



Highline Public Schools Board Action Report

DATE: 06/26/2024

FROM: Dr. Ivan Duran, Superintendent

LEAD STAFF: Steve Grubb, Associate Superintendent

For Introduction: July 10, 2024 For Action: August 21, 2024

I. TITLE Motion to approve the Annual Renewal with Brown & Brown Inc., and Schools Insurance Association of Washington, for District Insurance Coverage

Select one: [] New Item [] Renewed Item [x] Annual Item [] Revised Item

II. WHY BOARD ACTION IS NECESSARY

Per Board Policy 6225, the board must approve contracts and purchases that exceed \$250,000.

III. BACKGROUND INFORMATION

Highline Public Schools engages with Brown & Brown, Inc. for insurance placement and risk management services. The main source of District insurance is through Schools Insurance Association of Washington (SIAW) while select other insurances are marketed and placed by Brown & Brown, inc.

The annual SIAW invoice covers:

- Property Insurance
-General Liability & Crime
-Catastrophic Medical (Cat Med)
-Cybersecurity
-Equipment breakdown
-Earthquake Insurance
-Transportation costs: Auto physical damage, Uninsured Motorist (UIM) & Auto Liability
-Camp Waskowitz Flood Insurance
-Deductibles for unforeseen incidents and costs

The annual Brown & Brown, Inc. invoice covers:

- Brokerage and Risk Management fees
-Fuel tank storage
-Vicarious Liability
-Excess Workers Compensation
-Flood Insurance
-Other unforeseen costs

Based on our claim history and current insurance premium trends, we anticipate spending no more than a combined amount of \$5,812,175.00 in insurance premiums and deductibles through Brown & Brown, Inc. and SIAW for the 2024-25 school year.

On May 3, 2024, SIAW notified the district of an increase in premiums to affect all 37 members of the insurance pool, in a three-tiered system. While other districts were set in the 30% and 40% increase tiers, Highline Public Schools was placed in the lowest, 20% increase tier, which spotlights the effective risk management that the district continues to implement.

Brown & Brown, Inc. continues to lock their brokerage and risk management rate, which will remain at \$254,925.00 this next year. However, there are expected changes to the marketed policies which vary. As the worker's compensation market continues to be unstable, we anticipate a potential increase of up to 20%, while the other smaller policies are expected to remain stable - to an increase of up to 10%.

The 2023-24 school year purchase orders were collectively opened for \$5,094,911.00 (Brown & Brown, Inc. for \$499,911.00 and SIAW for \$4,595,000.00 after a \$180,650 reduction in premium costs due to policy restructure). As of June 26, 2024, there is a remaining combined encumbrance of ~\$350,000.00.

Based on the forecasted rate increase of 20% for SIAW, and encumbrance of ~\$200,000, we recommend increasing the SIAW purchase order by 15%, for a contract total of \$5,284,250.00. With the varying rate changes in the marketed policies for Brown & Brown and the encumbrance of ~\$150,000.00, we recommend increasing the purchase order for a contract total of \$527,925.00.

IV. RECOMMENDED MOTION

I move that the Highline School Board approve the annual contract renewal with Brown & Brown, Inc. for \$527,925.00, and approve the annual contract renewal with Schools Insurance Association of Washington for \$5,284,250.00, for a combined total of \$5,812,175.00, with minor modifications or adjustments as approved by the Superintendent, for the 2024-25 school year.

V. FISCAL IMPACT/REVENUE SOURCE

The fiscal impact to this action will be \$5,812,175.00 from 9700 and 990B funds.

The revenue source for this motion is the Districtwide and Transportation General Fund.

Expenditure: One-time Annual

VI. APPLICABLE POLICY(S)

This action is in compliance with the following:
Board Policy 6225

VII. ALTERNATIVES

If this motion is not approved, the district may lapse on insurance protection and the district will need to apply for coverage under the alternative insurance pool WSRMP.

VIII. COMMUNITY ENGAGEMENT

Community Engagement Required: Yes No

IX. ATTACHMENTS

1. MEMO: Phil Crocker, Brown & Brown (available by 08/21/24)
2. School Insurance Association of Washington - Renewal Summary 2024-25 (available by 08/21/24)
3. Brown & Brown Inc. - Services Agreement 2024-25 (available by 08/21/24)