

ROBERT V. REIM COMPANY

INSURANCE CONSULTING

BID MANAGEMENT



## SCHOOL INSURANCE NEWSLETTER

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### **Property Insurance Sky Rockets for Non-Coastal Schools**

We are just now seeing some September 1 renewals and they are devastating. Last month we stated that the insurance market for schools currently is upside down because of worldwide losses and particularly hurricane, tornado, hail and flood losses across the entire state of Texas. These losses have triggered insurance companies and risk pools to institute severe underwriting restrictions, causing several districts to bid their insurance this year.

Some risk pools with September re-insurance contracts do not yet have them in place. Here are the results so far, and we have six more bids coming in this month. Districts not out to bid can expect some real surprises. You can also expect last minute renewal pricing that won't allow adequate time to seek additional proposals.

District A - Renewal increase 53%

District B - Renewal increase 23%, but Wind/Hail maximum deductible increased from \$100,000 to \$13,000,000.

District C - Non renewing with current insurer that has requested District to take a bank loan for April Wind/Hail damages, has made no payments and has even withheld funds from reinsurer.

District D - Only two companies, including incumbent, have requested an opportunity to offer a proposal.

The above districts shown, range from \$25,000,000 to \$800,000,000 in TIV (Total Insured Value).

Several districts, including college districts and ESCs, have cancelled RFPs because they could not attract potential proposers.

District E – Worker's Compensation only (3,000 students): This is where the competition is. This 3A school has nine potential proposers who have requested an opportunity to offer proposals.

We expect that at least one of the **smaller risk pools will not survive**. TAPS filed bankruptcy two years ago. Who will be next? Insist of copies of audited financial statements.