To be the premier property insurance program for MHEC, WICHE, and NEBHE institutions and to maintain a leadership position in underwriting, loss control, coverage, and costs.

Program Stability ▪ Strategic Growth ▪ Member Value
Program Overview

- This program was established in July 1, 1994 by members of the Midwestern Higher Education Compact (MHEC). The Western Interstate Commission for Higher Education (WICHE) joined the program in 2004, and the New England Board of Higher Education (NEBHE) in 2009.
- It is available to any 2-year and 4-year public and not-for-profit private higher education institutions.
- The program provides comprehensive coverage and services at rates well below industry averages.
- It is owned and managed by its members.
- The program has 48 member institutions and insures $73.1 billion in property at over 100 campuses.
- Minimum deductible is $25,000.

Typically, the program has saved costs for those with smaller deductibles which has allowed these Members to establish a fund internally to support deductible payments, if necessary.
Master Property Program—Benefits of Participation

- Claims advocacy
- Extensive engineering and loss control services with a realistic approach
- Member collaboration
- Long-term stability
- Significant market leverage
- Annual loss control workshop

Examples of Working Together for the Benefit of Members

- In 2004, MHEC's insurance carrier wanted to impose a 15% rate increase against two members who had experienced large losses. Members felt that losses could occur to anyone and recommended sharing the program increase with all members. Because of the position taken, a member saved $342,845 in risk transfer costs while the increase to all individual members was minimal.

- A member was experiencing loss frequency and the Leadership Committee worked with the member to evaluate and implement a more appropriate deductible structure over the course of three years.

- The Engineering Subcommittee reviewed engineering costs and felt a more equitable allocation was needed to more accurately reflect the services provided to members; however, the change was implemented over 3-years to avoid any significant cost fluctuations for the members.
Master Property Program—Benefits of Participation

- Broad manuscript policy form tailored to higher education including flood, earthquake, and windstorm
- Significant policy limits
- Members own the program and their data
- Superior risk management and advisory services
- The program has paid dividends for the past 8 years
- Estimated savings totaling $68.9 million through FY10 for purchasing as a group
- Website gives 24/7 access to program information

A Sample of “Key” Program Sublimits (per occurrence unless otherwise noted)

<table>
<thead>
<tr>
<th>Sublimit</th>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terrorism</td>
<td>(being $100 million on the primary policy and $150 million in the shared excess policy)</td>
</tr>
<tr>
<td>Flood, annual aggregate</td>
<td></td>
</tr>
<tr>
<td>Flood, annual aggregate, at locations wholly or partially situated in areas designated as a special flood hazard area by FEMA</td>
<td></td>
</tr>
<tr>
<td>Earthquake, annual aggregate, excluding locations in California</td>
<td></td>
</tr>
<tr>
<td>Automatic coverage for 90-days</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous unscheduled property in the United States or Canada</td>
<td></td>
</tr>
<tr>
<td>Transit</td>
<td></td>
</tr>
<tr>
<td>Mold occurring as a direct result of a covered loss</td>
<td></td>
</tr>
<tr>
<td>Personal property of students and patients, per occurrence subject to a maximum of $25,000 per student or patient</td>
<td></td>
</tr>
<tr>
<td>Personal property situated outside the United States and Canada</td>
<td></td>
</tr>
<tr>
<td>Upgrade to green</td>
<td></td>
</tr>
</tbody>
</table>
Considerations affecting savings:

- Market conditions
- Purchasing:
  - Individually
  - As a smaller group
- Deductibles
- Loss history
- Specialized coverage(s)
- Catastrophic coverage(s)

### 2010 “Estimated” Savings

<table>
<thead>
<tr>
<th></th>
<th>Premium + Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>MHEC</td>
<td>$8,848,833</td>
</tr>
<tr>
<td>NEBHE</td>
<td>$248,533</td>
</tr>
<tr>
<td>WICHE Arizona</td>
<td>$6,295</td>
</tr>
<tr>
<td>WICHE Colorado</td>
<td>$66,550</td>
</tr>
<tr>
<td>WICHE Nevada</td>
<td>$292,297</td>
</tr>
<tr>
<td>WICHE Oregon</td>
<td>$103,432</td>
</tr>
<tr>
<td>WICHE Utah</td>
<td>$20,625</td>
</tr>
<tr>
<td>WICHE Washington</td>
<td>$68,017</td>
</tr>
<tr>
<td>WICHE Wyoming</td>
<td>$209,914</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$767,130</strong></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$9,864,516</strong></td>
</tr>
</tbody>
</table>

### Examples of Actual Benefits Realized

1. Nevada System of Higher Education carved themselves from the State of Nevada and saved approximately $1,300,000 initially plus broadened coverage significantly.
2. Westminster College, a small liberal arts college in Salt Lake City, saved $200,000+ while increasing earthquake limits.
## Distribution of Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend $ (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>418,294</td>
</tr>
<tr>
<td>2004</td>
<td>1,707,865</td>
</tr>
<tr>
<td>2005</td>
<td>2,576,309</td>
</tr>
<tr>
<td>2006</td>
<td>3,086,806</td>
</tr>
<tr>
<td>2007</td>
<td>1,863,801</td>
</tr>
<tr>
<td>2008</td>
<td>1,574,787</td>
</tr>
<tr>
<td>2009</td>
<td>1,360,208</td>
</tr>
<tr>
<td>2010</td>
<td>904,469</td>
</tr>
<tr>
<td>Total</td>
<td>13,494,539</td>
</tr>
</tbody>
</table>

### Early Dividend Declared

Due to challenges in the economic environment of Fall 2009, MHEC's Leadership evaluated the captive and made a recommendation to declare a partial dividend from the expiring program term (which would not have been declared until October 2010).

