

Denton ISD
Approval and Authorization for Request for Qualifications and Market Assignments
RFQ 2105-05 Property Insurance Process
 December 15, 2020

SUMMARY:

This item requests approval and authorization for the Request for Qualifications for property insurance coverage for Denton ISD effective July 1, 2021.

BOARD GOAL:

Growth & Management... In pursuit of excellence, we will:

- Adjust policies and procedures to address rapid growth and changing demographics, nurturing our strong sense of community
- Demonstrate effective and efficient management of district resources
- Provide leadership and/or oversight to ensure District meets all fiscal, legal, and regulatory requirements

PREVIOUS BOARD ACTION:

On June 9, 2020, the Board approved the renewal of the Texas Association of School Boards Risk Management Fund (TASB RMF) as the District’s insurance provider for this coverage through June 30, 2021.

BACKGROUND INFORMATION:

For 2020-2021, TASB applied a Wind, Hurricane, and Hail Loss coverage sub-limit of \$5 Million per occurrence, to all single-ply membrane roofs. TASB requires an additional \$100,000 deductible per building over 25,000 square feet sustaining damage, up to a maximum deductible of \$2.5 million per occurrence, inclusive of the current Wind, Hurricane, and Hail deductible of \$500,000.

SIGNIFICANT ISSUES:

- **Property including Equipment Breakdown:**
 - TASB has contracted with Duff & Phelps to do appraisals for all DISD locations. The blanket replacement cost is adjusted annually based on construction costs in the market, as well as changes submitted to TASB as needed.
 - Coverage changes/additions for future bond projects will increase future property values.
 - For 2020-2021, TASB increased the Wind, Hurricane, and Hail Loss coverage sub-limit of \$3,000,000 to \$5,000,000 per occurrence, to all single-ply membrane roofs.
 - Future construction projects are planned, using non single-ply membrane roofs.
 - TASB has been notified of the RFQ for Property Coverage.
 - Not having TASB as the carrier for Property does not impact their ability to continue other lines of coverage going forward.

FISCAL IMPLICATIONS:

Year	Property Blanket Replacement Cost	Property Premium	Percentage Rate increase over prior year
2020-2021	\$1,331,891,194	\$1,531,675.00	13.86%
2019-2020	\$1,199,478,768	\$1,211,474.00	13.96%
2018-2019	\$1,141,566,119	\$1,011,713.00	25.00%
2017-2018	\$1,058,453,088	\$750,433.00	35.09%
2016-2017	\$1,007,094,699	\$528,541.00	48.67%

In addition to the significant issues shown above, continued sizeable rate increases have triggered our interest in pursuing other insurance opportunities.

BENEFIT OF ACTION:

Approval of the request for qualifications and market assignment will provide an opportunity for the District to review all available property coverage options including limits, premiums and deductibles.

PROCEDURAL AND REPORTING IMPLICATIONS:

The Request for Qualifications and Market Assignments will be the procedure in determining the qualifications of property proposers and insurance assignments for the primary layer of property coverage. These property insurance assignments will be used in the Request for Proposal for Property Coverage which is expected to be released in late January 2021.

SUPERINTENDENT’S RECOMMENDATION:

Recommends the Chief Financial Officer approve the Request for Qualifications and Market Assignments followed by a Request for Proposal to be issued for obtaining property coverages for the term: July 1, 2021 through June 30, 2022.

STAFF PERSONS RESPONSIBLE:

Dr. Scott Niven, Chief Financial Officer
Chris Bomberger, Executive Director of Risk Management, Benefits & Child Nutrition
Dianna Casper, Director of Purchasing

ATTACHMENTS:

None

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Leader: _____

Signature of Superintendent: _____