



To: Darin Crawford
Assistant Superintendent for Support Services

From: James Briscoe
Director of Procurement Services

Date: April 14, 2023

Re: Property and Workers' Compensation Stop Loss Insurance
Annual Contract #23-06-5360R-RFP

The proposals were received and opened at 10:00 a.m., Wednesday, April 5, 2023, as advertised and specified in documents concerning **Annual Contract #23-06-5360R-RFP Property and Workers' Compensation Stop Loss Insurance**. The final evaluation summary is located on page 5.

Recommendation is based on user department's evaluation of overall best value to the District.

Recommendation: McGriff Insurance Services, Inc.

Funding: Multiple Funds

Estimated Expenditure:	\$8,858,336.00	Property Insurance
	\$253,209.00	Workers' Compensation Stop Loss Insurance
	\$9,111,545.00	Annual Total Premium

Contract Term: June 1, 2023 - May 31, 2024

Renewal: 4 Years

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To: James Briscoe

From: Amanda Boles

Date: April 14, 2023

Re: Property Insurance Request for Proposal #23-06-5360R-RFP
Contract Award Recommendation

The District utilized an insurance and risk management consulting firm to assist in the process for procuring property insurance. A Request for Qualifications (RFQ) was completed to obtain qualified brokers of which three responded. The three qualified brokers were then asked to respond to a Request for Proposals (RFP). Although there were three qualified brokers who responded to the RFQ, the only proposals received for the RFP were from the current insurance broker McGriff Insurance Services, Inc.

This insurance policy will cover physical loss to the District's \$3.5 billion of total insured property values. There are two primary reasons why Property & Windstorm Insurance has become more expensive with limited availability.

First, persistent catastrophic weather continues to chase global capital out of the Property Insurance marketplace. School Districts in particular have experienced substantial damage claims over the past eight years. There are many examples of school district claims ranging from \$10 million to \$100 million during this period. Claims activity of this magnitude was highly unusual prior to 2016. Floods, tornadoes, hurricanes, winter storms and hail damage have driven most carriers and insurance pools from the market for the time being. Other property owners and homeowners are experiencing similar insurance renewals.

Second, construction cost inflation has inflated the cost of building repairs and replacement. The insurance underwriters now closely scrutinize the Replacement Cost Values shown on each building owner's Statement of Values (SOV). For CFISD, this year's *Property & Windstorm Insurance* premium increase is partially due to the *Construction Cost Inflation* adjustment required by the carriers. Although this inflation adjustment increases the potential insurance payout to CFISD, it also increases the premium cost.

It is important to note the cyclical nature of Property Insurance. If history is any indication, rising insurance premiums combined with less severe weather will eventually attract more capital back to the marketplace, which will lead to lower premiums and risk retention levels.

Administration is requesting that the Board approve the superintendent or designee to continue to negotiate with McGriff Insurance Services, Inc prior to the renewal date of June 1, 2023, in order to obtain the best value for the District at a premium not to exceed \$8,858,336. The property rate reflects an increase of 39%, which also includes increased deductibles.

Feel free to contact me if you have any questions. Thank you.

Cc: Karen Smith
Darin Crawford
Jaime DeCantillon



To: James Briscoe

From: Amanda Boles

Date: April 14, 2023

Re: Workers' Compensation Stop Loss Request for Proposal # **23-06-5360R-RFP**
Contract Award Recommendation

The District utilized an insurance and risk management consulting firm to assist in the process for purchasing Workers' Compensation Stop Loss Insurance. A Request for Qualifications (RFQ) was completed to obtain qualified brokers of which three responded. Proposals were received from the incumbent insurance broker McGriff Insurance Services, Inc as well as two other brokerage firms. However, the other two firms offered proposals which did not meet the insurance specifications required by the District. McGriff Insurance Services, Inc provided proposals from the District's current workers' compensation stop loss carrier Midwest Employer's Casualty Company, as well as from Safety National.

Administration is requesting that the Board approve the superintendent or designee to approve the proposal submitted by McGriff Insurance Services, Inc and the underwriters at Midwest Employers Casualty Insurance Company effective July 1, 2023, with an estimated annual premium of \$253,209, which is a decrease of \$31,354 over the prior year. According to the policy, the premium is later adjusted based on an audit of actual payroll expenditures.

Although the premium quoted by Safety National would be \$14,895 less than the Midwest Employer Casualty's premium, we recommend staying with Midwest because the additional benefits offered outweigh the increase in premium. Midwest provides robust claims and loss prevention services, which include a library of videos utilized for training for the ancillary departments.

If you have any questions, feel free to contact me. Thank you.

Cc: Karen Smith
Darin Crawford
Jaime DeCantillon

23-06-5360R-RFP (Property Insurance)

TEAM SCORE SUMMARY

Company/Vendor Name	Evaluator 1	Evaluator 2	Evaluator 3	Average Score	Ranking
Cuellar & Associates, LLC.	N/A	N/A	N/A	N/A	N/A
Harding-Conley-Drawert-Tinch Insurance Agency (HCDT Insurance Agency)	N/A	N/A	N/A	N/A	N/A
McGriff Insurance Services, Inc.	77.70	75.00	52.00	68.23	1

23-06-5360R-RFP (Worker's Compensation Stop Loss Insurance)

TEAM SCORE SUMMARY

Company/Vendor Name	Evaluator 1	Evaluator 2	Evaluator 3	Average Score	Ranking
Cuellar & Associates, LLC.	46.30	42.00	19.00	35.77	3
Harding-Conley-Drawert-Tinch Insurance Agency (HCDT Insurance Agency)	62.00	81.00	49.00	64.00	2
McGriff Insurance Services, Inc.	77.20	97.40	91.00	88.53	1