PROPERTY & CASUALTY INSURANCE AUDIT

AN OBJECTIVE COVERAGE ANALYSIS OF THE INSURANCE PORTFOLIO FOR ABC CHARTER SCHOOL

8/1/2012

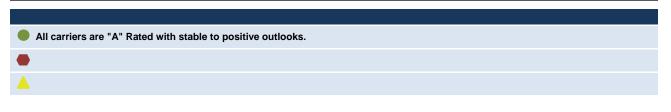
Prepared By: Vance Jolley



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Client Summary

Entity Type	Non-Profit	
	Non Fronk	
Subsidiaries	None	
Owners		
Description of Operations	Charter School	
Gross Sales	\$4,000,000	
Gross Payroll	\$2,500,000	
Insurance Program Structure	Separate Policies:10Different Policies44 Different Carriers33 Different Renewal Dates4	<u>Combine Policies</u> - Combine Policies with Common Carriers & Synchronize Renewal Dates * Achieve Continuity of Coverage Reducing Potential Gaps in Coverage
Insurance Companies	Chartis Insurance Company Property, General Liability, Umbrella, Crime, Business Income	A.M. Best Rating is Superior and Company Outlook according to A.M. Best is Stable. Non- Admitted Carrier
	Darwin Speciality (D&O, EPLI)	A.M. Best Rating is Excellent and Company Outlook according to A.M. Best is Stable
	Sequoia Insurance Company	A.M. Best Rating is Excellent and Company Outlook according to A.M. Best is Stable.





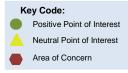
General Liability		
Coverage Item	Present Insurance Program	Jolley Recommendations
General Aggregate	\$2,000,000	\$2,000,000
Products / Completed Operations Aggregate	\$1,000,000	\$2,000,000
Each Occurrence Limit	\$1,000,000	\$1,000,000
Personal & Advertising Injury	\$1,000,000	\$1,000,000
Employee Benefits Liability	\$1,000,000	\$1,000,000
Damage to Premises Rented to You	Not Covered	\$300,000 Minimum Limit
Medical Expenses	Not Covered	\$10,000
Deductible - Per Occurrence	\$10,000	
G/L Premium Basis	# of Students	
Minimum Premiums	100% Minimum Premium Retention	
	Professional Liability	
Notable Exclusions	Abuse	
Premium	\$23,000	

Observations/Recommendations

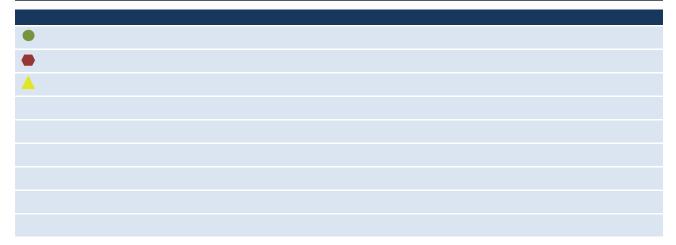
Abuse and molestation exclusion

Professional Liability Exclusion

Premium is based upon # of students and is non-auditable.

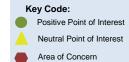


Commercial Auto		
Coverage Item	Present Insurance Program	Limits
Liability	\$1,000,000 CSL - Symbol Not Stated	\$1,000,000 CSL - Symbol 1
Auto Medical Payments	No Coverage	\$10,000
Uninsured / Underinsured Motorist	No Coverage	\$1,000,000
Hired & Non-Owned Auto Liability	No Coverage	\$1,000,000
Hired Auto Physical Damage	No Coverage	Include
Equipment Coverage on Vehicle or Trailer	No Coverage	
Deductible	\$1,000	
Radius	51-100 Miles for all Vehicles	
Excluded Drivers	Julio Villalobos	
Premium	\$58,102	





