



Interim Study 23-072

Room 535

October 26, 2023

OSIG
OKLAHOMA SCHOOLS INSURANCE GROUP



History of OSIG

Established

We created OSIG for competition in 2001 and we still create competition today.

Growth

Began with 27 of school districts in 2002
Total Insured Values \$1.3B

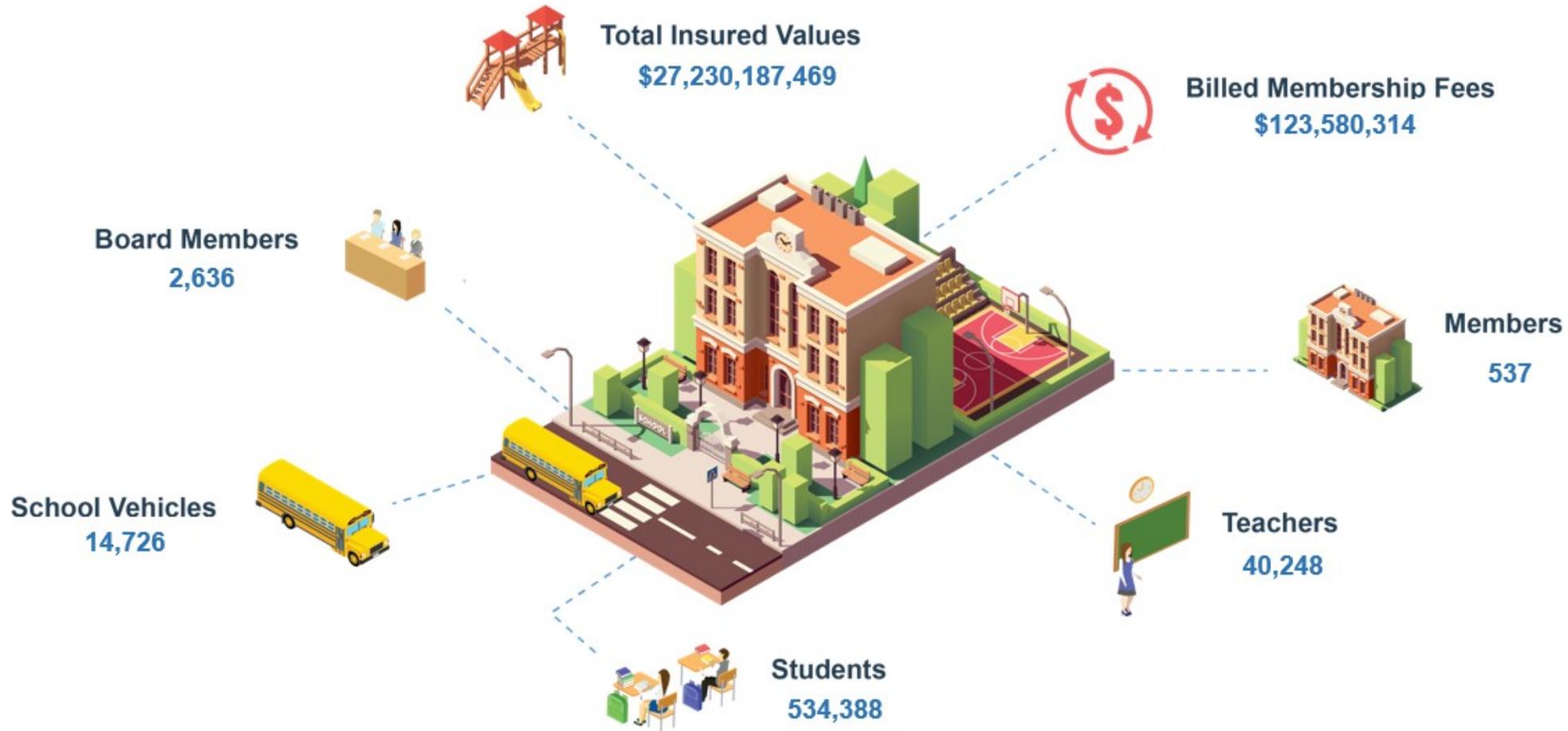
Impactful Year

2019 experience over \$124,000,000 in claims

Current State

We have 61 carriers and 81 placements competing each year to participate insuring OSIG.

Membership Report as of 07/01/2023



Comprehensive Coverage Options: Beyond Wind & Hail

 Auto Liability	 Educator's Liability	 Deadly Weapon	 Earthquake	 Pollution Liability
 Auto Physical Damage	 Cyber Liability	 Fire Coverage	 Equipment Breakdown	 Flood
 Excess Liability	 General Liability	 Builders Risk	 Crime	 Benefits Liability



Our Commitment to You: Value-Added Services At No Additional Cost



Online learning management platform.

Offers a wide range of educational and training courses to support **professional development** and enhance staff skills.



STOPit Bullying Prevention

This powerful tool enables students to **report incidents anonymously**, promoting a positive school climate.



Beazley Cyber Portal

This valuable resource offers **cyber risk** management tools, educational resources, and incident response guidance to safeguard against cyber threats.



Water & Temperature Devices

Help prevent and mitigate damages caused by water leaks, freezing temperatures, and other related incidents, ensuring the **protection of school property** and assets.



Simplified Asset Management

Mitigate risk. Catalog, track, and analyze unlimited equipment, supplies, and inventory for **FREE**. Easily apply for rebates, grants, and tax credits



Onsite Safety Inspections

OSIG provides on-site safety inspections to help identify potential hazards and ensure compliance with safety regulations.



