



**SCHOOL INSURANCE NEWSLETTER**

*July 2020*

**Market Conditions**

Lloyd’s estimates the Covid-19 “underwriting losses will hit \$107 billion...the largest loss on record for insurers”. Texas property insurance premiums are expected to increase, because insurers only retain a small portion of the total risk; the rest is laid off to reinsurers. ([CNBC](#))

**Commercial markets continue to harden in Q2.** According to USI Insurance Services do not be surprised if renewal premiums increase 15-20%. See the chart below. ([Business Insurance](#))

Coverage	Change
Property Inland	+5% to 15%
Property Wind/Hail or Hurricane	+20% to 40%
Property with poor losses	+40% +
Auto < 200 vehicles, good losses	+10% to 20%
Auto < 200 vehicles, poor losses	+20% to 30%
Auto > 200 vehicles, good losses	+20% to 30%
Auto > 200 vehicles, poor losses	+40% +

Coverage	Change
WC Guaranteed Cost	-5% to +5%
WC Cost Plus	0 to +5%
General Liability	+5% to 10%
Employment Practices	+10 to 50%
Professional Liability	+15% to 50%
Capacity (limit or concentration)	-25%
Increased Deductibles	Yes

While these are nationwide numbers, we are seeing increases from 10-20%, with an average of 15%. Companies not offering Covid-19 auto premium reductions may be using the reduced loss exposure to offset price increases. Worker’s Compensation is currently the most competitive line of insurance. It may become even more so, since losses have been reduced while premiums remain the same because schools are continuing to pay employees, and premiums are based on payroll.

**September Renewals**

If your District has not yet received the September 1 renewal proposal, you could be in a serious bind if the renewal is not acceptable, because some Interlocal Non-Renewal notice requirements range from 30-60 days.

At this late date, a District will not have sufficient time for an effective bidding process; however, obtaining proposals from other interlocals will comply with 33.041.

**Don’t Depend on FEMA**

FEMA denied Dallas ISD’s claim for assistance, stating that the storm did not meet the threshold requirement limit for an uninsured loss. The district’s total damage from the October 2019 tornado was \$53.7 million. The real problem for the district is the cost of rebuilding; “without FEMA’s aid, DISD’s uncovered insurance losses could cost the district about \$65 million.” ([Dallas Morning News](#))