RIVER ROAD INDEPENDENT SCHOOL DISTRICT BOARD OF EDUCATION AMARILLO, TEXAS

Agenda Item No.: 2

Date:

Friday, May 27, 2011

Related Page(s): This page,

3 page renewal proposal

Subject: Property/Casualty

Insurance Extension

Presented By:

Mike Hodgson Business Manager

ACTION

BACKGROUND INFORMATION:

The River Road ISD is currently in the middle of the second year of a three year rate guarantee with PCAT (Property Casualty Alliance of Texas). We have now received a proposal to reduce our rate by \$4,685 (5.55%) and to extend the guarantee at that lower rate for a five year period, ending 8/31/2016.

I have discussed this proposal with our insurance agent, Grant Smith, with staff from the Region 16 ESC, with other Business Managers in the panhandle who insure through PCAT, and with staff from PCAT, and all agree that this is a proposal that we should accept.

PRESENTATION/PURPOSE:

This is the presentation of a request for your approval for RRISD to extend our contract for property and casualty insurance for a five year period beginning September 1, 2011 at a reduced rate of \$79,732 per year.

BOARD ACTION REQUESTED

Approve the proposal received from PCAT and sign the Addendum to the Interlocal Agreement for a 5.55% rate reduction and guarantee that rate for a five year period ending August 31, 2016.

River Road ISD

2011 Property Casualty Insurance Renewal Proposal

Grant Smith
PIA Insurance
P O Box 2169
Amarillo, TX 79105

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RIVER ROAD ISD

PROPERTY/CASUALTY INSURANCE 2011 RENEWAL SUMMARY

	<u>2011</u>		% CHANGE
Premium (based on 2010 beginning exposures)	\$	84,417	
Re-Rate (based on historical losses)		(4,685)	-5.5%
Cash Dividend (payable within 30 days of renewal date)		(2,165)	
Net P/C Premium	\$	77,567	-8.1%

Cash Dividends for 2008, 2009 & 2010 = \$1,253

Cash Benefit from PCAT-funded Safety & Security Audits = \$4,170

Guaranteed Protection from rate and deductible increases for 3 Years

PCAT STABILITY

- Largest public school risk program in the U.S. devoted solely to Property/Casualty insurance
- 105 Texas School District Members
- Member-owned & Governed
- Texas-based service
- \$28.3 Million in annual premiums
- \$14.2 Million fund balance
- 2 of the Top 5 Reinsurers in the World
- Renewing with PCAT satisfies state bidding requirements







Addendum to the Interlocal Agreement

for

RIVER ROAD ISD

5 YEAR FUND RATE GUARANTEE

- The Property Casualty Alliance of Texas (PCAT) and River Road ISD agree that River Road ISD will be a PCAT Member for the 2011-2012 through the 2015-2016 Participation Period. River Road ISD will receive a 5.55% contribution reduction from 2010-2011 contributions based on current exposures. The rates and deductibles in effect for 2011-2012 will be applied to any changes in exposure during each Participation Period and these rates will be the basis for determining the Contributions due PCAT for each period. All Coverages written by PCAT for River Road ISD during 2011-2012 will continue to be written through 2015-2016.
- 2. This Interlocal Agreement Addendum along with the original Interlocal Agreement shall represent the entire agreement and may not be amended or altered without the written consent of both parties.
- 3. This Addendum may be voided if there are material changes in the terms or conditions of reinsurance for PCAT. However, if this Addendum is terminated by PCAT, no short-term penalty will be incurred by River Road ISD.
- 4. If River Road ISD terminates this Addendum, a short-term cancellation penalty of fifteen percent (15%) of Annualized Contributions for the 2011-2012 Participation Period will be due from River Road ISD and payable to PCAT within 30 days after notice of termination is received.
- 5. River Road ISD agrees to make a best efforts attempt to obtain and appropriate funds for payment of PCAT Contributions.

This Addendum must be executed and returned prior to May 31, 2011.

IN WITNESS WHEREOF, the undersigned agrees to this Ad	ldendum.	
River Road ISD Authorized Signature	PCAT Board Member	
Printed Name	Date	_
Date		



