

Insurance Renewal Status Report

Current and Projected Insurance Premiums

The University of Houston System's insurance program for Fiscal Year 2008 consists of over 20 policies with an aggregate annual cost of \$3.6 million. The following is a summary of current and projected premiums by policy type and component.

Policy Type	Annualized Premium FY07	Annualized Premium FY08	Projected Annual Premium FY09
Property	\$3,254,407	\$2,425,654	\$3,500,000
NCAA Medical Accident	\$440,338	\$543,500	\$450,000
Directors & Officers / Employment Practices Liability	\$273,166	\$248,022	\$275,000
Medical Malpractice	\$120,030	\$113,125	\$120,000
Automobile	\$127,810	\$128,798	\$130,000
All Others (18 Policies)	\$175,867	\$173,485	\$175,000
Total	\$4,391,618	\$3,632,583	\$4,650,000

Component	Annualized Premium FY07	Annualized Premium FY08	Projected Annual Premium FY09
UH System	\$89,281	\$86,710	\$90,000
UH	\$3,561,197	\$3,037,153	\$3,860,000
UH – Downtown	\$285,719	\$207,427	\$285,000
UH – Clear Lake	\$379,084	\$249,147	\$350,000
UH Victoria	\$76,337	\$52,147	\$65,000
Total	\$4,391,618	\$3,632,583	\$4,650,000

Renewal Process

The State Office of Risk Management (SORM) administers the Property, Directors and Officers/Employment Practices, and Automobile insurance programs through statewide insurance programs. Willis of Texas brokers most of the others and is obtaining quotes to compete with each of insurance programs administered by SORM. Quotes for most of the policies will be received in mid February with renewals March 1, 2009 and the property quotes will be received in late March with renewals April 30, 2009.

Marketing Projections

Most insurance policies are expected to renew with little premium change but the Hurricane Ike loss and global financial environment is expected to have a very negative impact on the property insurance renewal cost. In addition, the projected property insurance renewal estimate noted above is highly uncertain at this point in time.

Renewal Strategy

Due to the high degree of uncertainty of the insurance market, we are getting competitive quotations for all of the larger premium insurance policies, including Property, Directors and Officers/Employment Practices and Property insurance (those administered by the State Office of Risk Management). Since there is a possibility that hurricane insurance may exceed a manageable cost, we are proposing a not-to-exceed cost for property insurance of \$5 million. If we exclude hurricane coverage or reduce the coverage limits below reasonable loss expectations, neither the State of Texas nor FEMA may provide assistance in the event of a major loss.