

Approval of Property/Casualty Insurance For 2009

December 9, 2008

SUMMARY:

This item requests approval of the Property/Casualty Insurance for 2009.

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 as the District's insurance provider for Property, Equipment Breakdown, Miscellaneous Property, Liability, Vehicle Coverage, and Crime on December 11, 2007.

BACKGROUND INFORMATION:

The Texas Association of School Boards Risk Management Fund has been the provider for the District's property coverage since 2001.

SIGNIFICANT ISSUES:

In August of 2008, the District was contacted by McGriff, Seibels & Williams of Texas, Inc., offering to quote property coverage. McGriff, Seibels & Williams of Texas, Inc. is the approved property insurance vendor for TCPN (The Cooperative Purchasing Network). A Request For Proposal is not required.

TASB offered a \$10,000 renewal credit if a decision is made to renew coverage for all lines prior to December 10, 2008.

FISCAL IMPLICATIONS:

Quotes were received from three insurance companies:

- Affiliated FM, Option 1
- St. Paul Travelers, Option 2
- Allianz, Option 3

The low quote for property coverage was submitted by Affiliated FM Insurance. The premium is \$277,195 for a blanket limit of \$759,788,403 with a deductible of \$100,000, per occurrence vs. TASB's deductible of \$50,000, per occurrence. Wind and hail damage is quoted with a \$100,000 deductible, per occurrence vs. TASB's deductible of \$250,000, per occurrence. Coverage for Equipment Breakdown and Miscellaneous Property is included in the Affiliated FM property premium.

Additional Affiliated FM premium costs include:

- Terrorism \$9,000
- Engineering Fee \$10,500
- Property Appraisal Fee not to exceed \$17,000

After careful review and analysis of the quotes, it is recommended that property coverage be awarded to Affiliated FM Insurance for a total premium of \$313,695. Affiliated FM is an "A+" rated carrier by Best's Rating Center and currently insures several Texas school districts. Selecting Affiliated FM for property coverage offers the District a savings of \$203,198.

It is recommended that TASB continue coverage for Liability, Vehicle Coverage and Crime for a total premium of \$242,705.

The total premium for property casualty coverage is \$556,400 representing a decrease in cost of \$167,385 or 23.12% over the prior year.

BENEFIT OF ACTION:

Approval of property/casualty coverage will provide security of the District’s assets.

PROCEDURAL AND REPORTING IMPLICATIONS:

None

PUBLIC COMMENT RECEIVED:

None

ALTERNATIVES:

Select other quote option.

Continue with TASB for all Property/Casualty coverage with a total premium of \$759,598.

OTHER COMMENTS:

None

SUPERINTENDENT’S RECOMMENDATION:

- 1) Recommend that the District approve Affiliated FM Insurance Company for the following coverage:

- Property - \$100,000 Deductible for all perils per occurrence including Wind, Hurricane and Hail except for Newton Rayzor Elementary - \$500,000 for flood
- Equipment Breakdown
- Miscellaneous Property
- Terrorism
- Engineering Fee
- Property Appraisal

Total Premium of \$313,695

- 2) Recommend that the District approve TASB Risk Management Fund for the following coverage:

- Liability (General Liability, School Professional Liability and Sexual Misconduct)
- Vehicle Coverage
- Crime

Total Premium of \$242,705

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director Administrative Services
 Jo Davis, Elections/General Accountant

ATTACHMENT:

Property Coverage/Premium Comparison – Denton ISD
 Property Coverage/Premium Comparison – McGriff, Seibels & Williams
 Best’s Rating Center Company Information for Affiliated FM Insurance Company
 TASB Contribution and Coverage Summary

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____