

**RFP 11MISC13**  
**PROPERTY AND CASUALTY INSURANCE**  
**(RENEWAL)**

**FACT SHEET**

A. **Overview:** This recommendation is to renew the contract for property and casualty insurance coverage for Frederick County Public Schools (FCPS).

1. **Other facts:**

- Coverage will be extended and renewed on an annual basis, if approved by the Board of Education; the renewal will be effective April 1, 2022 through March 31, 2023.
- This insurance will provide protection for loss/damage to real and personal property, including business interruption; data processing; cyber liability; boiler and machinery; business automobile; commercial general liability; crime coverage; builder's risk; errors and omissions and others.
- Insurance premiums for FY23 reflect an increase of approximately 7.4% from FY22 based on the following factors:
  - Insurance Industry average rate increases of 10.4%
  - Claims experience exceeds carrier's profitable percentage and industry average
  - General Liability, Auto and Errors & Omissions coverage rate increases
  - Property rate increase 3.8%
  - Fiduciary Liability rate decreased (19%)
  - Decreased Vehicle Count (1.85%)
  - Increased Property Value 3.15%
  - Increased Employee and Student Counts 3.71% and 4.82%
  - Cyber Liability exposure and rate increase 47%
  - Builders Risk premium projected to decrease due to less new school construction
  - McGriff Insurance reduced their commission so as not to benefit from rate increase
- Our Broker, McGriff Insurance, requested competitive Property and Casualty proposals from over 10 carriers. No property carriers were able to compete with AFM pricing and coverage. With a 3.8% rate increase (under industry average), AFM continues to have the best rates and coverage. Wright Specialty continues to be the lowest cost and best value casualty carrier. Alternative Cyber options with improved term and costs are being sought.
- No rate guarantees were offered this year due to the insurance industry's rapidly rising rates and capacity decreases.
- Approximately \$1,447,388 has been expended so far in FY22 on FCPS insurance coverage.
- Auto, Errors & Omissions, and General Liability increased deductible options were evaluated with all resulting in increased overall costs.
- The overall estimated annual cost for this contract term is expected to be \$2,178,856.
- The following optional coverages were presented by McGriff for FCPS consideration:
  - a. Umbrella Liability with a \$1,000,000 limit can be added at an approximate cost of \$106,000
  - b. Option to exclude property terrorism coverage for \$25,000 savings.

Currently, staff does not recommend adjustments of these coverages.

- The contract will be administered by Joseph Whipp, Risk and Safety Manager.

2. **Source of funding:** FY22 Approved Operating Budget and contingent upon Board approval of FY23 Operating Budget.

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B. **Recommendation:** Staff recommends renewal of RFP 11MISC13, Property and Casualty Insurance to McGriff Insurance (Frederick, MD), at an approximate total of \$2,178,856.

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C. **Action taken by the Board (Purchasing use only):**

|               |             |               |            |                    |
|---------------|-------------|---------------|------------|--------------------|
| ____ Approved | ____ Denied | ____ Deferred | ____ Other | KM/kl              |
| ____ Date     | ____ Date   | ____ Date     | ____ Date  | BOE Mtg.: 03.23.22 |

### FCPS FY 2023 Insurance Renewal

|  | 2021-2022          | 2022 - 2023        |              |                    | Notes                               | Loss Ratio   |        |
|--|--------------------|--------------------|--------------|--------------------|-------------------------------------|--------------|--------|
|  |                    | As Expiring        | Δ            | Updated Exposures  |                                     | Current Year | 6 Year |
| Real & Business Personal Property      | \$1,028,420        | \$1,068,184        |              | \$1,102,614        | Property Values ↑3.15%              | 0%           | 29%    |
| Terrorism                              | \$25,000           | \$25,000           |              | \$25,000           |                                     |              |        |
| <b>Subtotal: Property Premium</b>      | <b>\$1,053,420</b> | <b>\$1,093,184</b> | <b>3.8%</b>  | <b>\$1,127,614</b> |                                     |              |        |
| Inland Marine - Contractors Equipment  | \$9,702            | \$10,317           |              | \$9,845            | Contractors Equip ↓4.54%            | 0%           | 0%     |
| Terrorism                              | \$97               | \$99               |              | \$98               |                                     |              |        |
| <b>Subtotal: Inland Marine Premium</b> | <b>\$9,799</b>     | <b>\$10,416</b>    | <b>6.3%</b>  | <b>\$9,943</b>     |                                     |              |        |
| Commercial General Liability           | \$206,079          | \$215,614          | 4.6%         | \$226,001          | Student Count ↑ 4.82%               | 46%          | 101%   |
| Business Auto                          | \$485,433          | \$560,563          | 15.5%        | \$550,167          | Vehicle Count ↓1.85%                | 103%         | 61%    |
| Comprehensive Crime                    | \$9,378            | \$9,043            | -3.6%        | \$9,378            | FT EE Count ↑ 3.71%                 | 0%           | 0%     |
| School Leaders Errors & Omissions      | \$84,618           | \$92,602           | 9.4%         | \$97,063           | Student Count ↑ 4.82%               | 19%          | 77%    |
| <b>Subtotal: Casualty Premium</b>      | <b>\$785,508</b>   | <b>\$877,822</b>   | <b>11.8%</b> | <b>\$882,609</b>   |                                     |              |        |
| Student Medical Professional           | \$3,815            | \$3,815            | 0.0%         | \$3,815            |                                     |              |        |
| Cyber Liability                        | \$40,826           | \$60,000           | 47.0%        | \$76,156           | Inc in Rev, Students, Remote Access |              |        |
| Fiduciary Liability                    | \$25,915           | \$21,000           | -19.0%       | \$28,891           | Combined Assets ↑ 31%               |              |        |
| Builders Risk                          | \$55,201           | \$55,201           | 0.0%         | \$49,828           |                                     |              |        |
| <b>Total</b>                           | <b>\$1,974,484</b> | <b>\$2,121,438</b> | <b>7.4%</b>  | <b>\$2,178,856</b> |                                     |              |        |