

BOARD OF TRUSTEES OF THE NEBRASKA STATE COLLEGES
CHANCELLOR AND COLLEGE INFORMATIONAL ITEMS

INFORMATION ONLY: **Insurance Update**

The 2022-23 insurance renewal is now complete with respect to our liability/travel and athletic coverage. With respect to property coverage, the coverage is bound and we have received the first of 2 invoices. The broker is continuing to negotiate in an effort to achieve some reduction in premiums. With that in mind, please note that the overall premium increases provided in this update may be adjusted as we do not yet have final amounts with respect to property.

Similar to the previous two years, market conditions resulted in a significant increase in premium costs, and we continue to experience pressure to lower limits and raise deductibles. Overall, based upon the information available at this time, we experienced a 28% increase in total premiums for our liability/travel, property, and athletic coverage. Substantial increases continue with respect to cyber insurance and property insurance and the trend is not expected to change.

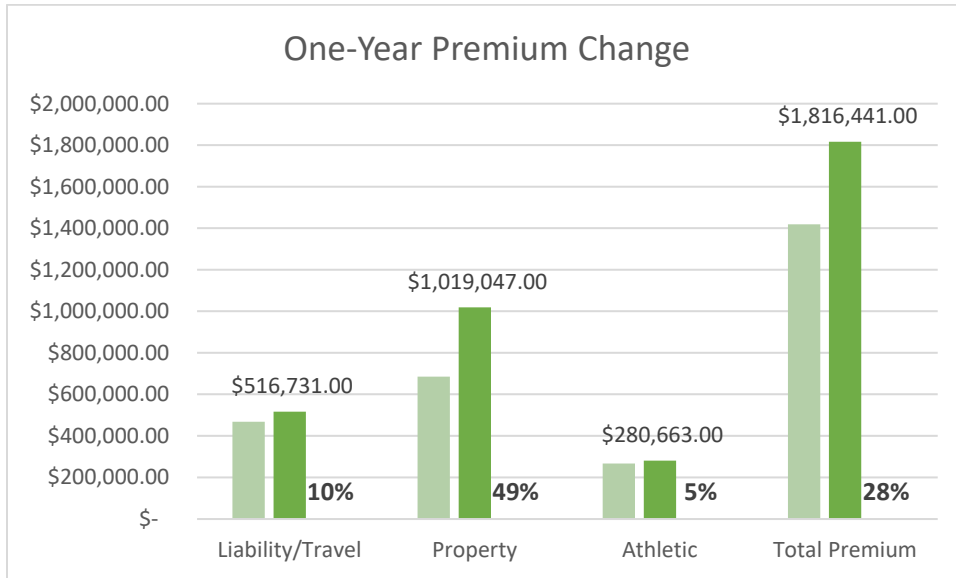
The increase of approximately \$397,398 would have required a tuition increase in excess of 1% just to keep pace.

ATTACHMENTS:

- 2022-23 Board Update re Insurance Renewal (PDF)

2022-23 Insurance Update

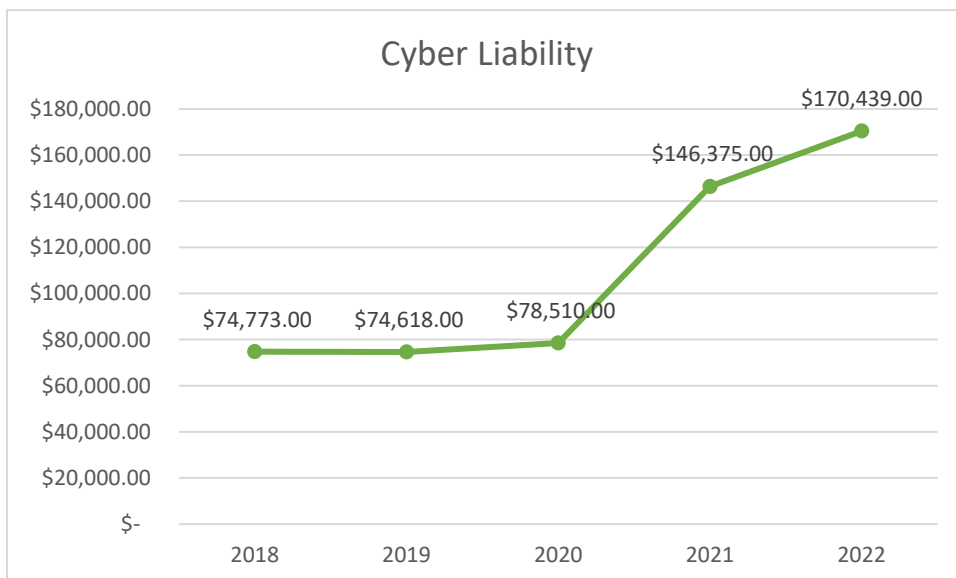
This year’s insurance renewals are complete for liability/travel and athletic. The amounts reflected do not include broker fees or surplus taxes. Negotiations continue with respect to the final premium, terms and conditions for property. Therefore, the number reflected for property remains an estimate.



Liability/Travel

This year’s increase in Liability/Travel premiums was driven primarily by a 21% in ELL and additional 16% increase in cyber liability. Those same factors have resulted in a total increase in premiums of 67% for Liability/Travel from 2018 to 2022. Increases in ELL are due in large part to current and past Title IX related litigation.

The vast majority of the 128% increase in cyber liability costs has occurred in the past 2 years. In addition to the significant increases in premium, we are also experiencing a lowering of limits. This year the overall limit was reduced from \$3M to \$2M. Carriers are also demanding more proactive security measures. With the dramatic increase in costs and a growing trend of bad actors targeting ransomware attacks against entities with insurance coverage, we will be working with our network security consultants to determine whether it would be more prudent to invest in security measures and a contract with a third-party contractor to assist with forensics and response rather than liability coverages.



Property Insurance

We have continued to experience significant increases in property insurance premiums. Although we do not yet have a final premium cost or the surplus taxes for the current term, we estimate the increase for this year at 49%. Over the past five (5) years, we have experienced an estimated 389% for Property coverage. MHEC has continued to work diligently to work with Marsh to find ways to further reduce costs to members. We will continue to work with our brokers to look for other options.

Athletic Insurance

Athletic coverages have decreased during that same period by 2% due to decreases in 2019 and 2020. Increases in the number of participants and claims history has resulted in two consecutive years of a roughly 5% increase.

A five-year premium summary is set forth below.

| 5-Year Premium History | | | | | | |
|-------------------------------|--------------|--------------|----------------|----------------|----------------|--------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | % Chg |
| Liability/Travel | \$310,265.00 | \$325,312.00 | \$364,460.00 | \$467,641.00 | \$516,731.00 | 67% |
| Property | \$208,576.58 | \$247,829.80 | \$455,571.00 | \$685,016.00 | \$1,019,047.00 | 389% |
| Athletic | \$287,355.38 | \$274,159.38 | \$254,159.38 | \$266,386.50 | \$280,663.00 | -2% |
| Total Premium | \$806,196.96 | \$847,301.18 | \$1,074,190.38 | \$1,419,043.50 | \$1,816,441.00 | 125% |

