



RFP #3691-24.11– Property and Casualty Insurance 12-Month Premium Renewal

- Purpose: Renew premium for property and equipment breakdown insurances for ECISD.
- Background Info: As we close the 2024 year, ECISD, along with all other districts, are still experiencing challenges with the commercial property market. With that said, the industry is trending towards “stability” in the property insurance sector. Rate and deductible pressures over the last 5-7 years have pushed insurance company combined ratios back to profitable. Large increases to reinsurance treaty renewals in 2023 flatlined in 2024, with the trend expected to continue into 2025. Despite the continuous rise in non-modeled weather events & natural catastrophes, which are expected to contribute to over \$125B in annual, US, insurable losses, the industry as a whole in 2024 appears more than capitalized to be able to “weather the storm”.

The above is contributing to a better than market renewal for ECISD. While renewal rates for TX school districts trended towards “flat” for the latter half of 2024, ECISD was able to realize a 8.8% year-over-year rate reduction for this renewal cycle.

Arthur J. Gallagher, the nation’s leading broker for public entity pools and purchasing groups, continues to recommend the interlocal agreement with another client of Gallagher’s, Amarillo ISD, as the most cost-effective solution for ECISD’s needs. The reason Amarillo ISD remains a good fit is because of the size of their property portfolio relative to their loss history (2014 and 2017 hail losses), and the spread of risk from a geographical footprint. After continued conversations with both districts, Gallagher successfully marketed the district’s property insurance and ECISD remains part of Amarillo ISD policy/interlocal.

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 50 domestic insurers and all viable Lloyds of London and Bermuda syndicates on the districts behalf for the 2024-2025 renewal resulting in over 70 insurers/syndicates that either offered terms or had the opportunity to compete for the districts renewal. As a result of Gallagher’s good work, 35 of the largest companies/syndicates are contributing capacity toward the 2024 insurance renewal.

When renewal forecasts began back in the late summer ECISD was expected to realize a renewal for its property insurance around \$4 million, roughly flat compared to prior year. We will experience a decrease of approximately \$240,000.00, bringing the renewal price to \$3,754,410 for the property insurance, with another \$424,296 owed for the equipment breakdown renewal policy. The district’s 8.8% rate reduction will drop the blended rate from .41/\$100 of Value to .3740/\$100 of Value. Other districts in our area and our size are between .26/\$100 and .50/\$100 in values placing ECISD at mid-point. *The largest two districts within 90 miles of ECID are currently paying a rate above .43/\$100.* Amarillo ISD

at .25/\$100 in values is a function of insurers weather modeling and results in the northern panhandle compared to the Permian Basin.

- Premium Renewal Cost: 3,736,840.78
- Funding Source: Local Funds 199
- Recommended Service Provider: Arthur J. Gallagher

Board Approval

Date

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