

1. Insurance Policies Suggested for Consideration to Non-Renew:

Policy	Limit	Premium Estimate
Crime	\$5 million	\$15,000
Boats	\$500,000 liability \$220,000 total property	\$17,000
UHV and UHCL NFIP Flood	\$500,000 per building	\$41,000
Business Travel	\$250,000	\$21,000
Foreign Travel Medical Accident	Up to \$500,000	\$20,000
Lawyers Professional	\$250,000	\$10,000

2. Property Insurance Renewal Submission (Request for Quotation)

Expiring Program:

\$50 million Named Windstorm limit
2 % per building Named Windstorm deductible
Premium: \$2,872,222

Cost Saving Options:

3 % deductible – last year was about \$45,000 less expensive

FEMA only pays deductible once (\$10 million in the case of Hurricane Ike) but maybe the State will help.

\$25 million limit – last year was about \$262,000 less expensive

FEMA should respond if loss exceeds insurance but they are slower and less reliable than insurance. The State may also help like they have during prior disasters.

Should we get quotes on either or both options above?

If not, should we bring quotes back to you if renewing premium is very close to expiring?

University of Houston System Insurance Expenses		
Policy	FY 10 EXPENSE	(Recommended) FY 11 Expense
Aircraft	\$ 2,297	\$ 2,527
Attendant Care Liability	\$ 2,815	\$ 3,096
Automobile (SORM)	\$ 76,151	\$ 79,999
Blanket Accident (Band Charter School, Daycare, UHD Criminal Justice/Misc programs)	\$ 3,891	\$ 4,280
Blanket Accident UHD-Misc Programs-(Upward Bound, Talent Search etc)	\$ 1,528	\$ 1,680
Business Travel Accident	\$ 21,000	\$0.00
Crime	\$ 14,797	\$0.00
Directors & Officers/EPL/Educator's Legal (SORM)	\$ 203,870	\$ 214,064
Fine Arts	\$ 1,450	\$ 1,595
Foreign Package	\$ 25,008	\$ 5,000
General Liability (Owners, Landlords & Tenants)	\$ 20,003	\$ 22,003
Hull, Protection & Indemnity (Boat)	\$ 16,910	\$0.00
Lawyers Professional Liability	\$ 9,735	\$0.00
Medical/Student Professional Liability/Malpractice	\$ 115,401	\$ 121,171
Broadcasters & Publisher's Liability	\$ 8,219	\$ 9,041
National Flood Insurance Program	\$ 41,564	\$0.00
Property - Main (SORM) and Boiler/Mach (SORM)	\$ 2,872,222	\$ 3,159,444
Special Crime (K&R)	\$ 10,125	\$ 11,138
Special Events Liability	\$ 13,795	\$ 15,175
UH NCAA (Intercollegiate Sports)	\$ 561,460	\$ 610,330
UHV NAIA (Intercollegiate Sports)	\$ 17,500	\$ 19,250
Willis Fee	\$ 199,090	\$ 99,106
Grand Total	\$ 4,240,532	\$ 4,378,899

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: Authorization to negotiate and execute insurance policy renewals for Fiscal Year 2011

**DATE PREVIOUSLY
SUBMITTED:
SUMMARY:**

Most of UHS insurance policies renew March 1 or April 30, 2011. The current annualized insurance expense is under \$4.3 million. We expect insurance renewal rates to remain similar to last year, however with the addition of new buildings and recent Property insurance claim; we expect our Property Insurance premium may increase up to 10%. Policy quotations have not been received thus the exact insurance premium is unknown at this time. Therefore we are asking for a Delegation of Authority to the Chancellor to negotiate insurance coverage terms and purchase insurance policies in an amount not to exceed \$4.6 million for FY11.

SUPPORTING DOCUMENTATION: Insurance Renewal Status Report

FISCAL NOTE: Estimated annual premiums not to exceed \$4,600, 000.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System

_____ PRESIDENT	Renu Khator	_____ DATE
_____ EXECUTIVE VICE CHANCELLOR	Carl Carlucci	_____ DATE
_____ CHANCELLOR	Renu Khator	_____ DATE

2011 Insurance Renewal Status Report

Current and Projected Insurance Premiums:

The University of Houston System's insurance program for Fiscal Year 2010 consisted of 22 policies with an aggregate annual cost of \$4.3 million. The following is a summary of current and projected premiums by policy type and component.

Policy Type:

Policy Type	Premium FY09	Premium FY10	Projected Maximum Annual Premium FY11
Property & Boiler/Machinery	\$2,940,724	\$2,872,222	\$3,159,444
NCAA Medical Accident	\$536,460	\$561,460	\$610,330
Directors & Officers / Employment Practices Liability	\$206,000	\$203,870	\$214,064
Medical Malpractice	\$107,032	\$115,401	\$121,171
Automobile	\$115,977	\$76,151	\$79,999
All Others (15-17 Policies) and Broker Fees	\$448,376	\$411,428	\$380,000
Total	\$4,354,569	\$4,240,532	\$4,540,000

Component:

Component	Premium FY09	Premium FY10	Projected Maximum Annual Premium FY11
UH System	\$83,334	\$80,653	\$88,718
UH	\$3,573,424	\$3,440,728	\$3,660,217
UH – Downtown	\$285,981	\$285,361	\$313,897
UH – Clear Lake	\$325,451	\$336,227	\$369,849
UH Victoria	\$87,379	\$97,563	\$107,319
Total	\$4,354,569	\$4,240,532	\$4,540,000

Renewal Process:

The State Office of Risk Management (SORM) administers the Property, Directors and Officers/Employment Practices/Educators Legal, and Automobile insurance programs. Willis of Texas brokers most of the others insurance policies. We should receive quotes for most of the policies in mid February with renewals March 1, 2011 and the property quotes will be received in early April with a renewal of April 30, 2011.

Marketing Projections:

Most insurance policies are expected to renew with minimal premium change. However, with a recent property insurance claim and the addition of new buildings during the past year we expect our property insurance premium to increase up to 10%.