

OHIO ASSOCIATION OF COMMUNITY COLLEGES



RISK MANAGEMENT AND INSURANCE PROGRAM

Launched November 1, 2011

OACC is right for you if:

- You want to lower your total cost of risk;
- You want broader coverages, loss control services, and claims handling specifically tailored for the Ohio community colleges;
- You want to control your program.

*"Immediate rewards after a lot of hard work getting it off the ground.
Great collaborative effort for the OACC!"*

Aletha Shipley, Columbus State Community College

MESSAGE FROM DR. ABRAMS



Dr. Ronald E. Abrams
President — Ohio
Association of Community
Colleges

The OACC Risk Management and Insurance Program that has been developed is helping participating institutions of the Ohio Association of Community Colleges take advantage of economies of scale to spread risk, offer innovative solutions, and, ultimately, save our institutions money.

Just as important as saving money, this process has helped our participating colleges ensure that they have the right levels of coverage as well as the ongoing assessment on risk management to make sure that our institutions' exposure is minimized.

We anticipate that more of our institutions will ultimately join this consortium to bring true value to their institutions and to help prudently manage their resources.

Working in concert with OACC objectives, an OACC Task Force was established to identify if collaborative opportunities existed for the purposes of group purchasing and/or group risk sharing in the areas of risk management and insurance.

The Objectives Equal Priority

The task force identified the following objectives as part of the feasibility study:

- Dedicated to the Ohio Community Colleges
- Create Risk Management Philosophy
- Broad, Tailored Coverage
- Collaboration with the Ohio Attorney General
- Leverage Group Purchasing, Identify Additional Opportunities
- Program Stability, Sustainability
- Loss Prevention
- Educational Resources
- Cost Savings

"Big service with Better cost."

Thomas Kirchner, Director of Purchasing, Lakeland Community College

The Outcomes

At the conclusion of the feasibility study, the following outcomes resulted:

- Determined a valid opportunity exists.
- Evaluated various vehicles to move forward.
- Selected broker/consulting firm (Marsh) as well as worked with the Ohio Attorney General and special outside legal counsel (Bricker & Eckler).
- Developed By-Laws & Governance Model
- Identified Core, Non-Core & Ancillary Coverages
- Approached markets focused on Higher Education and Consortia Programs, which resulted in partnerships with:
 - Lexington (AIG)
 - United Educators
 - Wright Specialty

Task Force

Central Ohio Technical College

Clark State Community College

Columbus State Community College

Cuyahoga Community College

Lakeland Community College

Owens Community College

Sinclair Community College

Other Interested Parties

OACC

Ohio Attorney General

Ohio Board of Regents

Resolution October 21, 2011

Resolution of the Executive Committee of the Ohio Association of Community Colleges (OACC) approving the agreement establishing the OACC Risk Management and Insurance Program.

Core, Non-Core & Ancillary Coverages

Following the resolution by the OACC Executive Committee, the Task Force evaluated coverage needs of the Ohio Community Colleges and identified the following to support the risk management needs of the Members of the OACC Risk Management and Insurance Program:

Required Participation

Core Coverage — “All Risk” Property

- Property Damage
- Business Interruption
- Boiler & Machinery (Equipment Breakdown)
- Electronic Data Processing Equipment
- Inland Marine / Floater Policies
- Fine Arts
- Flood
- Earthquake
- Builder’s Risk (New Construction / Renovations)

Core Coverages — Casualty

- General Liability
 - Law Enforcement Liability
 - Media Liability
 - Sexual Molestation
 - Student Professional for Allied Health Programs
 - Miscellaneous Professional (Non-Medical)
 - Liquor Liability
- Automobile
 - Liability
 - Physical Damage
 - Garagekeepers Legal
 - Uninsured / Underinsured
- Educator’s Legal
 - Failure to Educate
 - Employment Practices
 - Directors & Officers
- Umbrella, up to \$10M (additional limits available, if desired)
- Crisis Response Coverage

Core — Crime & Employee Dishonesty

Based on Member Interest

Non-Core Coverage

Group Purchase Based on Interest of Members

- Cyber/Internet Liability
- Foreign Travel Package
- Student Athletic Accident Health

Ancillary

Purchased by Individual Members, if Exposure Exists

- Aviation
- Excess Workers’ Compensation (Self-Insured)
- Fiduciary Liability (if applicable)
- Golf Course Package
- Surety Bonds
- Environmental
- Other

“Clark State Community College joined the OACC Risk Management Insurance Program because of the value that these Higher Education marketplace professionals bring to our Association in so many areas in the arena of insurance risk management. We are a small institution that isn’t able to afford a full time Risk Manager. This program allows us to collaborate with our sister institutions to mitigate risk in an effective and cost efficient manner.”