Property Coverages					
Coverage Item	Present Insurance Program	Limits			
Building	Included	\$2,000,000			
Business Personal Property	Included	\$1,500,000			
Mechanical Breakdown	No Coverage				
Spoilage Limits of Insurance	No Coverage				
Wind or Hailstorm Limitations	No Coverage				
Installation Floater / Property at Other Locations	No Coverage				
Leased Equipment	No Coverage				
Scheduled Equipment	No Coverage				
EDP Equipment	Included	\$100,000			
EDP Media	✓ Included	\$15,000			
Personal Property of Others (PPO)	No Coverage				
Premium	\$7,800				

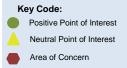


Business Income		
Coverage Item	Present Insurance Program	Limits
Business Income / Extra Expense	Included	
Contingent Business Income	No Coverage	
Premium	Included in BPP	

Crime

Coverage Item	Present Insurance	e Program		Limits
Crime	✓ Included	ł	\$10,000	
Forgery or Alteration	✓ Included	ł	\$10,000	
Theft, Disappearance and Destruction		ł	\$5,000	
Robbery and Safe Burglary	No Covera	ige		
Computer Fraud / Wire Transfer	No Covera	age		
Money Orders & Counterfeit Currency	No Covera	age		
Credit Card Forgery	No Covera	age		
ERISA Compliance Endorsement	No Covera	ige		
Premium	\$1,200			

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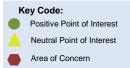
D&O, EPLI, and Fiduciary Liability

Coverage Item	Present Insurance Program		Present Insurance Program Limits		Limits
Directors & Officers	V	Included	\$1,000,000		
Deductible	\$10,000				
Hammer Clause		No Coverage	80%/20% "Soft Hammer"		
Choice of Counsel		No Coverage	Choice of Counsel		
Premium		\$3,500			

Employment Practices	7	Included	\$1,000,000 minimum limit
Deductible	\$10,000		
Defense Costs	Outside the Limits		
Third Party Coverage	7	Included	
Hammer Clause		No Coverage	80%:20% "Soft Hammer"
Wage & Hour / FLSA Defense Limit		No Coverage	150,000 Defense Sub-Limit
Loss Control & HR Services	7	Included	24 Hour Hotline & Online Support
Premium		\$5,500	

Fiduciary Liability		No Coverage	\$1,000,000 minimum limit
Deductible	\$0		
ERISA Coverage		No Coverage	Included
Premiums	Two Year Policy \$22,182		

Observations/Recommendations	

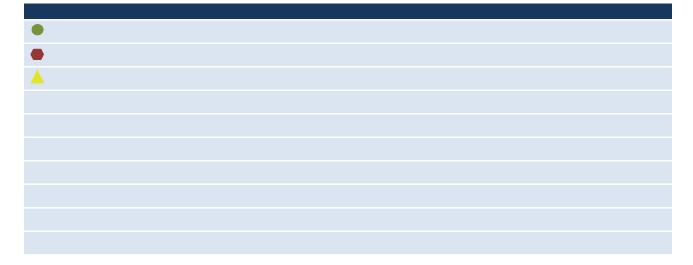


Umbrella/Excess Liability Insurance						
Coverage Item	P	resent Insurance Program	Recommendations / Comments			
Aggregate Limit - Products & Completed Operations	I	Included	Evaluate Exposure - Contracts, Losses, Risk Tolerance			
Aggregate Limit - All Other Coverages		No Coverage	Evaluate Exposure - Contracts, Losses, Risk Tolerance			
Per Occurrence Limit		No Coverage	Evaluate Exposure - Contracts, Losses, Risk Tolerance			
Premium						

Observations/Recommendations						
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	Key Code:					



Workers' Compensation						
Coverage Item	Present Insurance Program	SMA Recommendations / Comments				
Coverage Limits	Statutory per State					
NV Classifications & Rates						
Current Experience Modification	NV 2011 Ex-Mod is .89					
Safety Program / Claim Prevention	Not Evaluated					
WC Claims Management	Not Evaluated					
Workers' Compensation Training	None Noted					
Officer & Director Exclusion	Alfred Kuehlewind Excluded					
Premium						





Additonal Observations/Recommendations