

RFP# 170509 Property and Crime Insurance
May 23, 2017

SUMMARY:

This item requests approval of the Property/Crime Insurance to provide coverage for the district assets. The assets include buildings, contents within buildings, and the property surrounding building.

BOARD GOAL:

- VI. Growth & Change ... In pursuit of excellence, the district will:
- a. Review and adjust policies and procedures effectively to address the challenges of rapid growth and changing demographic characteristics while maintaining and enhancing our strong sense of community.

PREVIOUS BOARD ACTION:

The Board approved the Texas Association of School Boards Risk Management Fund (TASB) as the District's insurance provider for Property, Equipment Breakdown, Miscellaneous Property, Liability, Vehicle Coverage, and Crime on May 24, 2016.

BACKGROUND INFORMATION:

The District hired a Consultant, Robert V. Reim Company to help facilitate this process. This proposal was advertised in the Denton Record Chronicle on April 9, 2017 and April 16, 2017 and was posted on the district website on April 10, 2017. Responses from vendors were received on May 9, 2017. Two responses were received. One response was from TASB with included two options and the other was McGriff, Seibels and Williams included four options. Based on our knowledge of the current conditions in the insurance marketplace, the DISD responses represented those companies that have been the most successful awardees in other districts. The Texas Association of School Boards Risk Management Fund has been the provider for the District's property coverage since 2001.

SIGNIFICANT ISSUES:

- Storms in recent years have impacted the pricing and deductible options received. After analyzing all proposals, it was determined that TASB Risk Management Fund offered the best value and coverage for the proposed price. Also, TASB's reinsurance policy is a multicarrier program with \$5,000,000 per occurrence, \$35,000,000 aggregate retention and \$500,000,000 maximum per occurrence.

FISCAL IMPLICATIONS:

TASB submitted the following proposal for coverage:

- **\$1,058,453,088 Blanket Replacement Cost** on buildings, personal property and auxiliary structures with a \$500,000 deductible for wind, hurricane and hail and \$100,000 for all other claims. This proposal is for the 2017-2018 school year, beginning July 1, 2017 and ending June 30, 2018.
- Due to the number of District Facilities that have been added in past years and others that will be opening and the claim that was filed in 2014 for hail damage, we anticipated an increase in premiums.
- Total Premium Contribution is proposed to increase by \$221,902 over current premium for property only.

BENEFIT OF ACTION:

Approval of property/crime coverage will provide security of the District's assets.

PROCEDURAL AND REPORTING IMPLICATIONS:

The District is required to complete, sign, and return the Contribution & Coverage Summary prior to June 30, 2017 in order to avoid a lapse in coverage.

SUPERINTENDENT'S RECOMMENDATION:

Recommends the District approve the TASB Risk Management Fund proposal for the following coverages and term:

- Term: July 1, 2017 through June 30, 2018.
- Property-\$1,058,453,088 Blanket Replacement Cost Limit with a \$500,000 deductible for wind, hurricane and hail and \$100,000 for all other claims. The blanket replacement cost will increase with the addition of Rodriguez at no additional cost in premiums until renewal in 2018-2019.
 - TASB reinsurance policy is a multicarrier program.
 - \$5,000,000 per occurrence
 - \$35,000,000 aggregate retention
 - \$500,000,000 maximum per occurrence
- Crime - \$100,000 limit with \$50,000 deductible.
- Total Premium Contribution of \$750,443

STAFF PERSONS RESPONSIBLE:

Karen Almon, Director of Risk Management
Debbie Monschke, Assistant Superintendent of Administrative Services

ATTACHMENTS:

Consultant Letter – Property Insurance RFP Results
Tabulation - Summary of Insurance Proposal
Map of Locations
TASB Contribution and Coverage Summary with Conditions

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____