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RFQ #19-001 – Property and Casualty Insurance 12-Month Premium Renewal

- Purpose: Renew premium for property and casualty insurance for ECISD.
- Background Info: As we close the 2023 year, ECISD along with all other districts are experiencing challenges with the commercial property market. Property rates have increased by an average of 18% across the country with rates in Texas exceeding the national average due to hail and hurricane exposure. Along with reinsurance pressures, several factors are contributing to the increase, the rise of non-modeled weather events & natural catastrophes, inflation and a larger concentration of values in major metropolitan areas. As of August 2023, there have been 15 confirmed weather/climate disaster events in 2023 with losses exceeding \$1billion. From 1980-2022 the annual average number of these events was 8.1. In the last five years (2018-2022), the average is 18.0 \$1billion+ events, excluding recent events like Tropical Storm Hillary, Hurricane Idalia, Hurricane Franklin (Bermuda), Maui/Canadian wildfires, SCS/tornado. The impact of major storms resulted in drastic increases in reinsurance rates which flow down to individual insurance buyers.

Arthur J. Gallagher continue to work on our behalf to bring us the best possible pricing without sacrificing coverage and minimizing changes to our policy. Arthur J Gallagher approached 44 insurers and all viable Lloyds of London syndicates on the districts behalf for the 2023-2024 renewal resulting in over 60 insurers/syndicates that either offered terms, or had the opportunity to compete for the districts renewal. As a result of Gallagher's good work, we are being represented by 10 of the largest companies of the world which allows us good spread of risk.

When renewal forecasts began back in the late summer ECISD was expected to realize a renewal for its property insurance around \$5 million. We will experience an increase of approximately \$800,000.00 a 25% increase taking us from approximately \$3.2 million to \$3.9 million. While the premium dollars are seemingly high, our rate is **.41/\$100** in values. Other districts in our area and our size are between .29/\$100 and .50/\$100 in values placing ECISD at mid-point. ***The largest two districts within 90 miles of ECID are currently paying .48/\$100 and over .50/\$100 in values.*** Amarillo ISD at .29/\$100 in values is a function of insurers weather modeling and results in the northern panhandle compared to the Permian Basin

- Premium Renewal Cost: \$3,996,116.66
- Funding Source: Local Funds 199
- Recommended Service Provider: Arthur J. Gallagher

Board Approval

Date

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