Joseph Jackson, Clark State

Group
Purchasing

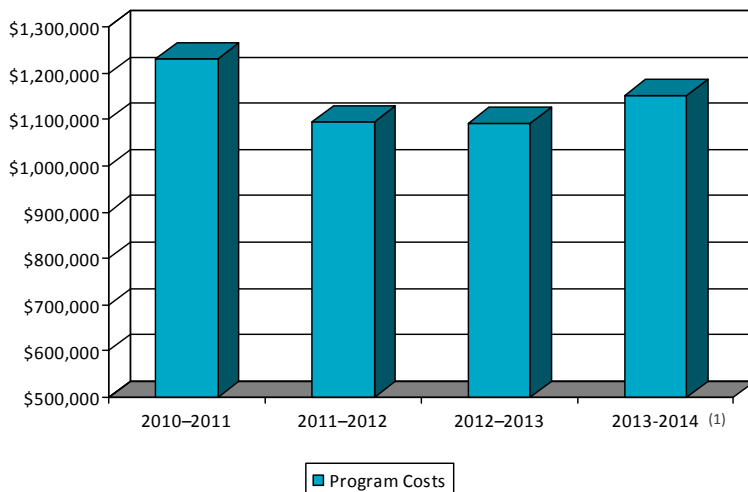
Continue A Path of
Holistic Risk Management

Risk
Sharing

Since the November 1, 2011 inception, the following OACC members have taken advantage of the OACC Risk Management and Insurance Program:

Current Exposures				
Member	Total Insurable Values (TIV's)	Employee Headcount	Student FTE	# of Autos
Central Ohio Technical College	\$128,001,884	466	3,377	10
Clark State Community College	\$97,794,907	613	3,863	18
Columbus State Community College	\$330,702,762	2,827	23,233	49
Eastern Gateway Community College	\$39,952,578	350	1,830	1
Edison State Community College	\$62,435,941	511	2,289	5
Lakeland Community College	\$182,902,134	1,082	6,385	21
Northwest State Community College	\$66,297,387	299	2,734	9
Stark State Community College	\$140,085,288	1,081	9,749	20
Terra Community College	\$71,630,029	534	2,313	10
Totals	\$1,119,802,909	7,763	48,809	167

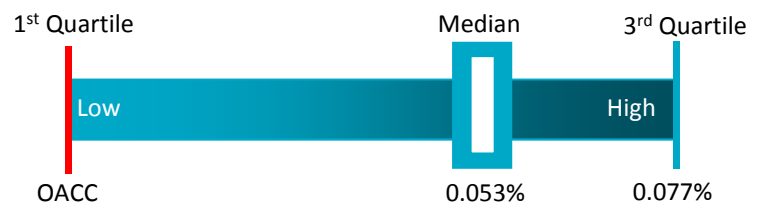
Cost Savings



Note: (1) Increased costs are the result of an increase in Member's exposures.

Property Benchmarking 56 Peers

The OACC Members enjoy low property rates with broader coverage relative to their peers. This is demonstrated by Marsh's proprietary property insurance benchmarking, one of the largest in the industry.



