

# VSBIT's Multi-Line Intermunicipal School Program



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TO: VSBIT Multi-Line Members

FROM: Don Morrill, Program Manager

RE: 2005-2006 Renewal Information

DATE: June 9, 2005

First, I wanted to thank everybody for their contribution to an extremely successful first year. Your efforts towards loss control and your partnership in the claims management process were key to our success this year. Keep up the great work!

The attached proposal spells out your contribution level and the Multi-Line's coverage for 2005-2006. The items below discuss how your contribution levels were determined and detail the changes in coverage for the upcoming year.

## **Derivation of 2005-2006 Contribution Levels:**

Each member's contribution level was calculated based on a number of conditions. They include the program's overall loss experience/expenses, the member's individual 2001-02 to 2003-04 loss experience, and the member's updated exposure data. Overall, contribution levels are approximately 7% higher than last year. The most common reason for a member experiencing an increase/decrease above or below the 7% level was a large increase/decrease in property value arising out of our recent building appraisals.

## **2005-2006 Coverage Changes:**

Members will see a number of positive coverage changes in 2005-2006:

### *Property:*

**Elimination of the Margin Clause** and loss recovery to scheduled building/contents values. Total program limits of \$250,000,000 now apply without limitation to the members' scheduled building and contents values.

**Increased Ordinance or Law coverage** (code upgrades & forced demolition). Limits have been increased from \$1,000,000 per occurrence to \$1,000,000 per member, \$5,000,000 all members.

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**Increased Pollution Cleanup (member's premises).** Limits have been increased from a \$100,000 program aggregate to limits of \$100,000 coverage per member, \$1,000,000 all members.

**Increased Business Interruption/Extra Expense coverage.** Limits have been increased from \$500,000 per occurrence, per member and \$5,000,000 per occurrence, all members to \$1,000,000 per occurrence, per member and \$25,000,000 per occurrence, all members.

*School Leader's Errors and Omissions:*

**Defense cost coverage for IEP hearings has been clarified.** Coverage wording has been clarified to reflect the \$5,000 per claim limit that was inadvertently omitted in 2004-2005. Wording has also been added to clarify that this coverage is not subject to any deductible and that the endorsement is the sole source of remedy for any coverage resulting from an IEP due process hearing.

Due to a favorable reinsurance marketplace, the program has been able to institute these coverage improvements without increasing our reinsurance costs or retention levels. We will continue to search for cost effective ways to improve coverage and encourage your input in this process.

### **Ahead in 05-06:**

Tim and I will be traveling this summer/fall to touch base with everybody, review your claims, discuss loss control opportunities and the program as a whole. This was one of our most enjoyable tasks last year and we look forward doing this on an annual basis.

I would be amiss if I didn't mention how much I have enjoyed working with each one of you this year and how much I look forward to growing the program together. Thanks for the opportunity, and here's to another successful year.

If any member would like me to visit to review any of the proposal items, please let me know and I will be happy to do so.