

Property, Casualty, Auto, Liability Workers' Compensation Workshop

2022-2023

Market Conditions from TASBO

- 7 Consecutive Years of 10 or more-billion-dollar weather and climate disaster events
- Building costs & Inflation
- Cyber Coverage

[Home](#) > [News](#)

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2022 Property Casualty Market Conditions



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BUSINESS Safety

For seven consecutive years, the reinsurance market has responded to ten or more billion dollar weather and climate disaster events in the U.S. As a result, premiums have been increasing dramatically and 2022 will be no exception.

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The Property Casualty insurance market continues to tighten to levels not seen in decades. 2020 saw the most weather and climate billion dollar events since recordkeeping began with 22 events. Unfortunately, 2021 recorded the second most events at 20. 2021 was the 3rd costliest year exceeding \$145 billion. One of the billion dollar events that we are all very familiar with was the 2021 February winter storm which exceeded \$24 billion. Texas portion of that event was \$10.3 billion.

For seven consecutive years, the reinsurance market has responded to ten or more billion dollar weather and climate disaster events in the U.S. As a result, premiums have been increasing dramatically and 2022 will be no exception.

How much will my school district premium increase this year? That will depend on a variety of factors unique to your district. In a recent survey of 30 school districts renewing in the first quarter of 2022, rate increases ranged from 5% - 50% with increases in wind & hail deductibles for some depending on their individual loss history. Your risk management insurance representative is in the best position to estimate this year's premiums. Due to multiple years of significant losses, the marketplace is volatile and rates are constantly changing. Contact your representative or broker for budget estimates.

You may be asked to provide additional information this year. Underwriters are focusing on property valuations and whether reported values reflect current costs. Building costs have risen sharply in recent years. The same values that have been listed on property schedules for several years may no longer be accurate or accepted. Because of the high frequency and severity of Texas hail events, underwriters continue to focus on roof age and material.

Cyber Coverage Update

Educational and municipalities are the most targeted organizations by cyber criminals. Texas leads all other states in school/college ransomware attacks. With a significant increase in cybercrime, coverage is getting more and more difficult to obtain. For those who are able to obtain cyber coverage, expect a sharp increase in premium and tighter underwriting requirements such as multi-factor authentication, employee training, and network security.

TASB Relationship

- 1986 General Liability and Auto Policy
- 2002 Workers' Compensation and Property
- 2016 Wind and Hail Incident
- RFP 2017 Selected for Workers' Compensation and Property Casualty and General Liability
- 2018 Single Ply Roof changes
- 2020 Unemployment Coverage
- 2021 Winter Storm
- RFP 2021
- RFP 2022

Consultant

- Bob Reim
- 2017 RFP
- 2022 RFP



Nonprofits & Public Entities

Nonprofits and Public Entities have unique requirements and specialized needs. Knowledge of Texas law and its application to volunteers is essential in these insurance programs.

Robert V. Reim Company specializes in managing the insurance bidding process for local government units and nonprofits. We know which companies are the most competitive, their unique coverages, plus their policy and deductible provisions.

We are an independent, fee-based consulting firm – no commissions or incentives, are ever received. In almost all cases our fees are significantly less than the premiums saved.

Request for Proposal Workers' Compensation



Workers' Compensation

- Critical Areas
 - Texas Department of Insurance Report Card
 - Average Medical Cost
 - Average Pharmacy Cost
 - Employee Doctor Satisfaction
 - Employee Medical Care Satisfaction
 - Employee off work weeks
 - Number of providers within 20 miles
 - Specialists within 20 miles

Workers' Compensation

| | TASB Current Costs Excluding Claims | TASB Aggregated Deductible |
|-------------------------|--|-------------------------------|
| Stop Loss Premium | \$115,536 | \$219,034 |
| Administration Fees | \$63,295 | |
| Loss Prevention Charges | \$5,500 | |
| Actuarial Charges | \$4,500 | |
| Total | \$188,831 | \$219,034 |

