

MINUTES OF A SPECIAL MEETING  
BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA  
APRIL 22, 1977

A special meeting of the Board of Regents of the University of Oklahoma was held in the President's Dining Room at the Oklahoma Center for Continuing Education on the Norman Campus of the University on Friday, April 22, 1977, beginning at 7:15 p.m.

The following were present: Regent Thomas R. Brett, President of the Board, presiding; Regents Bob G. Mitchell, M.D., K. D. Bailey, Richard A. Bell, Dee A. Replogle, Jr., Charles E. Engleman, and Ronald H. White, M.D. (for the executive session only).

The following were also present: Dr. Paul F. Sharp, President of the University, Vice President Gene M. Nordby, and Mrs. Barbara H. James, Executive Secretary of the Board.

The following information was presented regarding the bids received on April 7 for blanket insurance coverage on bonded buildings and contents and tuition fees for the Norman Campus:

The University presented specifications and invitations to bid on blanket insurance covering Buildings and Contents and Tuition Fees, as of March 10, 1977. Present coverage expires May 1, 1977 and is written by Employers Insurance of Wausau with an annual premium of \$74,659.00 (three year premium \$233,997.00) on an overall \$500 deductible basis for buildings and contents and zero deductible for tuition fees.

The bid specifications called for specific company qualifications and ratings and specified quotes on coverages with \$500 deductible, \$2,500 deductible and \$10,000 deductible amounts.

The general specifications also provided the following: "Any plan of insurance, additional information, different methods of handling coverages, increased protection, etc. not in the specifications will be welcomed, but must be submitted separately as a voluntary alternate bid for the University's consideration. Bids must fully explain all the terms and conditions of the offer being made." The provision was also made that the University reserves the right to accept or reject any and all bids if it is in the best interest of the University to do so.

Only one company bid the specified coverage: United States Fire Insurance Co. (rated A+ 15) represented by the Morris-Hopson Agency of El Reno as follows:

<u>Coverage</u>	<u>Deductibles</u>		
	<u>\$500</u>	<u>\$2,500</u>	<u>\$10,000</u>
Premium-Buildings & Contents (3 yrs)	\$477,840	\$467,280	\$438,240
Premium-Tuition Fees (3 yrs)	40,920	39,960	37,401
Total 3 year premium	<u>\$518,760</u>	<u>\$507,240</u>	<u>\$475,641</u>

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This 3 year premium based on our present coverage with a \$500 deductible is 132% greater than our present premium.

The Agar-Ford-Jarmon & Muldrow Agency bid with A+ 15 rated companies only on a \$10,000 deductible with a 3 year premium of \$650,478.

All other bids were alternate bids or proposals as follow:

<u>EMPLOYERS OF WAUSAU</u>	<u>Rating</u>	<u>Deductibles</u>			
		<u>\$500</u>	<u>\$2,500</u>	<u>\$3,000</u>	<u>\$10,000</u>
Buildings & Contents (3 yr.)	B-15	\$343,200		\$319,440	\$300,960
Tuition Fees (3 yr.)		<u>46,887</u>		<u>46,887</u>	<u>46,887</u>
Total 3 year Premium		<u>\$390,087</u>		<u>\$366,327</u>	<u>\$347,847</u>
 <u>AMERICAN BANKERS OF FLORIDA</u>					
Buildings & Contents (3 yr.)	A-12	\$453,948	\$443,916		\$416,328
Tuition Fees (3 yr.)		<u>38,874</u>	<u>37,962</u>		<u>35,532</u>
Total 3 year Premium		<u>\$492,822</u>	<u>\$481,878</u>		<u>\$451,860</u>

AMERICAN PROTECTION INSURANCE A-13

(A subsidiary of Kemper Ins. Co.)

This company was represented by two agents, however due to commission adjustments premiums are lower for one bid, as indicated.

MARSH & McLENNAN

<u>Coverage</u>	<u>Deductible</u>	<u>3 Year Premium</u>
Buildings and Contents	\$100,000	\$228,780
Tuition Fees	<u>10,000</u>	<u>21,237</u>
Total 3 year Premium		<u>\$250,017</u>
Buildings & Contents		
Yorkshire Apt	\$100,000	
All Others	<u>10,000</u>	\$284,346
Tuition Fees		
Yorkshire Apt	\$ 10,000	
All Others	-	<u>24,972</u>
Total 3 year Premium		<u>\$309,318</u>
Buildings & Contents		
Yorkshire Apts	\$100,000	
Phi Psi	10,000	
Cooling Towers	10,000	
Niemann Apts	10,000	
5 Storage Bldgs	10,000	
Others	<u>1,000</u>	\$324,069

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Tuition Fees		
Yorkshire	\$ 10,000	
Others	<u>        -</u>	<u>24,972</u>
Total 3 year Premium		<u>\$349,041</u>

LATHROP-STEELE

<u>Coverage</u>	<u>Deductible</u>	<u>3 Year Premium</u>
Buildings & Contents	\$100,000	\$208,191
Tuition Fees	<u>10,000</u>	<u>19,326</u>
Total 3 year Premium		<u>\$227,517</u>

Buildings & Contents		
Yorkshire Apt	\$100,000	
All Others	<u>10,000</u>	\$258,756

Tuition Fees		
Yorkshire Apt.	\$ 10,000	
All Others	<u>        -</u>	<u>22,725</u>
Total 3 year Premium		<u>\$281,481</u>

Buildings & Contents		
Yorkshire Apt	\$100,000	
Phi Psi	10,000	
Cooling Towers	10,000	
Niemann Apts	1,000	
5 Storage Bldgs	10,000	
Others	<u>1,000</u>	\$294,903

