



June 5, 2024

Ms. Jessica Annis  
Hardin County Schools  
65 W. A. Jenkins Road  
Elizabethtown, KY 42701

RE: 2024-25 Insurance Renewal Recommendation

Dear Jessica,

I received the Property & Casualty Insurance renewal proposal from HIG. This year is undoubtedly the most challenging year in my 31-year career.

I recommend you accept the Liberty Mutual proposal at \$1,832,165. Although this is a 19.1% increase, it is inside of what I believe the average will be for schools in the Commonwealth this year, especially those with large property values as yours. I also recommend accepting the Workers Compensation, Cyber, Student Health Professional and Flood as proposed.

There are a few significant changes as pointed out on HIG's proposal. Please make sure you understand each of these changes. Although undesired, these changes are becoming more common in the marketplace. I do not take exception to them and am comfortable they are fair. Of note, HIG has offered options to partially address two of these changes:

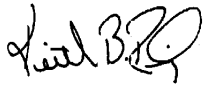
- *Increased Wind & Hail Deductible:* Your wind/hail deductible is being raised to 1% of your total values per location, subject to a minimum of \$100,000. This could range from \$100,000 up to \$687,981 and even some locations potentially having no coverage for wind/hail. HIG proposed to purchase a separate policy from Lloyds of London for \$165,500 to lower that deductible to \$25,000 per location. In the event of a wind claim at any single location, this could save you \$75,000-\$662,981, with the median reduction of \$156,994. Although there will be years this coverage will not be used, if this pricing remains stable, it will reduce the volatility on your budget to pay large deductibles. I recommend the board accept this coverage as proposed.
- *Reduced Umbrella Liability Limit:* Liberty Mutual was willing to offer you an umbrella of only \$5,000,000. This is a reduction from the \$10,000,000 currently maintained. To fill the gap, HIG has offered an additional policy to partially fill the gap. The option provides an additional \$5,000,000 of coverage excess to only your General Liability, Auto Liability and Employers Liability. The School Leaders E&O, Law Enforcement Liability and Sexual Misconduct coverage will not be covered by this added \$5 million policy. The annual premium, after tax is \$419,600. I cannot recommend reducing the amount of liability coverage maintained by a school system the size of Hardin County.

However, HIG informed me they are still looking for alternatives for lower pricing. Knowing this, I recommend you wait until they have exhausted all resources for options before deciding on this line of coverage.

As I stated earlier, market conditions this year are incredibly challenging. Unfortunately, I do not see them improving in the near term. Unpredictable convective storms in Kentucky have insurance companies leery and unwilling to take on some risk they have historically. I believe this trend will continue and Hardin County should plan to shift more risk from the insurance carriers onto itself in the coming years. These shifts will require financial considerations that have not been contemplated by schools in Kentucky. I suggest beginning to plan with your broker for 2025 and beyond sooner rather than later.

As always, it is a pleasure to serve you and the Board. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David B. B.", with a stylized flourish at the end.

Licensed Insurance Consultant