

Approval of Property/Casualty Insurance
December 8, 2009

SUMMARY:

This item requests approval of the Property/Casualty Insurance for 2010.

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 December 9, 2008.

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 offered a \$10,000 Membership Experience Renewal Reward if a decision is made prior to December 9, 2009.

TASB has given the District an option to cover property under a loss limit of \$500,000,000. This would mean that each building is covered by the property schedule value, but if the district should have a catastrophic loss, the total paid is \$500,000,000. The cost of the lower limit would lower the property contribution from \$266,579 to \$251,473, a difference of \$15,106.

FISCAL IMPLICATIONS:

TASB submitted two proposals for coverage:

- **\$888,597,381 Blanket Replacement Cost Limit**, as compared to \$759,788,403 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 property coverage premium for 2010 is \$266,579 as compared to \$227,937 in 2009, an increase of \$38,642 or 16.95%. The net increase in insurance premiums for all lines of coverage is \$58,352 or 10.60%. The increase in total property coverage is \$128,818,978.
- **\$500,000,000 Loss Limit per Occurrence/Annual Aggregate Blanket Replacement Cost Limit**, as compared to \$759,788,403 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 property coverage premium for 2010 is \$251,473 as compared to \$227,937 in 2009, an increase of \$23,536 or 10.33%. The net increase in insurance premiums for all lines of coverage is \$43,246 or 7.85%. The increase in total property coverage is \$128,818,978.

BENEFIT OF ACTION:

Approval of property/casualty coverage will provide security of the District's assets.

PROCEDURAL AND REPORTING IMPLICATIONS:

None

PUBLIC COMMENT RECEIVED:

None

ALTERNATIVES:

None

OTHER COMMENTS:

None

SUPERINTENDENT’S RECOMMENDATION:

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

- \$888,597,381 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 \$609,009

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director Administrative Services
Jo Davis, General Accountant

ATTACHMENT:

Property Coverage/Premium Comparison – Denton ISD
TASB Contribution and Coverage Summary
TASB Letter - Membership Experience Renewal Reward

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____