



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

10E. Preview

Date: April 14, 2008

SUBJECT: RENEWAL OF PROPERTY AND CASUALTY INSURANCE CONTRACT

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

FISCAL NOTE: Budgeted in General Fund

**ANTICIPATED
DATE FOR ACTION: April 28, 2008**

Background Information:

- As mentioned in the March 14 Friday Update, the district's property and casualty cooperative insurance contract renewal would be brought to the board in April for renewal.
- The District utilizes a cooperative agreement to secure the best long-term rates for property and casualty insurance coverage.
- The District has been a member of the Property and Casualty Alliance of Texas (PCAT) for five years.
- PCAT is an insurance cooperative for the district's property, casualty and liability coverage's that are allowed by law through an interlocal agreement.
- PCAT is a 96 member owned and governed exclusive school district cooperative.
- PCAT is the 13th largest public entity property/Liability Pool in the U.S.
- PCAT is the 2nd largest school pool in Texas.
- PCAT distributed a \$74,486 cash dividend to Keller ISD for the 2007-2008 year.

Administrative Considerations:

- PCAT conducted the state mandated facilities security audit for Keller ISD valued at \$18,420.

- PCAT is proposing 3 options for renewal,
 - Option 1 - 5 year renewal that will afford the district a 6.2% discount through the 5 year period; the 2008-2009 school year savings on the 5 year renewal would be \$55,874.
 - Option 2 - 3 year renewal that will afford the district a 2.2% discount; the 2008-2009 school year savings on the 3 year renewal would be \$19,826.
 - Option 3 - 2 year renewal that will maintain our current rate for the 2 years.

- The district also has a \$513,180 interest in the Cooperative's fund balance that can only be used with the PCAT in such items as rate stabilization or added programs for loss control.

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Respectfully submitted,

Kent V. Morrison, III
Chief Financial Officer