

Property, Liability, and Workers Compensation Reduction at a 2-Year Trade School



Project Summary and Successful Implementation of a 28.3% Reduction in Insurance Costs

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Summary

RateCraft utilized proprietary project methodology to reduce the Trade School's overall insurance costs by 28.3% in 2017 and 2018. After an evaluation and marketing of the program, multiple options were presented with savings opportunities with the current program and broker as well as alternatives with similar coverage.

Introduction

The Trade School is in Pennsylvania and has one central campus with 58 buildings. Many of these are brick in construction and historical, built over 80 years ago. As part of the curriculum students are involved in campus operations and renovations, which is typically considered risky by insurers. The school had one large building under construction during the project, and this was included in the evaluation. Students live on campus in dorm facilities for nine months of the year.

Methodology

RateCraft utilized proprietary methods to reduce insurance costs while providing as many options for the same level of coverage as the market could offer. Multiple qualified brokers were sent the RFP, each with a curated list of insurers to access. RateCraft’s benchmarking directed brokers and insurers to best-in-class target pricing for each line of coverage. The final program was chosen by the Trade School based on the most competitive option for each line over coverage and was implemented with the broker of the Trade School’s choice.

Findings

After an evaluation of the coverage and risk presented by the client’s operations, **RateCraft predicted a reduction of 25-35% in the overall cost of the insurance program.** Three primary options were identified at the end of the project, one with the current broker and the policy renewals, one with a specialty program, and one with an alternative broker. The three options presented are below:

Table 1: Summary of Options

Policy	Baseline (Current Rates)	Option 1 (Renewal)	Option 2 (Program)	Option 3 (Alternate Broker)
Property (Pkg)	\$148,287	\$164,208	\$106,777	\$80,661
Auto	\$27,913	\$26,561	\$26,561	\$21,837
General Liability	\$18,702	Incl. in Pkg	Incl. in Pkg	\$13,421
Inland Marine	\$3,866	Incl. in Pkg	Incl. in Pkg	\$12,335
Umbrella	\$24,803	\$23,511	\$34,500	\$34,500
Directors & Officers	\$11,767	\$10,663	\$7,493	\$7,493
Workers Compensation	\$29,308	\$28,819	\$28,819	\$26,226
Boiler & Machinery A	\$6,804	\$6,577	Incl. in Pkg	Incl. in Pkg
Boiler & Machinery B	\$6,404	\$6,404	Incl. in Pkg	Incl. in Pkg
Cyber Liability	\$5,059	\$1,200	\$5,085	\$5,085
Professional Liability	\$1,425	Incl. in Pkg	\$1,125	Incl. in D&O
Total	\$284,338	\$267,943	\$210,360	\$201,558
Savings Over Baseline		\$16,395	\$73,978	\$82,780

Conclusion

The client had multiple options to choose from, all with savings. The Trade School chose to move to an alternative broker, but expressed interest in retaining the Workers’ Compensation insurer. As the insurer had previously dealt with claims quickly and efficiently, this was of a higher value than the lower premium. RateCraft negotiated an additional one-time credit of \$500 prior to the policies being bound. RateCraft assisted in implementing the chosen option with the preferred broker. The final premium and savings for the first-year project are summarized below:

Table 2: Summary of Final Premium and Savings

Policy	Baseline (Current Rates)	Final Premium
Property	\$148,287	\$80,661
Auto	\$27,913	\$21,837
General Liability	\$18,702	\$13,421
Inland Marine	\$3,866	\$12,335
Umbrella	\$24,803	\$34,500
Directors & Officers	\$11,767	\$7,493
Workers Compensation	\$29,308	\$28,819
Boiler & Machinery	\$6,804	Incl in Prop
Boiler & Machinery	\$6,404	Incl in Prop
Cyber Liability	\$5,059	\$5,085
Professional Liability	\$1,425	Included D&O
Additional Credit		-\$500
Total	\$284,338	\$203,651
Savings Over Revised Baseline		\$80,687

During the first year of savings RateCraft provided a quarterly report and check-in on the service being provided by the new supplier. In subsequent years RateCraft and the client chose to negotiate these rates with the insurers to maintain the very competitive pricing via flat renewals.