State University Business Officers’ Association

DASNY/SUNY Property Insurance Program

Ann Dodson
Assistant Director, Risk Management & Safety

April 9, 2014
Agenda

- Insurance program overview
  - What property is covered
  - What coverage is provided
- Who plays a role in the program
- Marketing process and timeline
- Challenges and opportunities going forward
Property Insurance Program

- Insured property includes facilities financed and/or constructed by DASNY
- Insurance is provided pursuant to agreements
  - State University of New York – dormitories and related/associated buildings
  - City University of New York – academic and administrative buildings
  - Miscellaneous
    - New York State Department of Health – rehab hospital and nursing facilities
    - Special Acts School District buildings
    - DASNY offices
- Facilities under construction (Builders’ Risk)
Insured Property

Total Value insured - $19.06 Billion

Includes the “Property Schedule” and the “Builders’ Risk Schedule”

- Property Schedule – permanent facilities constructed and/or financed by DASNY
  - Values are based on “Replacement Cost”

- Builders’ Risk Schedule – facilities currently under construction
  - Values are based on construction costs incurred

- Values are updated quarterly
Property Insurance Coverage

- Insured property includes the building, personal property of the insured, contractor’s interest in construction
  - Insured is SUNY; does not include student property
  - Examples of covered perils/losses – fire, flood, wind, business interruption, extra expense*
  - Examples of excluded perils/losses – faulty workmanship, deterioration, wear & tear

- Losses resulting from Terrorism and Equipment Breakdown (Boiler & Machinery) are also covered*

* Coverage is based on the specific terms and conditions of the insurance policy(ies).
Property Insurance Coverage

- Policy limit is $750,000,000 per occurrence

- Many sublimit and deductible levels apply
  - $250,000 deductible per occurrence, regardless of the number of locations involved
  - Example: Named Windstorms
    - $7.5M deductible per occurrence
    - BUT - $500,000 deductible for 18 of 26 SUNY campuses

- Coverage, sublimit and deductible levels are triggered by the circumstances of the claim and the policy language. Don’t make an assumption!
Who’s Involved?

- DASNY – procures the insurance policy on behalf of its clients
- SUNY and other DASNY clients – occupy, operate and maintain the insured facilities
- Insurance carrier – Lexington Insurance Company and CNA (Continental Casualty Co.)
- Insurance brokers – Marsh and Lee Insurance
- Insurance Company consultants
  - Loss control
  - Boiler inspectors
  - Claims
Marketing Process

- Broker Selection
  - The Insurance Broker is our representative in the insurance marketplace – their presentation of the DASNY Property Insurance Program is critical
  - RFP documents include an extensive scope of services (marketing, claims, administration, loss control, other services)
  - Kicked off with outreach and informational presentations
  - Selection Committee included members from DASNY Risk Management, Legal, Construction, Procurement, and Executive Initiatives
Marketing Process

- Selection Criteria include:
  - ability to provide the full scope of services,
  - understanding of DASNY’s/clients’ programs,
  - staff experience,
  - marketing strategy,
  - access to insurance markets
  - MWBE participation, and
  - similar client experience

- 2013 procurement – 7 proposers
  - Included interviews with team members
  - Marsh and subconsultant Lee Insurance were selected
Marketing Process

- Goals setting – objectives for a renewal program
  - DASNY and Marsh analyze existing programs; benchmark against similar/peer programs in real estate, education and public entity groups
- Identify potential “markets” – carriers who might have an interest in underwriting the program based on experience and market knowledge
- Brokers (Marsh and Lee Insurance) provide insurance carriers with submission data including schedules, loss history, policy terms and conditions
- Narrowing markets down by size, capacity, other factors
  - Risk appetite is an important factor
- Negotiating terms and conditions, as well as pricing with carriers
Marketing Process

- What tools are used to “sell” the program?
  - Property and Builders’ Risk Schedules in useable formats
  - Good quality building data and values
  - Loss control/engineering reports – a benefit to both sides
  - Loss history
  - Underwriter meetings

This is your chance to shine!
Marketing Process

- Policy year begins March 1
- Process Timeline
  - DASNY begins requesting information 6 - 7 months in advance of the policy renewal date.
  - Brokers are “in the market” 90-120 days prior to renewal
  - Carrier quotes due 30 days in advance of renewal
  - Underwriter questions - DASNY will want more information – fast!
  - Final quotes due for DASNY approval 15 days prior to expiration of existing policy
  - More underwriter questions - DASNY will want more information – faster!
- Negotiations are ongoing…
Challenges & Opportunities

- Building Data – accuracy
- Building Values – how to determine “Replacement Cost”
  - Multiple methods
  - Interim updates
- Loss Control survey visits – information and staff prepared in advance
- Claims – timely, accurate submissions