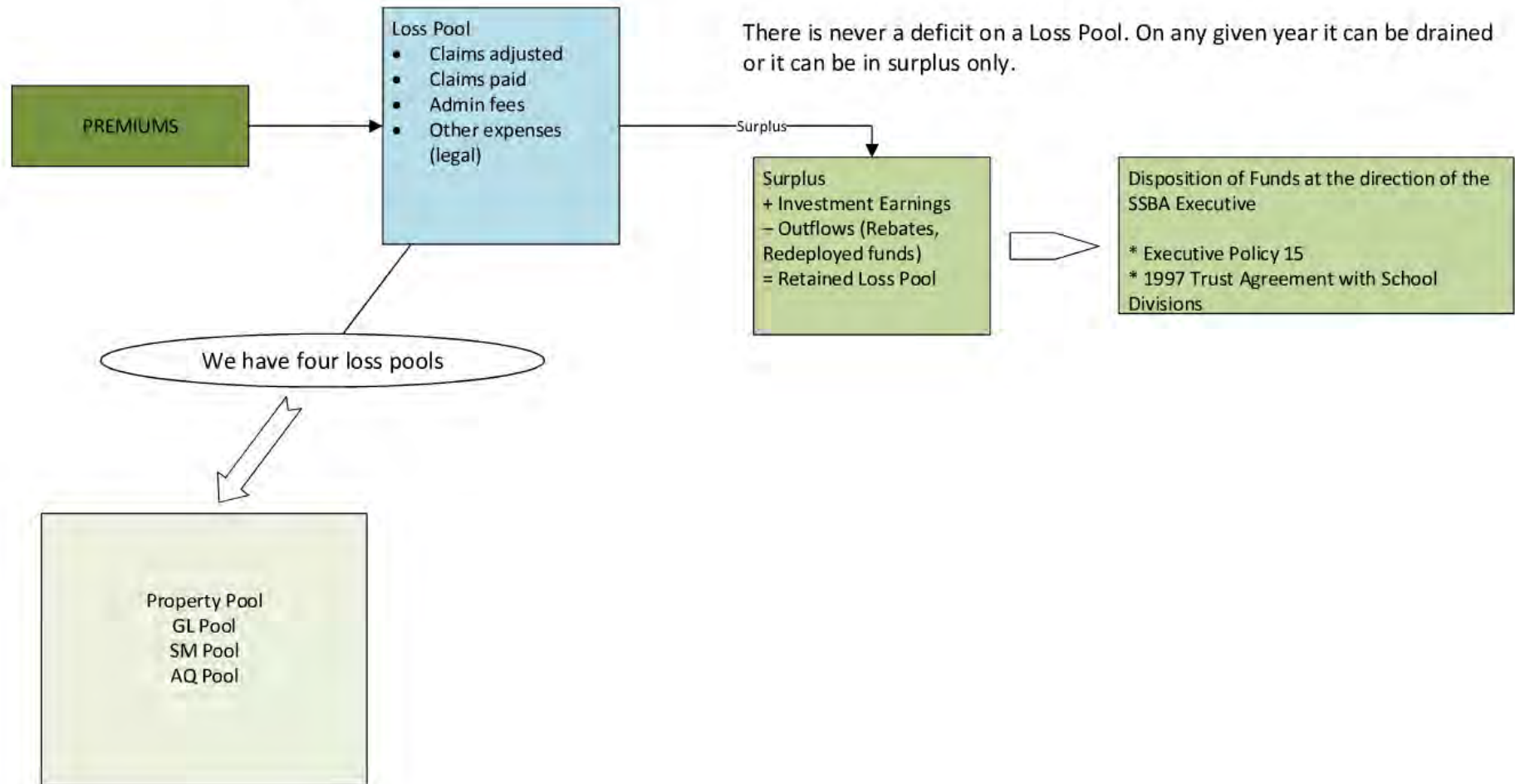
Surplus Management
* Unrestricted Loss Pool Fund

Development and Closure of Loss Pools in response to changing risks

All of these options have been used in the past, and all are contemplated in the existing Financial Policy and the Trust Agreement

All decisions regarding the distribution of the funds are to be made by the SSBA Executive, as per these written policies.

Insurance Plan Loss Pool Review



Options for Loss Pool Management

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Reporting

AGM 2016 Resolution
requesting enhanced annual
reporting to membership on
Insurance Plan.

SSBA General Insurance Plan



Introduction / Slide 1:

Jeff

- SSBA since the first day of school in September 2010.
- Director of SSBA Employee Benefits Plan as well

Innocent

- Comes from Aon brokerage
- Will complete his Chartered Insurance Professional designation later this year.

