**Illinois State**

**University**

Board of

**Trustees**

 **Resolution No.2015.07/22**

 **Property Insurance Authorization**

**Resolution**

Whereas, the Board of Trustees (the *“Board”*) of Illinois State University (the *“University”*) owns and maintains property valued at approximately $1.56 billion, and

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

Whereas, with its membership in the Midwestern Higher Education Compact, the University has available to it through its insurance broker, Marsh USA Inc., property insurance coverage provided by the Lexington Insurance Company:

Therefore, be it resolved that the Board authorizes the University to acquire adequate property insurance coverage for fiscal year 2015 from the Lexington Insurance Company through Marsh USA Inc., at an annual premium not to exceed $510,000.

Board Action on: Postpone:

 Motion by: Amend:

 Second by: Disapprove:

 Vote: Yeas: Nays: Approve:

 ATTEST: Board Action, July 24, 2015

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Secretary/Chairperson

**Board of Trustees**

**Illinois State University**

**Property Insurance Authorization**

**Supplemental Information for Property Insurance Authorization**

Illinois State University, as a member of the Midwestern Higher Education Compact (MHEC), participates in the MHEC Master Property Insurance Program which provides members access to comprehensive and very cost competitive property insurance coverage. The University’s Risk Management Office is an active participant in MHEC, currently serving on a five person Loss Control Subcommittee responsible for recommending and implementing property loss control measures. There are currently 58 colleges and universities across the country participating in this program with total insured property values of $86.4 billion. Insurance is provided by the Lexington Insurance Company through Marsh USA Inc., acting as broker.

For FY2016, the University’s property will have per occurrence coverage of up to $500 million with a per occurrence deductible of $100,000. MHEC is in the process of transitioning the plan into higher deductible levels. Illinois State University’s per occurrence deductible amount was increased to $100,000 for FY2015 from the previous year’s deductible amount of $25,000 to take advantage of annual premium savings. In addition to the premium savings, the higher deductible amount exposure is mitigated by the University’s self-insurance fund of approximately $1.1 million.

Illinois State University’s property value for FY2016 insured as part of the MHEC program totals $ 1.56 billion. This valuation is determined annually through a comprehensive assessment performed by the University’s Risk Management Office. Premium cost, including line taxes and fees, of this coverage for FY2015 totaled $ 477,163 with cost for FY2016 estimated at $498,319. This 4.57 percent increase from the prior year is primarily attributable to increases in the insured property values from 1.52 billion to 1.56 billion. Board authorization of an amount not to exceed $510,000 is requested to accommodate any significant property additions that might occur during the year.

Funding Source: General Revenue and Auxiliary Facilities System Operating Revenues