

**ILLINOIS STATE
UNIVERSITY**

**BOARD OF
TRUSTEES**

**Resolution No. 2023.07/42
Authorization to Acquire
Property Insurance (Amended)**

Resolution

Whereas, the Board of Trustees of Illinois State University approved at the May 12, 2023 meeting Resolution No. 2023.05/22 which authorized the University to acquire property insurance for FY24 at an estimated amount not to exceed \$1.38 million (an increase of \$180,000) based on preliminary discussions with our insurance consortium carrier, Alliant Insurance Services (Alliant).

Final premium quotes have been received from Alliant and the projected annual premium for FY24 has increased to an estimate not to exceed \$1.45 million, an increase of approximately \$250,000 over the prior year. This increase is attributed to three main factors,

- 1) an increase in insured property values,
- 2) an estimated \$3 million insurance loss claim associated with the fire property damage at the University farm in 2022, and the University of Illinois Urbana, Champaign with over \$10 million of water damage, and
- 3) substantial inflationary increases in replacement value construction costs, including labor shortages and related supply chain constraints across the State of Illinois, the Midwest, and the nation as a whole.

Therefore, be it resolved that the Board of Trustees of Illinois State University authorizes the acquisition of adequate property insurance coverage for fiscal year 2024 from a collection of well-respected and financially sound U.S. and international insurance companies, collectively priced as a consortium through Alliant Insurance Services, Inc., at an annual premium not to exceed \$1.45 million.

Board Action on: _____
Motion by: _____
Second by: _____
Vote: Yeas: _____ Nays: _____

Postpone: _____
Amend: _____
Disapprove: _____
Approve: _____

ATTEST: Board Action, July 28, 2023

Secretary / Chairperson

**Board of Trustees
Illinois State University
Authorization to Acquire Property Insurance**

Illinois State University, as a member of the Illinois Public Higher Education Cooperative (IPHEC), has participated in a hybrid group cooperative purchase of property insurance placed by property insurance broker Alliant Insurance Services, Inc. and covered by the Alliant Property Insurance Program (APIP).

APIP provides public entities across the country access to property insurance solutions and price stability through APIP's group purchasing power. This strength is fueled by APIP's nearly 10,000 covered entities in 38 states and \$540 billion in total insurance values. APIP is among the largest property placements worldwide.

IPHEC has secured their own independent tower of coverage within the APIP nationwide program. This independent tower of coverage allows IPHEC members to take advantage of our minimal loss history and not share similar rates and rate increase as other APIP members who have coastal and earthquake exposures. This customized tower of coverage allows IPHEC members access to comprehensive and very cost competitive property insurance coverage. The University's Risk Management Office is an active participant in this cooperative agreement and serves in leadership roles for the placement, cost, and coverage within the IPHEC tower of coverage.

FY24's property insurance renewal amount is projected to be approximately \$1.45 million which is an increase of approximately \$250,000 (or 21%) over the prior year. This increase is attributed to three main factors, 1) an increase in insured property values, 2) significant large dollar loss events by several universities within the state, including ISU with an estimated \$3 million insurance loss claim associated with the fire property damage at the University farm in 2022 and the University of Illinois Urbana-Champaign with over \$10 million of water damage, and 3) substantial inflationary increases in replacement value construction costs, including labor shortages and related supply chain constraints across the State of Illinois and the nation as a whole.

For fiscal year 2024, the University's property insurance program will have a \$1 billion per occurrence coverage limit with a \$100,000 deductible payable for each occurrence. The property insurance exposure is further mitigated by the University's self-insurance fund of approximately \$1.2 million.

ISU will continue to aggressively monitor the market and consider all options to proactively pursue alternative insurance levels and pricing options with a goal of mitigating the current costs levels both in the short term and long term. It is important to note that consortium pricing over the past decade thru the IPHEC consortium programs has remained comparatively low.

Funding Source: General Revenue and Auxiliary Facilities System Operating Revenues