

Property/Casualty Insurance
November 8, 2011

SUMMARY:

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

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 9, 2010.

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:

On June 2, 2011 the TASB Board of Trustees approved a funding plan for next year based on the following goals:

- Provide budgetary relief and cost stability to Fund members.
- Use the Fund's Members' Equity to reduce cost of coverage to members.
- Focus on membership retention without jeopardizing Fund's long-term financial strength.

To this end the renewal proposal reflects the following:

- TASB is holding rates for 2012-13 at 2010-11 levels.
- The fund will include Equipment Breakdown coverage in the property contribution at no additional cost.
- TASB will apply a 10% Members' Equity Credit to the total 2012-13 contribution.

FISCAL IMPLICATIONS:

TASB submitted the following proposal for coverage:

\$886,027,921 Blanket Replacement Cost Limit, as compared to \$862,275,654 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 \$23,752,267. This increase reflects the adjustments applied after the property appraisals conducted by TASB. The property coverage premium for 2012 is \$265,808 as compared to \$258,683 in 2011, an increase of \$7,125 or 2.75%. The equipment breakdown coverage for 2011 was \$50,598. As this coverage is included in the property coverage premium, there will be no additional premium required for equipment breakdown coverage for 2012. The net decrease in insurance premiums for all lines of coverage is \$38,842 or 6.33%. Denton ISD's member's equity credit is \$57,470. This credit further reduces the premium bringing the total contribution for 2012 to \$517,232 as compared to \$613,544 in 2011. This represents a decrease in total premium of \$96,312 or 15.7%.

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 1, 2011 in order to avoid submitting and rescinding a letter of termination.

SUPERINTENDENT'S RECOMMENDATION:

Recommend that the District approve the renewal from TASB Risk Fund for the following coverages:

- \$886,027,921 Blanket Replacement Cost Limit - \$50,000 Deductible and \$250,000 Deductible for Wind, Hurricane and Hail
- Equipment Breakdown
- Miscellaneous Property
- Liability
- Vehicle
- Crime

Total Premium of \$517,232

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director Administrative Services

ATTACHMENT:

- TASB Letter – Renewal Proposal w/Rate Guarantee
- Property Coverage/Premium Comparison – Denton ISD
- TASB Contribution and Coverage Summary
- TASB Non-Audit Agreement

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____