State University Business Officers’ Association

DASNY/SUNY Property Insurance Program

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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)
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
DASNY
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WE FINANCE, BUILD AND DELIVER.