20% of the eligible dividend from the July 1, 2008-09 program term was declared which = $525,442

---

*Note: (1) Dividend distributed to eligible members*
Governance Structure

Midwestern Higher Education Compact
Sponsors Program

Western Interstate Commission for Higher Education
Sister Compact to MHEC in the Western States

New England Board of Higher Education
Sister Compact to MHEC in the New England States

Master Property Program Committee
(All Insured Institutions)
Directs program
Members appointed by insured institutions
Meets annually and via conference call as needed

Leadership Committee
Provides oversight on behalf of insured institutions
Members appointed by MHEC from among insured institutions
Meets as needed in person or by phone conference

Executive Subcommittee
Leads strategic planning related to achieving the mission of providing a premier property insurance program for its Members while nurturing relationships between all interested parties

Underwriting & Marketing Subcommittee
Provides review and oversight of all underwriting matters related to the program including applications to the program

Finance & Audit Subcommittee
Oversees program finances, including the operations of an investment advisory group

Workshop Committee
Plans annual loss control workshop
Members appointed by MHEC from among insured institutions
Meets by phone conference as needed

Engineering & Loss Control Subcommittee
Provides recommendations to leadership on engineering services, including annual vendor review, and ensuring members’ commitment to loss control goals

Represents Interests of all Participating Members

- 4-Year Public
  - Large and Small
- 4-Year Privates
  - Large and Small
- Research Institutions
- Institutions with Medical Centers
- 2-Year Community Colleges
  - Large and Small

Mick Doxey, Chair, Grand Valley State (MI)
Ed Knollmeyer, Vice Chair, University of Missouri System

Carla Ahrens, State of Missouri
Greg Clayton, University of Nebraska
Tom Clayton, Johnson County Comm. College (KS)
Chris Glidewell, Southern Illinois University
PJ Kale, University of Illinois
Tim Kellogg, Western Michigan University
Craig Kispert, Seattle Pacific University (WA)
Ed Nobles, University of Maine System
Steve Pardoe, University of Minnesota
Brad Sheriff, Indiana Wesleyan University
WICHE, offered to the University of Wyoming
Goals & Highlights

- Maximize servicing, minimize costs
- Focus on prevention to eliminate losses
- Obtain and manage insurance marketing data
- Assist members in reducing the total cost of risk
- Comprehensive engineering expertise to assists members in their loss control needs
- Code compliance and insurance acceptance
- Owner driven—flexibility

Benefits Achieved

- Review for NIU of the suggested cathodic protection in their new sprinkler system which Marsh reviewed and found to be unnecessary which saved them $20,000 in their protection system installation.
- The IR survey component of the program has identified on average a minimum of 8 issues each survey which either increases operational costs due to inefficiencies or if left unchecked could result in complete component failure and associated Business Interruption and potential fire loss.
- The program adds value for members by providing specialized training courses on important topics for members. Recently the M.U.S.I.C. members utilized this value through a specialized Boiler Training presentation designed for facilities, maintenance, and physical plant personnel on efficient boiler management to avoid unscheduled outages and to maximize "uptime" for these units, saving each Member valuable time and money for this critical utility.
- The loss control inspection program brings value to members by evaluating multiple aspects of their loss control program. A recent survey resulted in the identification of an archive with values which unknown to the Risk Management were underreported by over 100% and the area was exposed faulty water piping. This issue had not been previously prioritized do to the underreported values.

Based on the Input from Members

Extensive engineering services customized to the unique needs of higher education with a realistic approach
Annual Loss Control Workshop

- 13th annual Loss Control Workshop to be held March 16–18, 2011 in St. Louis, Missouri
- Expect approximately 200 to be in attendance

- Developed by participating members
- Brings together facilities, health and safety, risk management and financial representatives to discuss risk management issues, not just property issues, relevant to the participating member institutions and higher education
- Facilities, Risk Management and Environmental Health & Safety sessions run concurrently
### Master Property Program

