



NAUSCH, HOGAN & MURRAY, INC.

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May 21, 2018

Yonkers Public Schools
One Larkin Center
Yonkers, New York 10701
Attn: Ms. Bela Hershkowitz

Re: Yonkers Public Schools
Educators Legal Liability and Employment Practices Liability
Policy Period: July 1, 2018 – July 1, 2019

Dear Ms. Hershkowitz,

With respect to the upcoming renewal of Yonkers Public Schools' School Leaders' Educator's Management and Employment Practices Liability insurance, subsequent to the proposal due date of May 15, 2018 an attractive offer was received from AIG. We are therefore submitting a revised, improved proposal for your review and consideration. Based upon the weight of the AIG proposal, in your review you will note that the incumbent carrier, Greenwich Insurance Company, a member of XL Catlin Group of Companies (A, XV), has improved their offer, enhancing some coverage terms and maintaining the loss retention each claim including loss adjustment expenses at \$100,000. Greenwich Insurance Company has made this offer at a reduced premium of \$86,280. This represents an approximate 18.67% reduction from the expiring premium of \$106,087. As you know the expiring is on the basis of a \$5,000,000 limit for Each Claim and in the Aggregate.

Some coverage enhancements from last year's policy are:

1. Defense Reimbursement Payments as defined in the policy has an increased limit from \$50,000 to \$100,000, the aggregate limit remains at \$100,000. The retention, including loss adjustment expenses has decreased from \$75,000 to \$35,000.
2. Endorsement PGU ELL 1120 04 17 – Harassment and Bullying Coverage will have a sublimit of \$500,000, increased from \$50,000.
3. Corporal Punishment Coverage endorsement is added. The original exclusion has been reduced; not eliminated. Should you have other insurance which covers this exposure, then this coverage will sit excess of that other policy, otherwise this policy would respond to a covered loss on a primary basis. (copy of wording attached)
4. Federal Immigration and Nationality Act Coverage is added subject to \$100,000 retention and sublimit of \$50,000. Defense costs will erode this sublimit. The sublimit is part of and not in addition to the Educators Legal Liability limit of \$5,000,000 (Item 3.(a) of the Policy Declarations). This added coverage is for claims made during the policy period for violation that occurred or is alleged to have occurred on or after the Retroactive Date and before the end of the policy period of actual or alleged violation of Federal Immigration & Nationality Act, 8. U.S.C. Section 1101, et seq.(copy of wording attached)

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5. Punitive Damage wording will be added by manuscript endorsement. This wording has not yet been formalized.

If there is a preferred choice of counsel, Greenwich is seeking additional information as they would like to seek pre-approval for your choice of counsel.

Greenwich has also provided the following alternative lower limit options, all subject to the same retentions:

- \$1,000,000 Each Claim and in the Aggregate for a cost of \$57,168
- \$2,000,000 Each Claim and in the Aggregate for a cost of \$72,694
- \$3,000,000 Each Claim and in the Aggregate for a cost of \$80,457
- \$4,000,000 Each Claim and in the Aggregate for a cost of \$84,339

Please note that the aforementioned quotes are on the basis of defense expenses being paid outside the limit of liability. This means that you theoretically could have \$5,000,000 in defense expense costs with the limit of liability remaining intact. Alternatively, Greenwich Insurance Company, has provided quotes wherein the defense costs would be contained within the limit of liability. This means that defense costs will erode the available limit of liability. The quote for this coverage, with defense expenses paid within the limit of liability are as follows:

- \$1,000,000 Each Claim and in the Aggregate for a cost of \$46,897
- \$2,000,000 Each Claim and in the Aggregate for a cost of \$59,391
- \$3,000,000 Each Claim and in the Aggregate for a cost of \$65,638
- \$4,000,000 Each Claim and in the Aggregate for a cost of \$68,762
- \$5,000,000 Each Claim and in the Aggregate for a cost of \$70,324

Greenwich Insurance Company is an Admitted Insurer.

With respect to alternate market interest, we advise the following:

AIG/Illinois National Insurance Company presented an indication with comparative terms to Greenwich Insurance Company at a competitive annual premium of \$90,049. This quote is subject to receipt, review and acceptance of: 1. Completed signed and dated AIG Leaders Risk Protector Mainform application and 2. Completed signed and dated Security & Privacy Supplemental Application. Of course, the Underwriter reserves the right to modify or rescind this indication upon completing review of their forms. Forms and endorsements are available upon request.

Western World/Validus has indicated that they would offer \$5,000,000 limits which would carry \$250,000 self-insured retention for both Educators Errors and Omissions and Employment Practices Liability for a premium of roughly \$142,000. Western World/Validus would offer the Bullying/Harassment coverage and write this as New York Free Trade Zone, but unfortunately cannot offer Cyber on this class of business. Western World/Validus is still in the process of getting their School Violence Act Crisis Management Coverage endorsement drafted.

Ironshore provided a ballpark indication for the \$5,000,000 limits with \$150,000 retentions for a premium of \$131,985.

PRU/QBE advised that based upon a preliminary review of the account, taking into consideration the size and location of the school district, it does not appear that they would be competitive with the expiring terms. They were also unable to adequately assess the exposure based upon the loss information provided by Underwriters. However, since they reviewed the risk last year under

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similar circumstances, they would rate the account in the high \$100,000 premium range at the same limit and deductible, which is based on preliminary rating factors and does not include the consideration of loss experience.

Atrium declined as Errors and Omissions for schools/school systems/school boards does not fit their appetite.

Sompo Canopus declined as they are not focusing on this class of business.

Aegis have declined advising that they are not a market for this type of risk.

BRIT has advised that they do not write Educators Legal Liability.

Kinsale declined to quote again this year; due to the size they would not offer the limit requested.

One Beacon, Great American Insurance Group and Westchester/CHUBB declined as they are not currently a market for public schools.

RSUI declined to offer terms again this year, due to financial condition.

Berkley/Monitor declined to offer terms due to the nature of operations.

When considering the information presented above, it would seem that Greenwich Insurance Company has presented the most competitive quote.

As always, if you have any questions, concerns or comments please do not hesitate to contact us.

Thanks and Best Regards,



Doreen McLoughlin

dm/ms
Encl.

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