

**Date:** June 10, 2019

**Division:** Finance

**Subject:** Property and Casualty Insurance

**Background Information:**

- The current Property and Casualty Insurance policy runs from the period of September 1, 2018 to August 31, 2019.
- On May 29, 2018, AIG, the single insurance carrier for the LISD commercial property insurance policy, mailed out non-renewal notices to multiple districts in the region, including Lewisville ISD.
- There were significant large wind/hail claims (over \$100,000,000 in losses) the last few years with Dallas-Fort Worth area school districts, including the storm that impacted LISD on March 26, 2017. Lewisville ISD's approved claim was over \$15,400,000.
- After receiving the non-renewal notice, Lewisville ISD quickly issued a Request for Proposal on June 8, 2018, with a deadline for proposals of July 17, 2018.
- The 2017-2018 premium for the LISD Property Casualty policy was \$1,257,697. This policy was purchased through the single provider, Lexington/AIG. Due to the large wind/hail claims, AIG took a more stringent approach to their underwriting with school property in Texas; as a result, AIG reduced their limits on many accounts, branding AIG a non-viable financial option at this time.
- The current 2018-2019 premium for the LISD Property and Casualty policy is \$2,877,542. A layered structure was presented and approved at the August 13, 2018 Board of Trustees meeting. The current policy has multiple layers of coverage with multiple insurance providers. LISD Administration committed to rebid this product and service in the spring of 2019, with the goal of a reduced premium and better terms.
- LISD's insurance consultant RHSB has informed Lewisville ISD that as area school districts seek pricing in the insurance marketplace for moved or new coverage, there are only a few to no single carriers that are willing to take on a district's total risk amount. In fact, they have stated that this will force many districts to move to a layered commercial carrier property program. The reduction in providers and a layered property program currently available for independent school districts in North Texas have created a significant increase in financial burden on districts with the combination of both higher rates and higher deductibles. RHSB is predicting the marketplace for the upcoming 2019-2020 season to remain very tight. There have been multiple hail events this spring in the Dallas-Fort Worth area, where some districts are reporting losses.

- A new Request for Proposal for Property and Casualty Insurance was issued on April 26, 2019. Responses have been received and are currently being reviewed. It is anticipated that a discussion item will be brought to the August 2019 Board Work Session with an action item to be presented at the August 2019 Board of Trustees Meeting.