



BOARD OF SCHOOL TRUSTEES

## KELLER INDEPENDENT SCHOOL DISTRICT

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**6E. Preview**

**Date: March 27, 2006**

**SUBJECT: RENEWAL OF PROPERTY/CASUALTY INSURANCE –  
PROPERTY CASUALTY ALLIANCE OF TEXAS (PCAT)**

**BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient, and accountable in support of the district's mission.**

**FISCAL NOTE: Budgeted Funds**

**ANTICIPATED  
DATE FOR ACTION: April 17, 2006**

**Background Information:**

- The district annually maintains property and casualty insurance coverage through participation in the Property Casualty Alliance of Texas (PCAT)
- PCAT is an administrative agency created by the participating member school districts pursuant to the Interlocal Cooperation Act, Chapter 791, Title 7, Texas Government Code
- The purpose of PCAT is to administer a program of property and casualty insurance for member school districts through the pooling of resources of the participants pursuant to the statute referenced above
- Keller ISD has been a participating member of PCAT since its inception in 2003
- PCAT members have consistently enjoyed stable insurance rates and coverage during a fairly volatile period of time in the commercial insurance sector marked by extraordinary losses resulting from unprecedented hurricane activity
- PCAT continues to be selective in its underwriting and marketing efforts through its emphasis on member districts maintaining a focus on long-term fiscal responsibility in a highly short-term and cyclical insurance market
- A renewal offer effective as of the regular renewal date of 9/01/06 has been extended to the district

**Administrative Considerations:**

- Coverages provided through the PCAT program include the following:
  - Wide-range of property coverages
  - Equipment breakdown
  - Crime
  - General liability
  - Employee benefits liability
  - Educator’s legal liability
  - Automobile liability and physical damage
  
- The renewal provides for no rate increase from the current rates through 9/01/07; furthermore, the district will incur a rate renewal of no more than 10% for the coverage period that runs from September 1, 2007 to September 1, 2008. This effectively guarantees that the district will experience no more than an average 5% increase in property/casualty insurance rates over the next two fiscal years beginning September 1, 2006.
  
- In addition, the district will receive a 10% wind and hail Deductible Credit for each year the district has been claim-free from wind and hail claims as of the coming renewal date, which is September 1, 2006. A maximum credit of 30% is offered. The current wind and hail deductible is \$200,000 per occurrence (for all other perils, the deductible is \$10,000).
  
- Contributions to the PCAT fund are determined on a member-by-member basis, and include loss fund contributions and program fees for related services, such as loss prevention programs and claims administration. The district’s contribution for the current coverage period (9/01/05 – 09/01/06) is \$696,989. The actual dollar amount of next year’s contribution will increase due to the addition of new buildings and building contents, but the rates used to determine the district’s contribution will not increase for the coming year, as noted above.
  
- A copy of the renewal offer is attached.
  
- The administration will recommend acceptance of the renewal offer from PCAT at the April 17, 2006 Board meeting.

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Respectfully submitted,

Bill Stone, Asst. Supt.  
Business Operations