



May, 4 2026

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

RE: 2026-2027 Insurance Recommendation

Dear Jessica,

I received the Property & Casualty Insurance renewal proposal from Houchens (HIG). As you know, they recommended moving your insurance coverage to a different carrier, Obsidian Insurance. I suggest following their recommendation.

Obsidian is a different type of insurance company compared to Liberty Mutual. They are very specialized and only write within certain specialties through a small select group of agents. Liberty Mutual generally writes in most industries through a huge distribution of agents. One is not necessarily better than the other, just different. Their AM Best ratings are A- and A respectively. Although Liberty's A rating signifies stronger capitalization, both are considered Excellent. As a result, I am not concerned with their financial ability to meet their claims payment obligations. Obsidian is licensed to do business in Kentucky on a surplus basis and not admitted. The practical application of this is negligible, especially seeing their terms and conditions are superior to those of Liberty Mutual. You can obtain your coverage through a surplus lines carrier only when unable to obtain the same coverage via an admitted carrier. Liberty's recent shift and unwillingness to offer the coverage needed by Hardin County Schools qualifies you to purchase your insurance through a surplus lines carrier.

Obsidian has offered to improve your coverage and limits from the current term as outlined in Houchens' proposal. Although the \$2,240,305 premium is 4% higher than the 2025-26 term, it is materially lower than what Liberty Mutual has indicated will be their renewal offer. Combining the improved coverage with a lower premium leads me to agree with the choice to move to Obsidian.

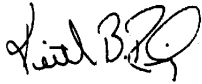
I also recommend remaining with KEMI for your workers' compensation for the 2026-27 year. The \$772,337 premium is a 10% increase; however, your claims experience suggests it should increase by 12% or more. Your Experience Modification factor alone increased from 1.22 to 1.37. This renewal is fair and well within expectations.

These renewal offers are within an acceptable range of rates and superior to terms being offered to many other schools across Kentucky.

A few years ago, the board decided not to purchase excess umbrella liability coverage, thereby lowering your umbrella limit to \$5 million. I suggest requesting HIG continue efforts to restore your limit back to the previous \$10 million level in the coming years, if not this year. As stated in prior years a school of Hardin County's size would be expected to have a limit of \$10 million or higher.

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 "Keith B. Riley". The signature is written in a cursive, somewhat stylized font.

Keith B. Riley
Licensed Insurance Consultant