

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, 2024 through March 31, 2025.
- 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 FY25 reflect an increase of approximately 10.5% from FY24 based on the following factors:
 - Insurance Industry average rate increases of 11.0%
 - Claims experience exceeds carrier's profitable percentage and industry average
 - General Liability, Auto and Errors & Omissions coverage rate increases
 - Property rate increase 3.7%
 - Increased Vehicle Count 1.0%
 - Increased Property Value 9.0%
 - Increased Employee and Student Counts 7.0% and 2.0%
 - Cyber Liability rate decrease (13.0%)
 - 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 3.7% rate increase (under industry average of 12%), 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 \$2,975,730. This is a 15.6% overall increase from the FY24 premiums.
- The following optional coverages were presented by McGriff for FCPS consideration:
 - a. Option to exclude property terrorism coverage for \$29,500 savings.
 - b. Option to remove Cyber Primary Care resource for \$30,000 savings.

Currently, staff does not recommend adjustments of these coverages.

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

2. **Source of funding:** FY24 Approved Operating Budget and contingent upon Board approval of FY25 Operating Budget.

B. **Recommendation:** Staff recommends renewal of RFP 11MISC13, Property and Casualty Insurance to McGriff Insurance, at an approximate total of \$2,975,730.

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

____ Approved	____ Denied	____ Deferred	____ Other	KM/kl
____ Date	____ Date	____ Date	____ Date	BOE Mtg.: 03.27.24

FCPS FY 2025 Insurance Renewal Premiums

	2023-2024	2024 - 2025			
	Annualized Premiums	As Expiring Exposures	Rate Δ	Updated Exposures	Notes
Real & Business Personal Property	\$1,267,309	\$1,310,813	3.4%	\$1,428,659	Property Values ↑ 9% from \$2.7B to \$2.9B per 2023
Terrorism	\$25,000	\$29,500	18.0%	\$29,500	Appraisal.
Subtotal: Property Premium	\$1,292,309	\$1,340,313	3.7%	\$1,458,159	
Commercial General Liability	\$269,582	\$421,282	56.3%	\$428,259	Estimated Student Count ↑ 2%, Ded ↑ from \$0 to \$25K
Business Auto	\$604,793	\$622,699	3.0%	\$628,036	Vehicle count ↑ 1%, Auto Liab Ded inc from \$2,500 to \$10,000
Comprehensive Crime	\$9,378	\$8,725	-7.0%	\$9,378	Estimated FT EE Count ↑ 7%
School Leaders Errors & Omissions	\$120,469	\$180,690	50.0%	\$183,683	Estimated Student Count ↑ 2%, Ded ↑ from \$0 to \$25K
Umbrella Liability	\$78,711	\$70,912	-9.9%	\$72,540	Does not go over Auto Liability.
Subtotal: Casualty Premium	\$1,082,933	\$1,304,308	20.4%	\$1,321,896	
Student Medical Professional	\$3,905	Incl		Incl	Added to Wright Policy
Inland Marine - Contractors Equipment	\$10,383	\$10,383	0.0%	\$11,292	Contractors Equipment ↑ 9%
Cyber Liability	\$34,730	\$30,207	-13.0%	\$34,730	Revenue ↑ 15%, Several breach limits increased.
Cyber Primary Care	\$25,000	\$26,093	4.4%	\$30,000	Invoiced directly by Socius
Fiduciary Liability	\$31,858	\$29,750	-6.6%	\$32,556	Plan value ↑ 9%
Total	\$2,481,118	\$2,741,054	10.5%	\$2,888,633	
Builders Risk	\$39,110	\$21,176	-45.9%	\$87,097	MOES, BCES, SRES Renovations, CMS Addition, GVES & VES New Construction