

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, 2023 through March 31, 2024.
- 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 rates for FY23 reflect an increase of approximately 6.9% from FY22 based on the following factors:
 - Insurance Industry average rate increases of 8.0%
 - Claims experience exceeds carrier's profitable percentage and industry average
 - General Liability, Auto and Errors & Omissions coverage rate increases
 - Property rate increase 4.7%
 - Increased Vehicle Count 1.0%
 - Increased Property Value 9.5%
 - Increased Employee and Student Counts 8.0% and 4.0%
 - Cyber Liability rate decrease (2.7%)
 - Builders Risk premium projected to increase due to 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 4.8% rate increase (under industry average of 16%), AFM continues to have the best rates and coverage. Wright Specialty continues to be the lowest cost and best value casualty carrier.
- No rate guarantees were offered this year due to the insurance industry's rapidly rising rates and capacity decreases.
- Auto, Errors & Omissions, and General Liability increased deductible options were evaluated with all resulting in increased overall costs.
- The overall estimated annual cost, taking into consideration both rate increases and exposure increases, for this contract term is expected to be \$2,489,859. This is a 14.7% overall increase from the FY2023 premiums.
- 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.
 - c. Option to remove Cyber Primary Care resource for \$18,305 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:** FY23 Approved Operating Budget and contingent upon Board approval of FY24 Operating Budget.

B. **Recommendation:** Staff recommends renewal of RFP 11MISC13, Property and Casualty Insurance to McGriff Insurance, at an approximate total of \$2,489,859.

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

____ Approved	____ Denied	____ Deferred	____ Other	KM/kl
____ Date	____ Date	____ Date	____ Date	BOE Mtg.: 03.23.23

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FCPS FY 2024 Insurance Renewal Estimates

	2022-2023	2023 - 2024			
	Annualized Premiums	As Expiring	Δ	Updated Exposures	Notes
Real & Business Personal Property	\$1,102,419	\$1,154,902	4.80%	\$1,265,022	Property Values ↑ 9.5% per 2022 Appraisal.
Terrorism	\$25,000	\$25,000	0.00%	\$25,000	
Subtotal: Property Premium	\$1,127,419	\$1,179,902	4.70%	\$1,290,022	
Inland Marine - Contractors Equipment	\$9,432	\$9,725	3.10%	\$10,280	Contractors Equipment ↑ 5%
Terrorism	\$98	\$101	3.10%	\$103	
Subtotal: Inland Marine Premium	\$9,530	\$9,826	3.10%	\$10,383	
Commercial General Liability	\$226,001	\$260,600	15.30%	\$269,582	Estimated Student Count ↑ 4%
Business Auto	\$550,167	\$599,000	8.90%	\$604,875	Vehicle count ↑ 1%, Auto Liab/Phy Dam Ded inc to \$2,500/\$5,000
Comprehensive Crime	\$9,378	\$8,650	-7.80%	\$9,378	Estimated FT EE Count ↑ 8%
School Leaders Errors & Omissions	\$97,063	\$112,700	16.10%	\$120,469	Estimated Student Count ↑ 4%
Subtotal: Casualty Premium	\$882,609	\$980,950	11.10%	\$1,004,304	
Student Medical Professional	\$3,815	\$3,815	0.00%	\$5,000	Student count ↑ 254 to 260. Pending classification of PT students
Cyber Liability	\$59,875	\$58,234	-2.70%	\$59,730	Revenue ↑ 2.5%
Cyber Primary Care	incl	incl		incl	
Fiduciary Liability	\$28,891	\$29,727	2.90%	\$29,727	
Builders Risk	\$58,259	\$58,259	0.00%	\$90,693	Estimate includes 3 new elementary schools. No renovations are included.
Total	\$2,170,398	\$2,320,713	6.90%	\$2,489,859	