

ROBERT V. REIM COMPANY

INSURANCE CONSULTING
BID MANAGEMENT



SCHOOL INSURANCE NEWSLETTER

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Market Conditions “Hurricane Ian disrupts already difficult reinsurance renewal season”

“U.S. reinsurance buyers should be prepared to be flexible in the face of what experts say will be a difficult property cat market punctuated by further price hikes and constrained capacity at Jan. 1, 2023, renewals.” *Business Insurance*. Property insurers only retain \$1,000,000 to \$10,000,000 of each district’s insurance; all insurance excess of that is placed with reinsurers. The fact that we may not have had many extremely large losses in Texas over the past year does not mean we can expect premium reductions.

“Global reinsurer capital declined by 11%, or \$75 billion, to \$600 billion in the first half of 2022, driven mainly by substantial unrealized losses on investment portfolios, Aon said in its reinsurance renewal report”. *Business Insurance*

According to *Climate Central*, a research and communications nonprofit, the frequency of billion-dollar weather disasters is now about one event every 18 days. This compares to 82 days between such disasters in the 1980s.

Cyber Renewals Premium Increases

“Cyber liability insurance buyers will likely continue to see significant rate increases during upcoming renewals, but the huge hikes of the past year may be behind them.” *Business Insurance* *You many not even able to obtain a quote unless your district can meet strict underwriting guidelines.*

Risk Pool Financial Statements

Demand that you be provided with audited financial statements – it is your district’s funds that are being held by the risk pool. You are the one at risk, not the risk pool manager. What is reserved for current losses? Future losses? What are the reinsurance retentions? Why would any risk pools holding your money not provide you with an audited financial statement for your records and careful review.

Don’t forget that TAPS, a Texas risk pool that went bankrupt in 2017, left several districts with unpaid claims. In reviewing the RFP for two large districts, we noticed that several million dollars in claims were still outstanding from 2017. Is the insuring company in trouble? Also, we are constantly receiving calls about a particular risk pool that wants to delay payments until additional premiums are received or districts are requested to take bank loans.

Contractor Insurance Requirements

Construction contractors are required to carry Worker’s Compensation coverage, not accident insurance. Anyone who does business with your School District should have liability and damage insurance. Failure to obtain evidence of insurance creates a financial exposure to the district that could be considered “an **unconstitutional** gift of public funds”. Go to the [Risk Management FAQs](#) on our website for three different articles on insurance requirements. Call us with your questions.