Workers' Compensation

| Stop Loss Retentions and Limits | TASB Current Limits | TASB Aggregated Deductible |
|------------------------------------|---------------------|----------------------------|
| Administrative Expense | \$188,831 | \$219,034 |
| Individual Deductible (Specific) | \$500,000 | |
| Maximum Claims Aggregate Retention | \$2,536,155 | \$644,219 |
| Total Maximum Cost | \$2,724,986 | \$863,253 |

Workers' Compensation

| | Claims | Administrative Fee | TASB Current | TASB Aggregated Deductible |
|------------------|-----------|--------------------|--------------|----------------------------|
| High Year 2016 | \$518,958 | \$188,831 | \$707,789 | \$737,992 |
| 5 Year Average | \$399,041 | \$188,831 | \$587,872 | \$618,075 |
| Lowest Year 2019 | \$246,849 | \$188,831 | \$435,680 | \$465,883 |

Utilizing prior data suggests that we will continue to increase total Workers' Compensation expense risk.

- By selecting the Aggregated Deductible Proposal, we limit the District's liability to a total of \$863,253.
- Current financial exposure is \$500,000 per individual claim with a total liability of \$2,724,986 aggregate.
- Additional benefit, no need to continue with the current fund balance.

Request for Proposal Auto, Property, Liability and Cyber



Auto, Property, Liability and Cyber

| Proposer | TASB | USI | Higginbotham |
|---------------------------------------|---------------|--------------|--------------|
| Property Limit | \$500,000,000 | \$10,000,000 | \$10,000,000 |
| Deductibles | | | |
| Not Wind/Hail | \$500,000 | \$100,000 | \$100,000 |
| Wind/Hail | \$2,500,000 | 3% | 2% |
| Total Premium Property & Liability | \$2,674,257 | \$2,215,751 | \$3,161,218 |
| Deductible Buy Down | \$537,000 | | |
| Total | \$3,211,257 | | |

Auto, Property, Liability and Cyber

| Property Coverage | 2022-2023 Limit | 2022-2023 Deductible | 2021-2022 Limit | 2021-2022 Deductible |
|---|-----------------|----------------------|-----------------|----------------------|
| All Perils except Wind, Hurricane, and Hail | \$500,000,000 | \$500,000 | \$500,000,000 | \$500,000 |
| Wind, Hurricane, and Hail* | \$500,000,000 | \$1,000,000* | \$500,000,000 | \$1,000,000 |
| Business Income Limit (Business Income Limit) | \$2,000,000 | \$500,000 | \$500,000 | \$500,000 |
| Flood | \$2,000,000 | \$500,000 | \$2,000,000 | \$500,000 |
| Earthquake | \$2,000,000 | \$500,000 | \$2,000,000 | \$500,000 |
| Crime | \$100,000 | \$50,000 | \$100,000 | \$50,000 |
| Equipment Breakdown | \$100,000,000 | \$500,000 | \$100,000,000 | \$500,000 |
| *Wind and Hail Deductible Buydown* | \$1,500,000 | \$1,000,000* | | \$500,000 |

- Wind and Hail Buydown
- Business Income Limit increase in limit from \$500,000 to \$2,000,000
- \$5,000,000 aggregate limit on single ply roofs per event

Auto, Property, Liability and Cyber

| Category | 2022-2023 | 2021-2022 | Variance |
|---|-------------|-------------|-----------|
| Property including Equipment Breakdown | \$2,208,197 | \$1,785,433 | \$422,764 |
| School Liability | \$242,503 | \$225,224 | \$17,279 |
| Auto Liability | \$145,669 | \$141,727 | \$3,942 |
| Auto Physical Damage | \$57,888 | \$57,789 | \$99 |
| Privacy & Information Security | \$5,000 | \$2,500 | \$2,500 |
| Premium Business Income Limit | \$15,000 | \$0 | \$15,000 |
| Total: Contribution and Property & Casualty | \$2,674,257 | \$2,212,673 | \$461,584 |
| *Wind and Hail Deductible buydown* | \$537,000 | \$179,000 | \$358,000 |
| Total with Endorsement | \$3,211,257 | \$2,391,673 | \$819,584 |