

Property/Casualty Insurance
December 11, 2012

SUMMARY:

This item requests approval of the Property/Casualty Insurance for 2013 and the TASB Risk Management Fund Interlocal Participation Agreement.

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 November 8, 2011.

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:

TASB Risk Management Fund's renewal proposal reflects the following:

- TASB is holding rates for 2013-14 at 2012-13 levels.
- The fund will implement a simplified, universal Interlocal Participation Agreement (IPA) which will allow members to execute only one agreement, instead of a separate agreement for each line of coverage.
- The termination provision has been relaxed to provide members an option to terminate after the 30-day notice deadline has passed (but before coverage has renewed) by paying a late notice fee.
- TASB will apply a 10% Members' Equity Credit to the total 2013-14 contribution.

FISCAL IMPLICATIONS:

TASB submitted the following proposal for coverage:

\$902,177,918 Blanket Replacement Cost Limit, as compared to \$886,027,921 from the prior year, on buildings, personal property and auxiliary structures with a \$250,000 deductible for wind, hurricane and hail and \$50,000 for all other claims. The increase in total property coverage is \$16,149,997. This increase reflects the adjustments applied after property appraisals conducted by TASB and additions and renovations at six elementary and two middle school campuses. The district will realize no change in premium for coverage in 2013.

BENEFIT OF ACTION:

Approval of property/casualty 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 December 31, 2012 in order to avoid a lapse in coverage.

SUPERINTENDENT'S RECOMMENDATION:

Recommend that the District approve the TASB Risk Management Fund Interlocal Participation Agreement and the renewal from TASB Risk Fund for the following coverages:

- \$902,177,918 Blanket Replacement Cost Limit - \$50,000 Deductible and \$250,000 Deductible for Wind, Hurricane and Hail
- Equipment Breakdown (included in property)
- Miscellaneous Property
- Liability
- Vehicle
- Crime

Total Premium of \$517,232

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services

ATTACHMENTS:

- TASB Letter – Renewal Proposal w/Rate Guarantee
- Property Coverage/Premium Comparison – Denton ISD
- TASB Contribution and Coverage Summary
- TASB Summary of Changes to the IPA Effective September 1, 2012

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____