

State University Business Officers' Association

DASNYSUNY Property Insurance Program

Ann Dodson

Assistant Director, Risk Management & Safety

April 9, 2014

Updated – July 18, 2016

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

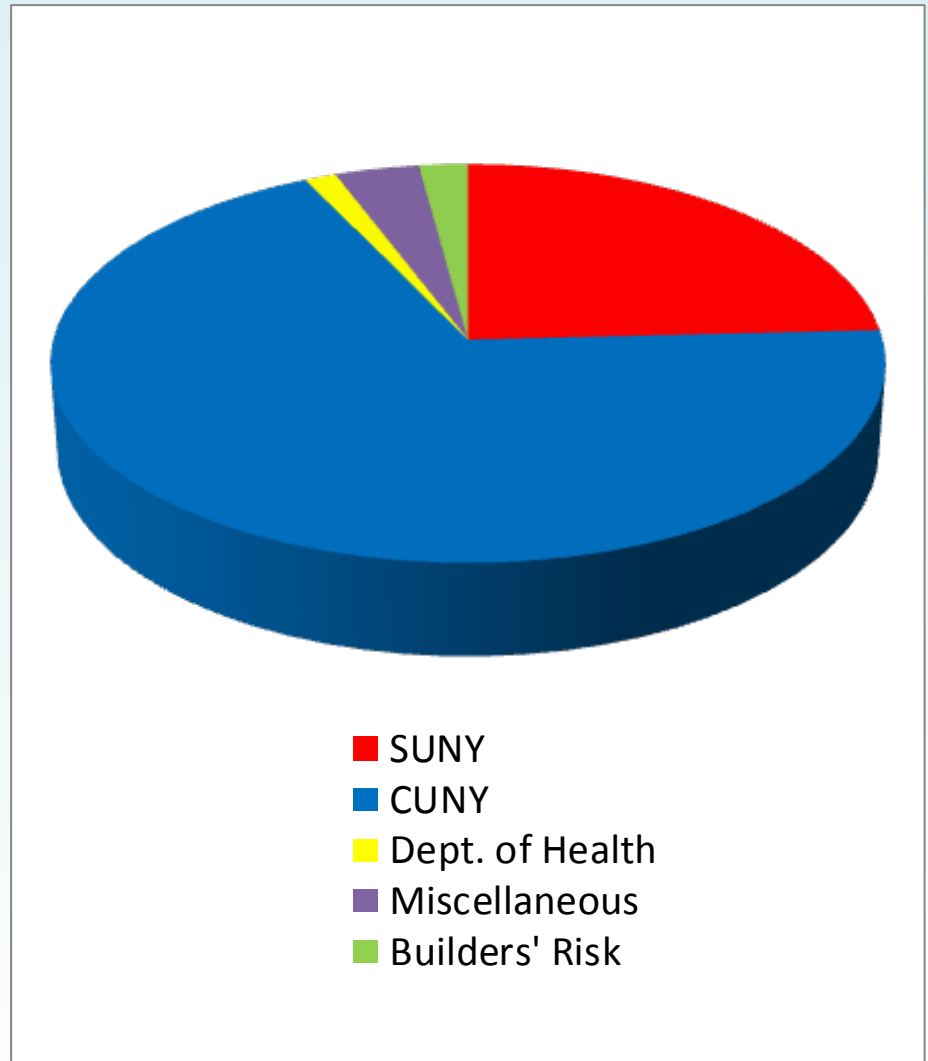
- Insured property includes facilities financed and/or constructed by DASNY
- Insurance is provided pursuant to agreements
 - State University of New York – dormitories and related/associated buildings
 - City University of New York – academic and administrative buildings
 - Miscellaneous
 - New York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

Insured Property

Total Value insured - \$20.6 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, limits and deductibles are 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
 - 45 sublimits for different causes/types of loss
 - \$50,000 deductible for fires, water damage and many other covered causes of loss at SUNY campus locations
 - \$5.0M deductible for floods at designated locations and in special hazard zones
 - \$250,000 deductible for floods at other locations, including SUNY campuses
 - \$5.0M deductible for Named Windstorms
 - \$500,000 deductible for Named Windstorms at certain SUNY campuses
 - Coverage, sublimit and deductible levels are triggered by the circumstances of the claim and the policy language.

Don't make an assumption!

* Coverage, limits and deductibles are based on the specific terms and conditions of the insurance policy(ies).

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 carriers
 - Lexington Insurance Company (lead) and a panel of several other carriers in a shared program
 - CNA (Continental Casualty Co.) on Equipment Breakdown
- 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
- Last Procurement: 2013 – 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



D A S N Y
DORMITORY AUTHORITY STATE OF NEW YORK

WE FINANCE, BUILD AND DELIVER. ■