BACKGROUND

School divisions in Saskatchewan have always had some sort of insurance coverage for their identified risks. In the past, this coverage was purchased through a local insurance broker, and in many cases, some of the more complicated and costly insurance was held through SGI.

THE CHALLENGE

As the education sector evolved and grew, the challenge to insure all school divisions grew increasingly complex, coverages were not uniform and premiums were growing.

THE QUESTION

The question became: What to do about this?

In 1986, the SSTA created their own Property and Casualty Insurance Plan, through AON in order to achieve some uniformity and to manage premiums.

In 1996, the General Insurance Plan hired Marsh as it's broker, a relationship which remains in place today.

The complexity of the Plan has continued to increase over time, but so have the opportunities to develop a comprehensive, uniform insurance plan that

identifies and manages insurance risks, and thereby maintain premium cost efficiency for everyone.

The questions remains: what to do about this in today's education environment.

Last year, we conducted a review of the General Insurance Plan interviewing and surveying association style insurance plans across the country, as well as many meetings with Marsh and their partners. The result was a SWOT analysis that identified Threats to the Insurance Plan.

Among these was a low level understanding of the general operations of the Insurance Plan amongst the leaders of the Education sector: Trustees, LEADS, SASBO. There are people who do understand our program very well, but the plan can be complex and technical

As well, there is quite a bit of turnover in all of those groups, and institutional history on the insurance plan is probably amongst the last things discussed at the SD level.

MAIN MESSAGE

So, we have set out to develop a general presentation on how the insurance plan works, and present this several times this year and then on a somewhat regular basis over time so the general understanding level of the plan increases.

The overarching basis for a Group Insurance Plan such as this must always start at shared risk / shared cost, and from there we can ask the question how does the SSBA General Insurance Plan support student Achievement?

Answer: Through efficient costs of comprehensive insurance coverage and through sound risk management systems we can ensure safe and secure learning environment for students.

Onto the presentation

- The SSBA General Insurance Plan is an example of shared purchase model in which as a whole, the Association negotiates preferred rates with insurers .
- As a group, the Insurance Plan spreads risk throughout the education sector, thereby reducing the premium per participant.
- The program is voluntary, and at this time, we have 100% participation in the program.

Slide 2:

- In 1986, the plan was developed to take advantage of our group purchasing power. As stated above, prior to this, School divisions used local insurance brokers to find the coverage they needed.
- In 1996 the plan moved to Marsh, where it has remained ever since.
- In 2016, the total property value covered under this policy was over \$9 B.
- Total premiums collected were \$7.5 M which represented a reduction in premium of \$626,877 or 7.7% from the previous year.

Slide 3 :

The General Insurance Plan has 13 lines of coverage:

Slide 4:

- Property Insurance
 - \$115 M
 - \$2 M loss pool / \$200 K per occ - SIR
 - \$5K deductible
 - All property losses
- Boiler and Machinery Insurance
 - \$ 115 M
 - Combined property damage / business interruption / extra expense due to boiler or machinery malfunction
 - \$25,000 deductible for air conditioners 100 hp or greater;
 - 5K deductible all others

3. General Liability (GL)

- \$65 M
- \$400 K loss pool / \$45 K per occ Loss pool
- \$5 K deductible
- Bodily injury
- Some property damage
- Other general liability
- Damage to property in the care, custody and control of work experience program students.
- Non-owned auto.
 - Legal liability for Damage to Customer's automobiles held in the care, custody or control of the Insured- Collision or upset, specified perils.
- This Policy responds to allegations of negligence causing bodily injury, personal injury and property damage.
- Included in the definition of "Person Insured" is "... elected or appointed officials, directors or executive officers for the conduct of their duties....."
- \$5,000 deductible (including adjusting expenses) per occurrence:
 - — Bodily Injury.
 - — Personal Injury.
 - — Property Damage Liability.
 - — Employee Benefits.
 - — Tenants Legal Liability.
- \$250 deductible Property Damage for work
- experience programs and \$1,000 deductible for legal
- liability for damage to hired automobiles.
- Incidental Medical Malpractice Liability.
- Fire Fighting Expense (Forest and Prairie).
- Employers Liability.
- Employee Benefits Liability.
- Non-Owned Automobile and Volunteer Excess
- Automobile Liability.
- Owned and Non-Owned Watercraft up to 16 meters.
- Bus Drivers Legal Liability.
- Advertisers Liability.
- Sudden and Accidental Pollution Coverage

Claims Examples: Slip and trip, playground accidents, forest fire started by field trip.

