

University of Houston System

Insurance Renewal Status Report FY2025-26

Market Expectations

In the past three years the System has seen increases in insurance costs due to difficult market conditions from an increased number of extreme weather events and high rates of inflation. For the upcoming year the market is softening slightly due to increased market competition and improved efficiency in underwriting analytics. As a result, we anticipate that the majority of System policies will see smaller premium increases from market conditions, while certain policies will have increases based on increased value of the insured property or persons. The largest increase will be to the Property policy due to updated insured values for 29 buildings.

Policy Renewal and Modification Process

The UH Risk Management department facilitates the purchase of many insurance policies for the System and provides review and analysis of all policies to help ensure adequate valuation and coverage. To help ensure that insurance purchases are prudent and effective, Risk Management reviews all policies, obtains information on changing needs from covered areas, analyzes insurance market trends, and analyzes and makes recommendations to management on insurance needs. Most lines of insurance are placed through a dedicated broker, Arthur J. Gallagher, who is a contract vendor with a contract that is competitively bid every 5 years. There are also five lines of coverage, including the property policy, that are procured through the State Office of Risk Management – these are state sponsored programs that UH is legislatively required to utilize.

Current and Projected Insurance Premiums

The University of Houston System's insurance program for the FY2024-25 period consisted of 24 policies with an aggregate annual cost of \$10,691,328. The System is expecting a 5.4% cost increase for FY2025-26 period, 73% of which is from the increase in insured value under the property insurance policy and the remainder of which are from insurance carriers increasing rates. The expected cost for the FY2025-26 period is \$11.3M.

Premium By Policy Type				
Policy	Annual Expense FY23	Annual Expense FY24	Est Annual Expense FY25	Policy Period
Property	\$8,909,026	\$9,264,688	\$9,688,780	Apr 30 - Apr 30
Directors & Officers	242,274	241,850	262,896	Dec 1 - Dec 1
Medical Malpractice	183,619	196,407	216,048	Mar 1 - Mar 1
Automobile	371,278	499,973	538,601	Nov 1 - Nov 1
All Other Policies / Broker Fees	413,349	488,410	568,387	Varies
Total	\$10,119,546	\$10,691,328	\$11,274,713	

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Premiums allocated by University are shown below.

Premium Allocation By University			
Campus	Annual Expense FY23	Annual Expense FY24	Estimated Annual Expense FY25
UH	\$7,584,353	\$7,993,576.30	\$8,456,034
UH Downtown	\$904,992	\$960,723.41	\$1,014,724
UH Clear Lake	\$900,426	\$954,663.14	\$980,900
UH Victoria	\$510,549	\$550,653.02	\$563,736
UH System	\$219,226	\$231,712.54	\$259,318
Total	\$10,119,546	\$10,691,328	\$11,274,713

Insurance Policies Not Purchased by Risk Management

In addition to the insurance policies referenced previously, Risk Management assists other departments and University organizations with the acquisition of specific insurance coverages. These insurance policies do not currently fall under Risk Management's purview to purchase and are not included in the delegation of authority for this agenda item. A schedule of these policies is provided below for informational purposes.

Department & Policy	Annual Premium FY23	Annual Premium FY24	Est Annual Premium FY25
College of Business Foundation: Commercial Crime, Directors & Officers	\$5,400	\$5,400	\$5,400
Cougar Investment Fund, LLC: Errors and Omissions	17,252	17,252	17,252
Lawyer's Professional	200	200	200
Blanket Athletics CAT cheer	2,416	10,866	10,866
Athletics: NCAA Medical Accident Stop Loss Policy & Claim Administrative Fee	547,500	547,500	547,500
Builder's Risk	325,513	996,567	946,660
Total	\$895,865	\$1,577,785	\$1,527,878

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Informational Items

Workers' Compensation/Risk Management Services Assessment

The State Office of Risk Management assesses fees to each component campus for administering the university's workers' compensation self-insurance program and for providing risk management services such as the administration of enterprise-level insurance purchases for participating state agencies. These expenses are not included in the delegation authority for this agenda item as participation in this program is mandated by state law and an interagency agreement has already been executed for FY2024 – FY2025.

Campus	WC/SORM Final Assessment FY2023	WC/SORM Final Assessment FY2024	WC/SORM Initial Assessment FY2025
UH	\$954,446	\$911,504	\$1,029,175
UH Downtown	121,066	110,556	130,474
UH Clear Lake	154,254	153,626	182,552
UH Victoria	45,126	51,881	66,815
UH System	7,099	7,147	9,740
Total	\$1,281,991	\$1,234,714	\$1,418,756

Student Health Insurance

The Student Health Insurance Advisory Committee negotiates the procurement of student health insurance. The coverage is optional for domestic students and mandatory for international students. The total estimated premium for the FY2025-26 period is \$15.2 million. The student health insurance program is not included in the delegation of authority for this agenda item as the premium costs are borne by the individual students that purchase the coverage.