

# ROBERT V. REIM COMPANY

INSURANCE CONSULTING  
BID MANAGEMENT



## SCHOOL INSURANCE NEWSLETTER

January 2023

### Market Conditions

Business Insurance January 3, 2023 (Reuters) — “Global insurers face a testing 2023 as reinsurers hike rates on key business lines by as much as 200% from Jan. 1 and pull back from underwriting risk in Russia, Ukraine and Belarus, reinsurance brokers' reports showed Tuesday.

Reinsurers insure insurers, and Jan. 1 is the most important date for reinsurers to renew and adjust pricing of 12-month policies in light of major economic or geopolitical changes, such as the war in Ukraine, which broke out last February.

Reinsurers have suffered sharp losses from the conflict and from natural catastrophes such as Hurricane Ian in Florida, which broker Howden described as the second most expensive natural catastrophe ever in terms of insured losses.”

### Renewal Changes

Review your renewal coverage carefully. Because of the increase in prices, some companies are raising deductible as a method of keeping costs down. Here is an example from a February 1 renewal:

Coverage	Current Deductible	Renewal Deductible
Educators Liability	\$10,000	\$250,000
Employment Practices	\$2,500	\$250,000
Cyber	\$10,000	\$50,000

Notice that some companies which paid for freeze damage last year as they would have paid for fire damage, have now included such damage with the Wind/Hail deductible, by changing the Wind/Hail deductible to Weather deductible.

### Budget Considerations

When preparing your budget for the next school year, keep in mind the effect of the following:

1. Increased construction costs; recent appraisals exceed \$200/sf.
2. Additional structures: any new additions? Calculate annual additional premium by taking rate times values.
3. Additional vehicles: Don't forget to consider additional premiums for added vehicles.
4. Additional vehicles values; The Comprehensive and Collision premiums are based on the Cost New of vehicles. New \$100,000 buses often replace \$60,000 buses.
5. Electric vehicles; These vehicles can greatly increase the cost of Comprehensive and Collision coverage as they may be up to three times the cost of current buses.
6. Rate increases; To all those increases add another 15% for increased rates.

When comparing insurance costs, using premiums does not present a realistic comparison; use rates. Divide the premium by the exposure (values, number of vehicles, cost new of insured vehicles, number of students)

