

ROBERT V. REIM COMPANY

INSURANCE CONSULTING
BID MANAGEMENT



SCHOOL INSURANCE NEWSLETTER

April 2022

Market Conditions

As you prepare your budgets for the 2022 school year, consider 15% minimum increase. Carriers and risk pools using appraisal firms are expecting values alone to increase 12%. If your district has had losses, including last year's freeze, the increase may be even more.

The number of companies offering property insurance to schools keeps reducing and those that are still in the business are reducing the exposures (limits) that they will accept. Consider increasing deductibles or lowering limits to keep increases lower.

All insurance companies and risk pools require reinsurance, and access to those markets is getting more difficult and brokers are slow to respond.

Recent RFP Results

Just opened some renewal proposals. The current carriers offered these renewal rates:

	<u>ISD A</u>	<u>ISD B</u>	<u>ISD C</u>
Auto	15%	2%	12%
Liability	13%	8%	4%
Cyber	17%	100%	(100% estimate)
Property	<Not in yet>		2.8% but Wind/Hail Deductible increased 400%
WC	0%	Not bid	2% but changed plans

These are summer renewals. Remember these are rates, not premiums. We expect that September 1 rates will be similar to the first district's results, except for Cyber (the 17% is unique and not realistic for budgeting).

Auto Premium Increases

Here is an example of why Auto premiums are increasing. My son purchased a used 2018 Suburban for \$38,000. He drove it 45,000 miles over three years and just sold it for \$37,500. Repairs and parts are experiencing the same kinds of increases.

Worker's Compensation Funding

Those districts that self-insure this coverage are required to record on their financial statements the Ultimate WC Liability as calculated by an actuary. Purchasing a guarantee cost or aggregate deductible plan, not only dramatically reduces the districts maximum cost, but it eliminates the need for the big reserve.

Start the RFP Process Early

Our clients with September renewals have started in April. Get in line for coverage before it becomes unavailable. In the past, TASB RMF has been there for schools, but they have gotten to the point where they may longer accept additional property exposures (risks) to certain areas.

Review Our Newsletters

The January and February Newsletters spotlighted methods of reducing the cost increases...
<https://www.robertreim.com/schools-colleges/>.