

**ILLINOIS STATE
UNIVERSITY**

**BOARD OF
TRUSTEES**

Resolution No. 2023.05/22
Authorization to Acquire
Property Insurance

Resolution

Whereas, the Board of Trustees (the “*Board*”) of Illinois State University (the “*University*”) owns and maintains property and business interruption insurance valued at approximately \$2.2 billion, and

Whereas, prudent business practice necessitates the Board protect the value of such property with adequate property insurance and business interruption coverage, and

Whereas, with its membership in the Illinois Public Higher Education Cooperative (IPHEC), the University has available to it through its insurance broker, Alliant Insurance Services, Inc.:

Therefore, be it resolved that the Board authorizes the University to acquire 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 \$1.38 million.

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

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

ATTEST: Board Action, May 12, 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 \$1.38 million which is an increase of \$180,000 (or 15%) over prior year. Historical annual increases have typically ranged from 8% to 15%. Actual costs will not be known until final renewal quotes are received, typically in late July or early August of 2023.

This increase in insurance premium in FY24 is not a reflection of significant property insurance losses reported by Illinois State University or other IPHEC members during FY23 but is largely the result of current inflationary market conditions, labor shortages, increased material costs, and related supply chain issues.

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 MHEC had remained comparatively low.

Funding Source: General Revenue and Auxiliary Facilities System Operating Revenues