Note: Rate = Premium/Total Insured Values

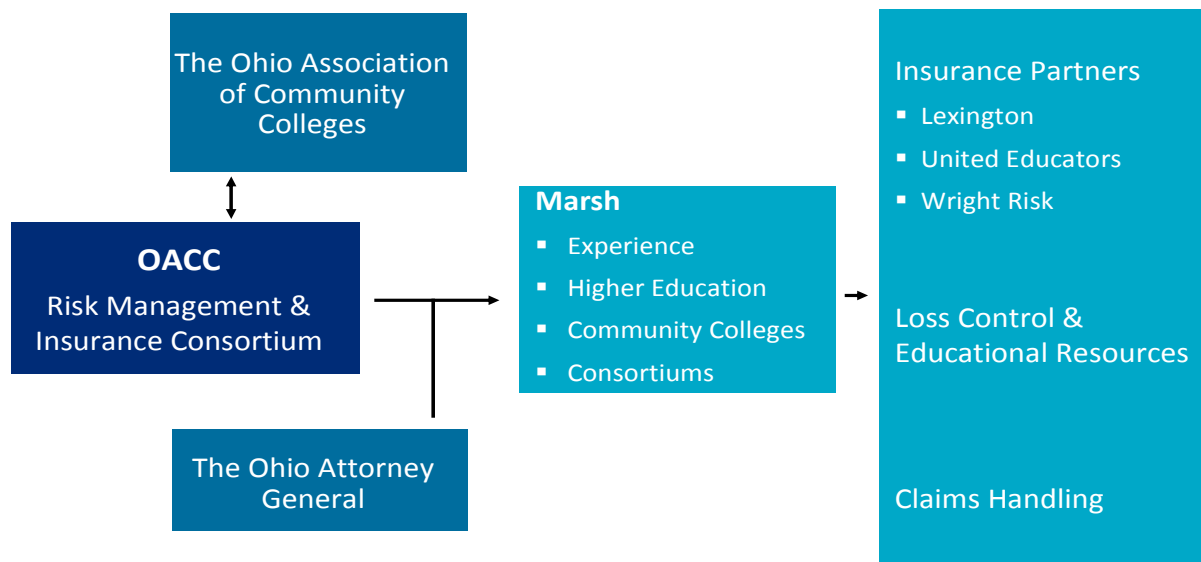
= 0.0414 Average Rate for OACC Members

Coverage & Service Enhancements A Sampling

- Negotiated broad, manuscript coverage form tailored to Higher Education risks
 - Endorsed to Recognize Ohio Attorney General & State Immunities
 - Removed Med Pay (at request of OAG)
- Eliminated Restrictive Coverage:
 - Coinsurance Clause
 - Margin Clause
 - Protective Safeguards Endorsements
- Incorporated or Enhanced Coverage for :
 - Business Interruption
 - Inland Transit
 - New Construction / Renovations
 - Flood & Earthquake
 - Boiler & Machinery
 - Law Enforcement Legal Liability
 - Sexual Molestation
 - Broadcasters Media
 - Liquor Liability
 - Professional Liability for Allied Health Programs
 - Miscellaneous Professional (Non-Medical)
- Broad Named Insured protection, including foundations, committees, board members, faculty, student interns, and clubs.
- Enhanced Loss Control & Educational Resources

Service Providers

The OACC Risk Management and Insurance Program has partnered with leading service providers and insurance companies to Educational Institutions in an effort to provide services and coverage tailored to Ohio's Community Colleges:



MARSH (www.marsh.com)

Higher education institutions find themselves contending with an array of challenging circumstances. Rising operational costs, safety and security concerns, decreases in federal funding and research sponsorships, employment practices liability, and other exposures common to colleges and universities can seriously affect an institution's reputation, profitability, and competitiveness if they are not managed wisely.

Marsh's Education Practice concentrates on helping institutions develop integrated and sustainable risk awareness into their operations. Through our consultative approach to risk management, Marsh works with colleges, universities, and private schools to assess their strategic, operational, and hazard exposures.

Marsh places the largest volume of insurance in the industry for colleges and universities, and our professionals are responsible for many of the coverage innovations available in today's market. In addition, Marsh is the leader in creating alternative risk-handling mechanisms for our consortia programs that are often defined as joint purchasing arrangements, risk retention groups, reciprocals and special excess liability insurance facilities.

LEXINGTON (AIG) (www.lexingtoninsurance.com)

Lexington Insurance Company, an AIG Company, is the leading U.S.-based surplus lines insurer with an A.M. Best rating of A (Excellent). An industry leader, Lexington provides broad, non-admitted underwriting capabilities that provide a comprehensive range of property and casualty insurance solutions covering the distinct liabilities of public and private colleges, universities, junior colleges and trade schools nationwide with exceptional flexibility of rate and form across a wide range of exposures. Institutions also benefit from ready access to the market-leading products and services of AIG.

As part of the AIG Higher Education Industry Practice Group, Lexington provides a comprehensive suite of insurance products and risk management services designed to meet the specific needs of educational institutions. These products are designed to help protect against commonly occurring risks such as athletic event liability, liquor liability, sexual misconduct liability, and corporal punishment liability. Lexington can also provide general liability coverage as well as medical malpractice liability to include coverage for doctors working in student clinics. Lexington's deep knowledge and experience in the education sector also helps colleges and universities manage new and emerging risks and develop resources to support institutional efforts.

UNITED EDUCATORS (www.ue.org)

United Educators (UE) is a Reciprocal Risk Retention Group and is a licensed insurance company owned and governed by 1,200 member colleges, universities, independent schools, public school districts, public school insurance pools, and related organizations throughout the United States. UE's 25-year history demonstrates our unique understanding of education. UE has an A.M. Best Co. rating of A (Excellent), which is an external validation of UE's financial strength, strong governance, and expert staff. Our consistent retention rate of at least 96% — the highest in the industry — confirms UE's value to education.

UE is committed to helping educational institutions by offering stable pricing, targeted insurance coverage, extensive risk management resources, and exceptional claims handling, all of which UE supports with our knowledge of education.

WRIGHT SPECIALTY (www.wrightspecialty.com)

Wright Specialty Insurance is more than an insurance provider, we are a team of professionals — innovators devoted to finding solutions to the complex risks educational institutions face today. We are a fully-integrated managing general agency dedicated to the Property & Casualty needs of public and private schools, colleges and universities throughout most of the US.

Wright Specialty combines more than 25 years of experience in the education sector with underwriting, claims, litigation management, loss control expertise and A.M. Best's A XV rated insurance. They deliver expertise and service throughout the year to reduce an institution's total long term cost of risk and protect America's most valuable assets — your students.

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Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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