Tuition Fees		
Yorkshire	\$ 10,000	
Others	<u>        -</u>	<u>22,725</u>
Total 3 year Premium		<u>\$317,628</u>

Buildings & Contents		
(Excluding Yorkshire)	\$ 10,000	
Tuition Fees		
(Excluding Yorkshire)	<u>        -</u>	<u>\$197,034</u>

Buildings & Contents		
(Excluding Yorkshire)	\$100,000	
Tuition Fees		
(Excluding Yorkshire)	<u>10,000</u>	<u>\$143,070</u>

Buildings & Contents		
(Excluding Yorkshire)		
Phi Psi	\$ 10,000	
5 Storage Bldgs	10,000	
Cooling Towers	10,000	

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Niemann Apts	\$ 10,000	
Others	<u>1,000</u>	\$216,888
Tuition Fees (Excluding Yorkshire)		<u>16,293</u>
Total 3 year Premium		<u>\$233,181</u>

An analysis of all the above listed bids leads to the conclusion that the market for this type coverage is not good. There is a reluctance to bid on the Yorkshire Apartment coverage, which the companies consider our greatest large risk. Some of the bids will only consider the Yorkshire coverage with a \$100,000 deductible.

#### Conclusions

1. Premiums on the bids submitted by the Morris-Hopson Agency (U.S. Fire and American Bankers of Florida) and the Agar-Ford-Jarmon & Muldrow Agency (Commercial Union & USF&G) are extremely high and should be ruled out on that basis.
2. Although Employers of Wausau (our present carrier) submitted a bid on an alternate basis (a present B-15 Best's rating) their bid with a \$10,000 deductible across the board and a three year premium of \$347,847 should be favorably considered.
3. American Protection Insurance Company's alternate bids are all based on either the exclusion of the Yorkshire Apartments or a \$100,000 deductible on the Yorkshire coverage. Since neither an exclusion nor a high deductible for the Yorkshire Apartments is desirable by the University, none of these alternate bids provides the necessary coverage. Otherwise, premiums are attractive.
4. Present insurance expires May 1, 1977. Employers of Wausau cannot extend the present coverage to allow time for a rebidding. Some coverage must be secured by May 1.

The above information had been presented informally to the Regents at the time of the April 14 meeting and it was the opinion that the matter should be reviewed in more detail and the administration should look into the possibility of extending the present coverage for one year.

Vice President Nordby presented the information regarding the negotiations with Employers Insurance of Wausau, the current carrier, that have taken place since the regular April Regents' meeting. He said Employers Insurance of Wausau has indicated a willingness to extend coverage under the current policies by renewing for a term of one year with the coverages and premiums being as follows:

1. \$88,000,000 - blanket buildings and contents
2. \$8,879,950 - blanket tuition fees
3. Fire, extended coverage, and vandalism

4. \$10,000 deductible per occurrence
5. Annual premium \$115,949

After lengthy discussion President Sharp recommended as follows:

1. That the Regents reject all bids received on April 7 for blanket insurance coverage for buildings and contents and tuition fees on the basis that all bids were unacceptable to the University, primarily from the standpoint of excessive premium cost or high deductibles.
2. That the Regents authorize the administration to continue the negotiations with the present insurance carrier, Employers Insurance of Wausau, to execute an extension of the coverage at the coverages and premium rates stated above for a period of one year from May 1, 1977 through April 30, 1978.
3. That the Regents direct that a letter on behalf of the University be submitted to Employers Insurance of Wausau requesting that they permit Marsh-McLennan to be the broker servicing entity for these policies during this policy year.

Regent Engleman moved approval of the recommendations. The following voted yes on the motion: Regents Brett, Mitchell, Bailey, Bell, Replogle, and Engleman. The Chair declared the motion carried unanimously.

It was understood that if Employers Insurance of Wausau will not agree to Marsh-McLennan serving as broker at no additional cost to the University that the University administration should proceed with the negotiated contract with Wausau.

President Sharp explained that another tenure action remained following the April meeting. He recommended that the tenure probationary period for Dr. James D. Maxwell, Assistant Professor of Radiological Sciences, be extended for one year.

There was a brief discussion. Regent Mitchell moved approval of the recommendation. The following voted yes on the motion: Regents Brett, Mitchell, Bell, Replogle, and Engleman (Regent Bailey was out of the room when the vote was taken). The Chair declared the motion carried.

Regent Brett entertained a motion to adjourn to executive session for the purpose of discussing personnel matters. Regent Replogle so moved. The following voted yes on the motion: Regents Brett, Mitchell, Bailey, Bell, Replogle, and Engleman. The motion carried unanimously.

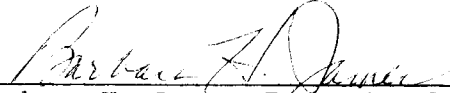
The executive session began at 7:40 p.m. and ended at 10:25 p.m., at which time President Sharp made a statement to the members of the press who were present indicating that the Regents had discussed the possibility of combining two major units of the University of Oklahoma - Development and Relations - and

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the personnel changes that this would entail. He said at the next regularly scheduled meeting of the Board he will recommend that Vice President David Burr head the combined divisions representing the union of Development and Relations.

There being no further business the meeting adjourned at 10:30 p.m.

  
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Barbara H. James, Executive Secretary  
of the Board of Regents

Others present at the public portion of the meeting:

Mr. Kurt Ockershauser, Legal Counsel  
Mr. Larry Lium, Director of Public Relations  
Mr. William H. Jordan, Special Assistant to the Vice President for Administration  
and Finance  
Dr. Steve Van Hauen, Associate Vice President for Administration and Finance  
Mr. Brian Stanley, Oklahoma Daily  
Mr. Jim Bross, Norman Transcript  
Mr. Wayne Singleterry, The Daily Oklahoman