#### Participating Institutions

<table>
<thead>
<tr>
<th>State</th>
<th>Participating Institutions</th>
</tr>
</thead>
</table>
| Illinois| Aurora University  
Aurora and Lake Geneva  
IPHEC  
(Illinois Public Higher Education Cooperative)  
Chicago State University  
Eastern Illinois University  
Governors State University  
Illinois State University  
Normal and Springfield  
Northeastern Illinois University  
Northern Illinois University  
DeKalb, Hoffman Estates, Lorado  
Toft Field, Naperville, and Rockford  
Southern Illinois University  
Carbondale and Edwardsville  
University of Illinois  
Chicago, Springfield, and Urbana-Champaign  
Western Illinois University  
Loyola University of Chicago  
Roosevelt University  
Loyola University of Chicago  
Roosevelt University |
| Kansas  | Johnson County Community College |
| Michigan| M.U.S.I.C.  
(Michigan University Self-Insurance Corporation)  
Central Michigan University  
Beaver Island and Mt. Pleasant  
Eastern Michigan University  
Ferris State University  
Grand Valley State University  
Allendale and Grand Rapids  
Lake Superior State University  
Michigan Technological University  
Houghton and Keweenaw  
Northern Michigan University  
Oakland University  
Saginaw Valley State University  
Western Michigan University  
Battle Creek and Kalamazoo |
| Missouri| Missouri State System  
Missouri State University  
Mountain Grove, Springfield, and West Plains  
Missouri Western State University  
Southeast Missouri State University  
Northwest Missouri State University  
University of Central Missouri  
Saint Louis Community College  
Florissant Valley, Forest Park, Meramec, and Saint Louis  
University of Missouri  
Columbia, Kansas City, Missouri  
University of Science and Technology (Rolla), and Saint Louis |
| Minnesota| University of Minnesota  
Crookston, Duluth, Morris, and Twin Cities |
| Nebraska| Nebraska State College System  
Chadron State College, Peru State College, and Wayne State College  
University of Nebraska  
Lincoln, Kearney, Medical Center, and Omaha |
## Participating Institutions

### WICHE

<table>
<thead>
<tr>
<th>State</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Pima County Community College District</td>
</tr>
<tr>
<td>Colorado</td>
<td>Colorado College</td>
</tr>
<tr>
<td>Nevada</td>
<td>Nevada System of Higher Education (NSHE)</td>
</tr>
<tr>
<td></td>
<td>College of Southern Nevada</td>
</tr>
<tr>
<td></td>
<td><em>Charleston Campus and Cheyenne Campus</em></td>
</tr>
<tr>
<td></td>
<td>Desert Research Institute</td>
</tr>
<tr>
<td></td>
<td><em>Northern Nevada Science Center and Southern Nevada Science Center</em></td>
</tr>
<tr>
<td></td>
<td>Great Basin College</td>
</tr>
<tr>
<td></td>
<td>Nevada State College at Henderson</td>
</tr>
<tr>
<td></td>
<td>Truckee Meadows Community College</td>
</tr>
<tr>
<td></td>
<td>University of Nevada</td>
</tr>
<tr>
<td></td>
<td><em>Las Vegas and Reno</em></td>
</tr>
<tr>
<td></td>
<td>Western Nevada College</td>
</tr>
<tr>
<td>Oregon</td>
<td>Lewis and Clark College</td>
</tr>
<tr>
<td></td>
<td>Reed College</td>
</tr>
<tr>
<td></td>
<td>Willamette University</td>
</tr>
<tr>
<td>Utah</td>
<td>Westminster College</td>
</tr>
<tr>
<td>Washington</td>
<td>Seattle Pacific University</td>
</tr>
<tr>
<td>Wyoming</td>
<td>University of Wyoming</td>
</tr>
</tbody>
</table>

### NEBHE

<table>
<thead>
<tr>
<th>State</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>University of Maine System</td>
</tr>
</tbody>
</table>
Master Property Program—Membership Considerations

- Requires $25,000 minimum institutional deductible for membership
- The program includes single campuses, multi-campus systems, and intercollegiate consortia
- 48 members (over 100 campuses) with enrollments ranging from 1,700 to over 45,000 students
- Individual rates vary by institution based on exposures, historical rates, loss history, deductibles, and aggregates
- Subject to underwriting approval
Master Property Program—The Application Process²

- The process takes about 60 days
- Coverage can be effected on any date but will be normalized to correspond with the program’s renewal date of July 1st
- Formal submission (including statement of values and 5 years loss experience)
- Letter of authorization (if you are currently insured by the Lexington Insurance Company)
- Confidentiality statement¹ (requires that your institution will not provide copies of any of the information provided by this program to a third party)
- Additional program information sent¹

Note 1:
Once a Confidentiality Statement is signed, MHEC will provide additional program information which will include: Coverage Form, Summary of Insurance, Details of Engineering Program, Claims Handling Instructions and Procedures Manual

Note 2:
A prospective member will receive their first quote at no charge; however, should a perspective member return for a quote within 3 years, a fee of $2,500 will be charged to provide a quote. This fee will be waived should a prospective member join the program
Master Property Program—Thank You and Questions

Jere Mock
Vice President of Programs & Services
WICHE
303-541-0222
jmock@wiche.edu

Elizabeth (Beth) Conlin
Senior Vice President
Marsh USA Inc.
216-937-1553
elizabeth.a.conlin@marsh.com

Jon Hansen
WICHE Consultant
775-747-1474
jlhansen83@gmail.com

(Unable to attend)

David Letzelter
Senior Vice President
Marsh USA Inc.
412-552-5128
david.l.letzelter@marsh.com