- Errors and Omissions Liability
 - \$51 M
 - For Trustees
 - \$5 K deductible
 - This is a combined “Directors and Officers Liability Policy” and a “Professional Liability Policy”. This policy protects against claims arising out of the business decisions of the School Division and the professional services provided.
 - This would include mistakes and poor judgement. Because school board members can be held personally liable for any actual or alleged errors, misstatements or breach of duty the policy specifically names the board members as insured persons extending coverages subject to policy terms and conditions.
 - \$1,000,000 limit per occurrence/ aggregate per certificate holder; \$20,000,000 aggregate limit for program (defence costs included in limit).
 - \$250,000 limit per occurrence, Administrative Board/
 - Enquiry Commission Costs.
 - \$5,000 Self Insured Retention.
 - Class Action deductible of \$100,000 - Provincial.
 - Penal Defence Cost (\$250,000 - limit).
 - Outside Directorship Coverage.
 - Non Monetary Relief Costs.
 - Wrongful Employment Conduct.

Claims Examples: Defence costs for injunction preventing school closure, failure to educate, employment practices.

- Sexual Molestation and Abuse Liability
 - \$13 M coverage

- \$1 M loss pool
- \$5K deductible
- To pay on behalf of the insured any legally obligated compensatory damages for Bodily Injury arising out of, resulting from or relating to any allegation related to an actual or threatened sexual act or acts, actual or threatened sexual abuse or sexual molestation directly or indirectly by:
 - Any administrator, trustee, teacher, employee, volunteer, or invitee;
 - Any student or students;
 - Any person having knowledge of such activity taking place;
 - Any person failing to prevent such activity from taking place.

6. Auto and Garage and IA Shop Garage Auto (Combined coverage) -

- \$55 M in total
- \$1 K deductible on I A Shop

7. Non-owned Aircraft liability and Aviation General Liability

- \$10 M
- \$2.5 K deductible
- Covers bodily injury and/or property damage caused by the SD's use of non-owned:
 - Drones
 - Aircraft carrying up to 19 passengers - NLSA .
 - Aviation studies program
 - Aviation Maintenance Orientation program

8. International General Liability

- \$1 M
- \$2.5 K deductible
- Bodily Injury and Property damage
- For when students are on trips within Canada and the US, or in other countries, but where the suit is brought in Canada or US for an international incident. Ex: something happens on a school trip to Europe, and a student gets sued by someone else on the trip.

9. Air Quality Loss Pool

- \$500K occ / \$1 M aggregate SIR
- \$5 K deductible
- To pay on behalf of the insured claims for Bodily Injury damages sustained directly out of the clean up, remediation, containment, removal, abatement, or existence within property owned or leased by the insured of any fungus, mould mildew or yeast.

10. Crime - \$500 K

- \$500K coverage
- \$5 K deductible
- Employee theft
- Employee Benefit Plan coverage - covers money stolen from an EBP fund
- On premises - loss of funds, through theft, on premises
- In transit - loss of funds, through theft, while the funds are in transit
- Money Orders and Counterfeit money - if money paid to SD is counterfeit or Money Order is fraudulent
- Forgery or Alteration - losses sustained due to Forgery
- Computer fraud - loss due directly to computer fraud
- Computer program and Electronic data restoration expense
- Voice computer system fraud
- Funds Transfer Fraud - losses due to Funds transfer fraud
- Claims Expense - this is a payable expense if the insured incurred expenses to establish that there was a fraudulent loss.

11. Trustee Accident

- \$5 M any one accident
- Covers Board Members and specific staff members while travelling to and attending to SD business, while furthering the business of the SD including staff travel to outlying schools and communities. (that is not covered by WCB, SGI)
- This policy also can cover volunteer workers for whom coverage has been applied for and paid for.
- Accident coverage designed for board members while travelling to and from and while participating in board business. Staff members can be included for business travel and volunteer workers can be

included for 'volunteering time' - various coverage options.

- Accidental death and dismemberment.
 - Medical payment
 - Accidental dental
 - Weekly accident indemnity
 - Coordination of benefits applies
- Student Accident
 - Covers multiple student bodily injury claims and treatment costs for arising from accidents.

In some cases, policies will overlap in order to provide full coverage on an incident. An example is for school personnel transporting students: In this case the coverage provided is through:

- General Liability
- Non-owned automobile liability insurance
- Volunteer excess liability insurance
- In addition there are several risk mitigation activities that can be undertaken, including requiring all staff/volunteers who transport students to have third party liability of \$2 M on their car insurance

Slide 5: - Annual Renewal

This is the annual renewal process, which completes February 1 of each year.

