

LATE ITEM MOTION

Director Levesque:

The Pease Development Authority (“PDA”) Board of Directors authorizes the Executive Director to accept and bind insurance coverages for the PDA through Fred C. Church Insurance as outlined in the attached Commercial Insurance Proposal, and to pay the projected total premium amount of \$424,843.28, for the stated policy periods; all in accordance with the memorandum of Anthony I. Blenkinsop, Deputy Director/General Counsel, dated December 13, 2022, also attached hereto.

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Pease Development Authority
Premium Summary
Policies Effective December 31, 2022 - 2023

Line of Coverage	Carrier AM Best Rating	2021-2022 Premium *	2022-2023 Premium	Premium Change	Percentage Change	Comments
Commercial Package	Chubb A++	\$153,486.00	\$177,326.00	+\$23,840	+16%	Property values increased 38% (\$51,027,390) Terminal building increased from \$44,000,000 to \$84,700,000 Unscheduled equipment values increased 5% Payable to Fred C. Church - Annual
Builders Risk	Aspen American A	\$11,632.00	\$0.00	-\$11,632	-100%	Policy term 6/17/21 - 12/31/21 Terminal Building while under construction
Commercial Package	Hanover A	\$51,156.00	\$40,724.00	-\$10,432	-20%	Property values flat GL exposures variable Payable to Fred C. Church - Annual
Commercial Auto	Safety A	\$24,927.00	\$25,505.00	+\$578	+2%	Payable to Safety Insurance - Annual
Workers Compensation	MEMIC A	\$82,929.00	\$89,705.00	+\$6,776	+8%	Payrolls increased 16% Experience modification increased from .81 to 1.02 Payable to MEMIC - Annual
Excess Liability	Burlington A	\$39,780.66	\$42,178.50	+\$2,398	+6%	Premium includes 3% Tax Payable to Fred C. Church - Annual
Pollution Liability	Admiral A+	\$7,217.21	\$7,297.55	+\$80	+1%	Premium includes \$250 Fee and 3% Tax Payable to Fred C. Church - Annual
Cyber Liability	Tokio Marine A++	\$4,702.98	\$5,089.23	+\$386	+8%	Premium includes \$195 Fee and 3% Tax Payable to Fred C. Church - Annual
Aviation Liability	AIG A	\$37,806.00	\$23,634.00	-\$14,172	-37%	Payable to Schragger Hampson - Annual

This document is a summary of coverage only; the policies contain additions, exclusions, and/or limitations that are not shown here. Please refer to the policy or contact Fred C. Church for complete coverage details.

Crime	Hanover A	\$7,856.00	\$5,232.00	-\$2,624	-33%	Original 3 year policy term 12/31/21 - 12/31/24 Payable to Fred C. Church - Annual New policy term 12/31/22 - 12/31/24
Employment Practices Liability	Chubb A++	\$9,590.00	\$8,152.00	-\$1,438	-15%	Payable to Fred C. Church - Annual
Fee in lieu of commission			\$37,574.25			All lines except Auto (3,825.75 commission) Payable to Fred C. Church - Annual
Totals		\$431,082.85	\$462,417.53	+\$31,335	+7%	

Notes:

* With the exception of Workers Compensation, these premiums are based on information provided by PDA and may not reflect all premium changes during the policy year.

Please be advised that the Auto Liability policy through Safety Insurance will be issued as a commission based policy. Accordingly, Fred C. Church will adjust the fee amount to reflect the amount of commission at binding. Any mid-term endorsements will not increase or decrease the fee.

Key 2022 Insurance Renewal Discussion Points

December 14, 2022

- Commercial Insurance Market remains Hard (rising rates and restricted insurance coverage) except for Workers Compensation and Aviation Liability
- 2022-23 insurance coverage, limit, and exposure changes from our 2021 insurance policies:

Property

- Building and Contents Replacement Cost blanket limit of \$133,266,965 increased to \$184,294,355 or over \$51 million in higher values or over 38%. Business Interruption and EDP limits are also up
- The average underwriting property rate (per \$100 of total replacement cost value) went from .107 to .091 rate (which is a rate reduction of almost 15%)

General Liability

- Underwriting exposure changes (one classification exposure down and most classifications exposures up)

Automobile

- Per unit average cost of \$750 is extremely low in the commercial automobile market

Workers Compensation

- Rates down 3 to 9% along with negotiated higher scheduled credit of 25% vs. 10% in 2021
- The premium cost increase of \$6,772 or 8% is from estimated annual payrolls going from \$4,558,000 to \$5,268,000 or 15.6% **and** our experience modification going from a 19% credit (.81) to a 2% debit (1.02) as the losses for 2020-21 (the new year in our three-year revolving rating period) were \$87,290 vs. our losses for 2017-18 of \$9,143).

Aviation Liability

- Our Aviation partner David Hampson of Schragger Hampson took advantage of our good loss history and a soft commercial aviation liability market and reduced our costs by \$14,172 or a whopping 37% by marketing (bidding) out to several aviation liability insurers and found AIG, with similar coverage, limits, retentions (deductibles), and service to be our next recommended aviation insurer

Cyber and Umbrella Excess Liability

- Minor cost increase of 8% (\$386) and 6% (\$2,398) respectively. Most Cyber insurance renewals are 30 to 100% premium increases with further restrictions in coverage/limits. In fact, we were also able to increase our Cyber Extortion limit to \$1,000,000 from \$250,000. Further, most Umbrella Excess Liability renewals have been 10 to 20% premium increases in 2022 due to limited capacity and competition because of social inflation (juries awarding claimants nuclear verdicts)

Marketing Quotation Summary Analysis

Cyber Insurance

Insurance Carrier	Response
At-Bay Insurance Services, LLC	Declined, appetite
Brit Global Specialty USA	Declined, appetite
Coalition Insurance Solutions, Inc.	\$1M max limit with \$100K retention, and pricing would not be less than \$50K
Corvus Insurance Agency, LLC	Declined, appetite
Cowbell Cyber	Quoted 1M x 10k for \$5,870 + tax. Ransom Event Sublimit Endorsement 250k Subjectivity: Cowbell Application signed and dated within 30 days of the effective date. An incident response plan required to be put in place within 60 days post policy effective date. In order to remove the Ransom Event Sublimit Endorsement it is required to fully implement (1) MFA Company Email 2) Remote Network Access 3) Critical System Access 4) Cloud Application Access 5) Admin Accounts
Evolve MGA	Declined, appetite
Hiscox, Inc.	Declined, appetite
Tokio Marine HCC	Quoted as outlined

Aviation Liability

Insurance Carrier	Response
Starr Aviation	\$34,971
AIG Aerospace	\$23,634 (quoted as outlined)
Global Aerospace	Declined-Uncompetitive
Axa XL	Declined-Uncompetitive
Old Republic Aerospace	Declined-Uncompetitive
Allianz	Declined-Uncompetitive