

University of Houston System

Insurance Renewal Status Report FY2026-27

Market Expectations

The System has experienced insurance premium increases over several consecutive years. These increases have been primarily driven by challenging market conditions, including a higher frequency and severity of extreme weather events and sustained inflationary pressures.

For the upcoming year, insurance market conditions show signs of softening due to increased competition among insurers and continued improvements in underwriting analytics and risk assessment capabilities. As a result, most System policies are expected to experience modest premium increases attributable to market conditions.

Policy Renewal and Modification Process

UH Risk Management is responsible for the review and oversight of all insurance policies to help ensure that coverage is appropriate. Annually, Risk Management conducts a review of all policies, requesting information on changing needs from the areas receiving coverage and analyzing market trends.

Based on the review, Risk Management makes recommendations to covered areas and system leadership regarding changes in coverage which may include modifications to the total insured value of buildings, modifications to deductibles and coverage amounts, or additional lines of insurance to reflect changing business conditions. Once changes are approved, Risk Management works with the State Office of Risk Management and/or a dedicated insurance broker to procure and maintain coverage.

Five lines of insurance are procured through the State Office of Risk Management, as required by state statute due to legislative requirements. All other lines are placed through insurance broker Arthur J. Gallagher, who is a contract vendor obtained by competitive bid every 5 years.

SORM Sponsored Policies	UHS Direct Purchase Policies	
Commercial Auto	Blanket Accident	Boat Liability/Property
Builder's Risk	Combined Medical Professional	Foreign Package
Fine Art	Crime	Inland Marine
Directors & Officers'	Basic and Catastrophic Accident for Cheer team	Media Professional
Property	Student Long Term Disability – College of Medicine students only	Leased Premises Liability
	Drones	Special Event Liability
	Foreign Travel	Special Contingency Risk (Kidnap/Ransom)
	Flood Insurance	

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Current and Projected Insurance Premiums

The University of Houston System’s FY2025 insurance program included over 20 policies totaling about \$10.9M. The largest cost component was Property coverage.

Board approval is requested for anticipated insurance costs of \$11.3 in FY2026-2027. Current market conditions indicate property insurance rates to remain flat. UHS property values had adjustments in the Total Insured Values of twenty-five buildings based on standard insurance replacement values as well as new construction, but the removal of the Victoria campus offset some of the cost increase. Most remaining insurance lines are expected to increase by 5 to 10%, which are also offset by a slight reduction in automobile insurance.

While premiums are expected to increase by smaller amounts, Risk Management is conducting a comprehensive assessment of available insurance products to ensure alignment with the University’s risk profile and operational needs. As such, a 3% coverage adjustment provision for potential new insurance policies and endorsements has been added this year. Recommendations may include enhanced cyber liability coverage and additional NFIP policies as a cost-effective means of transferring high-severity risk. Approval of this funding will align insurance coverage with current operational complexity, regulatory expectations, and strategic objectives, and reduce the likelihood of material fiscal impact from a single adverse event.

Insurance Cost by Policy Type

Policy	Annual Expense FY24-25	Annual Expense FY25-26	Estimated Annual Expense FY26-27
Property including Equipment Breakdown & Terrorism, Buy Down	\$9,264,688	\$9,349,463	\$9,416,495
Directors & Officers / Employment Practices Liability	\$241,850	\$262,896	\$283,928
Medical Malpractice	\$196,407	\$206,109	\$211,750
Automobile	\$499,973	\$538,600	\$524,361
All Other Policies and Broker Fees	\$488,410	\$529,582	\$527,073
3% Coverage Adjustment Provision	-	-	\$328,908
Totals	\$10,691,328	\$10,876,204	\$11,292,515

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Insurance Cost by Campus

Campus	Annual Expense FY24-25	Annual Expense FY25-26	Est Annual Expense FY26-27
UH	\$7,993,576	\$8,197,310	\$8,944,110
UH Downtown	\$960,723	\$949,200	\$1,006,459
UH Clear Lake	\$954,663	\$969,238	\$1,062,374
UH Victoria	\$550,653	\$466,513	\$0.00
UH System	\$231,713	\$293,229	\$279,572
Total	\$10,691,328	\$10,876,204	\$11,292,515

Insurance Policies Not Purchased by Risk Management

In addition to the insurance policies referenced previously, Risk Management assists other departments and University organizations with the acquisition of specific insurance coverages. These insurance policies do not currently fall under Risk Management’s purview to purchase and are not included in the delegation of authority for this agenda item. A schedule of these policies is shown below for informational purposes.

Department & Policy	Annual Premium FY24	Annual Premium FY25	Est Annual Premium FY26
College of Business Foundation: Commercial Crime, Primary & Excess Directors & Officers/Employment Practices	\$5,400	\$5,400	\$5,400
Cougar Investment Fund, LLC: Errors and Omissions Policy	\$17,252	\$17,252	\$17,252
Lawyer’s Professional	\$200	\$200	\$200
Blanket Athletics CAT cheer	\$10,866	\$10,866	\$10,866
Athletics: NCAA Medical Accident Stop Loss Policy & Claim Administrative Fee	\$547,500	\$547,500	\$547,500
Builder’s Risk	\$996,567	\$946,660	\$600,000
Total	\$1,577,785	\$1,527,878	\$1,181,218

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Workers' Compensation/Risk Management Services Assessment

As mandated by statute, The State Office of Risk Management charges an annual assessment to each campus for the services listed below, which are not included in the delegation of authority for insurance services. An interagency agreement is required for this coverage and has been executed.

Services Administered

- Administering the university's workers' compensation self-insurance program
- Providing risk management services, including enterprise-level insurance purchases for state agencies

Workers' Compensation Cost by Campus

Campus	Assessment FY2024	Assessment FY2025	Initial Assessment FY2026
UH	\$911,504	\$1,028,575	\$1,103,532
UH Downtown	\$110,556	\$130,474	\$157,873
UH Clear Lake	\$153,626	\$182,552	\$220,739
UH System	\$7,147	\$9,737	\$12,111
Total	\$1,234,714	\$1,351,338	\$1,494,255

Student Health Insurance

The Student Health Insurance Advisory Committee negotiates the procurement of student health insurance. The coverage is optional for domestic students and mandatory for international students. The total estimated premium for the FY2026-27 period is \$15.2 million. The student health insurance program is not included in the delegation of authority as the premium costs are borne by the individual students that purchase the coverage.