



NAUSCH, HOGAN & MURRAY, INC.
77 WATER STREET, 8TH FLOOR
NEW YORK, N.Y. 10005
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May 16, 2018

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

Re: Yonkers Public Schools
Property including Boiler & Machinery Insurance
Policy Period: July 1, 2018 – July 1, 2019

Dear Ms. Hershkowitz,

In response to the request for proposals of insurance with respect to the renewal of Yonkers Public Schools' Property and Boiler & Machinery insurance, we advise that we have received the following indications:

The first is a quote from the incumbent carrier, The Travelers Indemnity Company (a Stock Company) (AM Best Rating A++, XV).

Program Comparison

	<u>Expiring</u>	<u>Renewal</u>	<u>Difference</u>
Values	\$793,330,990	\$882,323,164	+11.22%
Rate	0.08242%	0.08495%	+ 4.95%
Premium	\$653,873	\$763,265	+16.73%

In your review of this proposal you will note that when compared to the current property insurance policy, the overall schedule of values increased roughly 11.22% (\$882,323,164 vs. \$793,330,990). This increase in values is the result of continued increased building construction costs.

When the increase in the exposures are taken into account, you will note the Travelers renewal quote at a premium of \$763,265 versus the expiring premium of \$653,873 is a rate change of only 4.95% increase.

The increased rate change is the result of the increase in Incurred Loss from the claim of December 2016 from \$825,000 to \$1,241,000 (Incurred losses are Paid amounts plus Outstanding claim amounts). Also actual claim payments for the February 2017 claim increased from \$753,493 to \$1,928,325. The total Incurred Claim amount for this February claim remains at \$3,420,000.

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Since the two above claims remain open, there remains an uncertainty with respect to the final full claim amount. Nonetheless, Travelers has agreed to look favorably on the history of the account and the long term relationship with Yonkers Public Schools which results in the rate increase being kept at a minimum.

A breakdown of the Travelers Indemnity Company (Admitted) premium is as follows:

\$705,859	Property
\$ 17,604	TRIA (this can be declined)
\$ 39,803	Boiler & Machinery
\$763,265	

Although Travelers is awaiting the value breakdown of the Electronic Data Processing Equipment by location, we have prevailed upon them to increase this sublimit from \$25,000 to \$100,000, at no additional cost to Yonkers Public Schools.

We have received the following feedback from the London market:

- Amlin Syndicate 2001 advised that they would indicate subject to modelling results, \$825,000 premium for a primary \$10,000,000 based on a Total Insured Value of \$793,000,000. This very rough indication excludes: Boiler and Machinery, Business Interruption and Terrorism coverage.
- Everest Re Syndicate Number 2786 advised that they do not write standalone coverage of United States of America risks.

Other US markets:

- Hanover declined to quote.
- Although last year, Hartford indicated an interest in quoting this year, they have declined to quote based on the timing for quoting and the losses on the account.
- Allianz advised that they cannot entertain K-12 schools.
- AIG/Lexington advised that based upon the construction and loss history, they would not put up more than \$10,000,000 limit on this account.

In summary, when reviewing the above, the incumbent carrier, Travelers Indemnity Company, an admitted company in New York State, has again presented the most competitive offer of property insurance inclusive of boiler and machinery.

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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