

**Property/Casualty Insurance**  
December 10, 2013

**SUMMARY:**

This item requests approval of the Property/Casualty Insurance for 2014 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 11, 2012.

**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:

- Each coverage program (i.e. Property, Auto, and Liability) has its own stand-alone agreement. Crime coverage (\$100,000 coverage with \$50,000 deductible) is now included with the Fund's Property program and is offered at no additional cost. As a result, the Fund is discontinuing its stand-alone crime coverage program. Last year, the coverage limit was \$50,000 with \$1,000 deductible).
- The Property program has been expanded to offer all members Flood and Earthquake coverage for qualifying properties of \$2,000,000 at no extra cost.
- Specified Perils coverage under the Fund's Auto program has been discontinued and replaced with Comprehensive coverage at no additional cost. Liability and Automobile Physical Damage deductibles are \$1000.
- EDP coverage, previously provided as an endorsement with an additional charge, is now included with Property coverage at no additional cost and has been expanded to include up to \$50,000 for the cost of replacement or recovery of data or records.
- The General Liability and Professional Legal Liability coverages have been combined into a comprehensive liability coverage agreement to ensure no gaps in coverage. The Fund will no longer offer these programs on a stand-alone basis. The coverage limit is \$5,000,000 with a \$10,000 deductible. Coverage for sexual misconduct is no longer sublimited. Full limits for sexual misconduct claims are now included in the Liability program no additional charge. Last year, the sexual misconduct sublimit was \$1,000,000.

**FISCAL IMPLICATIONS:**

TASB submitted the following proposal for coverage:

**\$845,527,045 Blanket Replacement Cost** on buildings, personal property and auxiliary structures with a \$250,000 deductible for wind, hurricane and hail and \$50,000 for all other claims. This reflects the adjustments applied after property appraisals conducted by American Appraisal in July 2013. The premium for 2014 is \$517,102. The premium for 2013 was \$517,232.

**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, 2013 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:

- \$845,527,045 Blanket Replacement Cost Limit - \$50,000 Deductible with \$250,000 Deductible for Wind, Hurricane and Hail (includes Flood, Earthquake, Crime and Equipment Breakdown)
- School Liability (Professional, General and Employee Benefits Liability)
- Vehicle

**Total Premium of \$517,102**

**STAFF PERSONS RESPONSIBLE:**

Debbie Monschke, Assistant Superintendent of Administrative Services

**ATTACHMENTS:**

- TASB Letter – Renewal Proposal
- Property Coverage/Premium Comparison – Denton ISD
- TASB Contribution and Coverage Summary
- TASB Summary of Changes to the IPA Effective September 1, 2013

**APPROVAL:**

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Divisional Leader: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_

Comments: \_\_\_\_\_