SSBA and Marsh meet with our current and prospective insurers annually to talk about the environment of education and insured risks - what are some things coming down the road that pertains to insured risk, etc. This is an opportunity to meet our partners face to face and have comprehensive discussions. These meetings and our claims history will be the basis for the premium renewal offers. At times we would meet with prospective insurers as well, who are looking to obtain our business.

This year we are adding the SSBA Admin fee premium payable as a separate line on each invoice as a measure of transparency.

Slide 6: - Administration Premium

- SSBA and Marsh share administration of the Plan and therefore our admin fees are reduced.
- This year, the GIP administration premium was reduced by \$200,000 due to efficiencies found in our review.

Slide 7: - Loss Pools

- The self-funded loss pools are a premium reduction strategy whereby the SSBA Plan assumes some of the risk, and the Insurance companies assume less risk and we can keep our premiums lower. Each year we evaluate the level each loss pool should be at to achieve the maximum value we can. In other words, there is a maximum limit at which the loss pool provides premium support - there is no premium saving to increase the limit. This maximum limit may change with insurer, or may change from one year to the next.
- In 1996 the Sexual Molestation and the Property Pools were initiated, and provide coverage for claims going forward from that date. SM claims that arise that predate 1996 should be covered by your previous insurer if you can determine who that is. We know who some of them are, but some we don't.
- In 2001 the GL pool was developed to support premium
- In 2002, the AQ pool was developed because coverage was being excluded in insurer policies.

Slide 8: Loss Pool occurrence vs aggregate coverages.

- Sexual Molestation and Abuse Liability Loss Pool
 - \$1 M loss pool / \$1M per occ
 - \$5K deductible
 - To pay on behalf of the insured any legally obligated compensatory damages for Bodily Injury arising out of, resulting from or relating to any allegation related to an actual or threatened sexual act or acts, actual or threatened sexual abuse or sexual molestation directly or indirectly by:
 - Any administrator, trustee, teacher, employee, volunteer, or invitee;

- Any student or students;
 - Any person having knowledge of such activity taking place;
 - Any person failing to prevent such activity from taking place.
- Liability for claims that occurred after 1996 never closes
- Property Loss Pool
 - \$2 M loss pool / \$200 K per occ
 - \$5K deductible
 - All property losses
 - Limitation period is 2 years past occurrence of loss
- c. General Liability (GL) Loss pool
 - \$400 K loss pool / \$45 K per occ
 - \$5 K deductible
 - Bodily injury
 - Some property damage
 - Limitation period last until 2 years past age of majority (to age 20) for a claimant, so if a student in Kindergarten is injured, SD liability lasts for 15 years
- d. Air Quality Loss Pool
 - \$1 M loss pool / \$500K per occ
 - \$5 K deductible
 - To pay on behalf of the insured claims for Bodily Injury damages sustained directly out of the clean up, remediation, containment, removal, abatement, or existence within property owned or leased by the insured of any fungus, mould mildew or yeast
 - Claims can be made retroactive to the inception of the pool.
- Once these pools have paid out their maximums, per occurrence or per the aggregate (annual maximum loss) , any further claims get paid by our insurers:
- Of the \$7.5 M in premiums collected from SD in 2016, \$3.35 M went into these pools.

Slide 9: - Loss Pool premium calculation

Slide 10: Loss Pool Review This is how our loss pools operate

Slide 11:

- Premiums are collected from the School Division and taken into each loss pool
 - We have four loss pools
- Expenses are paid out of loss pool to the annual aggregate maximum.
- There is never a deficit on a loss pool. On any given year it can be drained or it can be in surplus only.
- Surplus - grows as outlined here, over time:
- Funds are valued and analysed every 5 years and based on these reports, the Executive manages the fund.
- Disposition of surplus, as directed by Executive, through policy and through Trust Agreements

Slide 12 / 13: Options for Loss Pool management

- At direction of SSBA Executive , Unrestricted Retained Loss Pool Fund
 - Each loss pool requires a specific amount of money to pay it's expected liabilities and so has a "restricted fund". Any funds in excess of that would be considered "unrestricted".
- Executive Policy No 15,
- And 1997 Trust Agreement
- Managing insurance risks and emerging risks through development and closure of Loss Pools. .

Slide 14: Reporting

- Current reporting is to the Executive , and the Loss Pool funds are reported in the Annual Report through the Audited Financial Statements.
- Actuarial reports and funding analysis of the loss pools are conducted every 5 years, with reports to the Executive.
- Looking forward, on the basis of the 2016 AGM Resolution we will be developing enhanced, more meaningful reporting on the Loss Pool activity to the GIP membership