Onsite Appraisal Services

We offer on-site appraisals to assist members in evaluating their assets accurately.

Preserving the Independence of the Oklahoma Schools Insurance Group

- **OSIG's Integral Role in Oklahoma's Public Schools**
- **Resilience in the Face of Market Changes**
- **Effective Claims Management and Comprehensive Coverage**
- **Contributions to the Education Community**
- **Commitment to Affordability and Sustainability**

Why are Premiums Rising?

Extreme Weather-Related Losses

- 2017: Costliest year - 3 major hurricanes and CA wildfires, \$135B insured losses.
- 2022: 8th year with 10+ Catastrophes causing \$1B+ in damage.
- Last 5 years: Avg. 18 \$1B disaster events per year.
- 2020-2022: U.S. saw over \$275B in natural disaster costs, a record.
- 2022: 75% global insured losses in U.S., Hurricane Ian second costliest.
- Year-to-date: 23 weather/climate disasters, \$57B+ damage.
- 18 convective storms (hail, tornadoes) among these events.





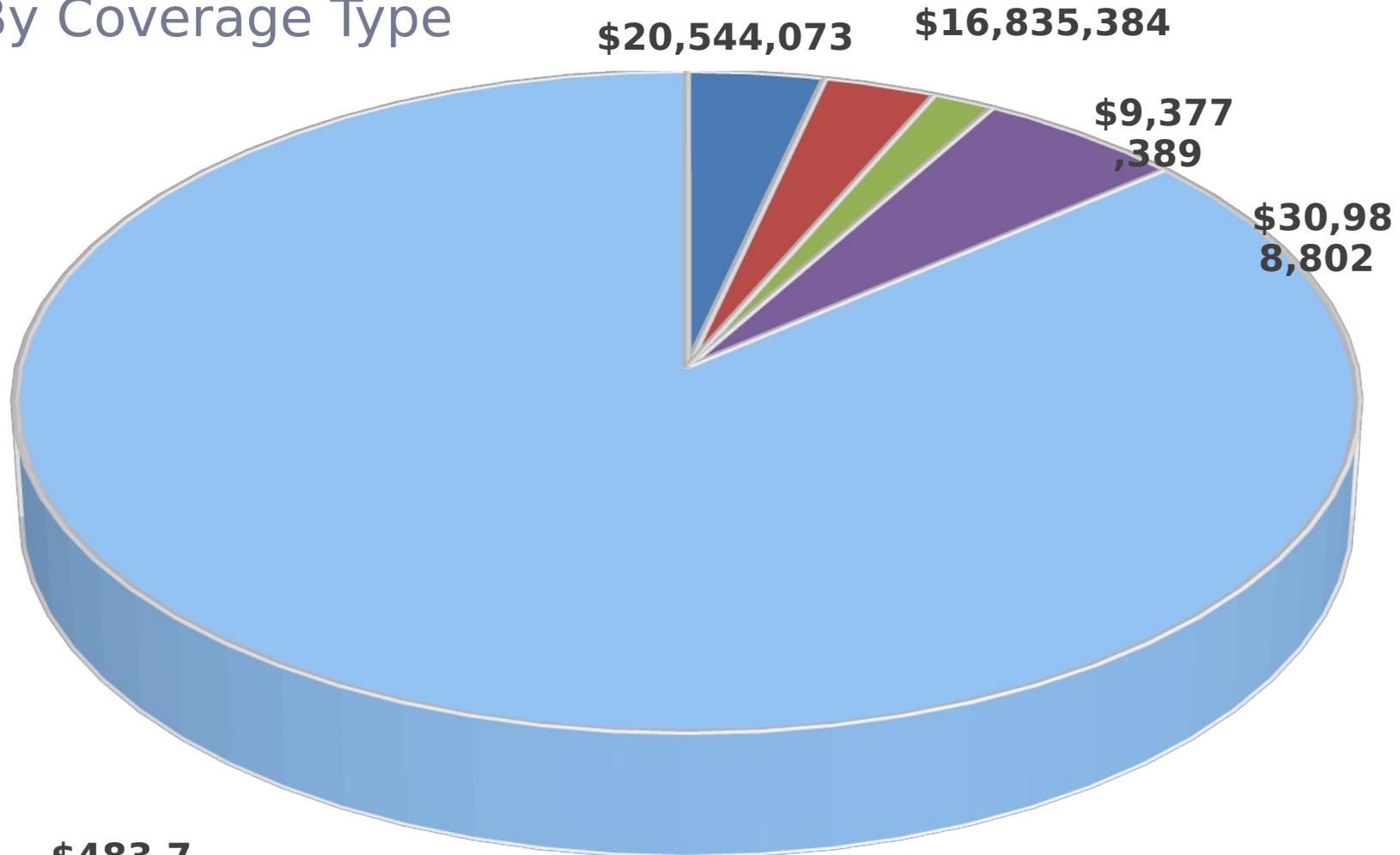
Why are Premiums Rising?

Hardest Property Market in a Generation

The insurance market is struggling with catastrophic weather related losses, rising economic inflation & supply chain constraints, all of which have led to the hardest property market in a generation. Commercial insurance pricing has now risen for 23 straight quarters and is being paced by property lines of coverage.

Total Claims By Coverage Type

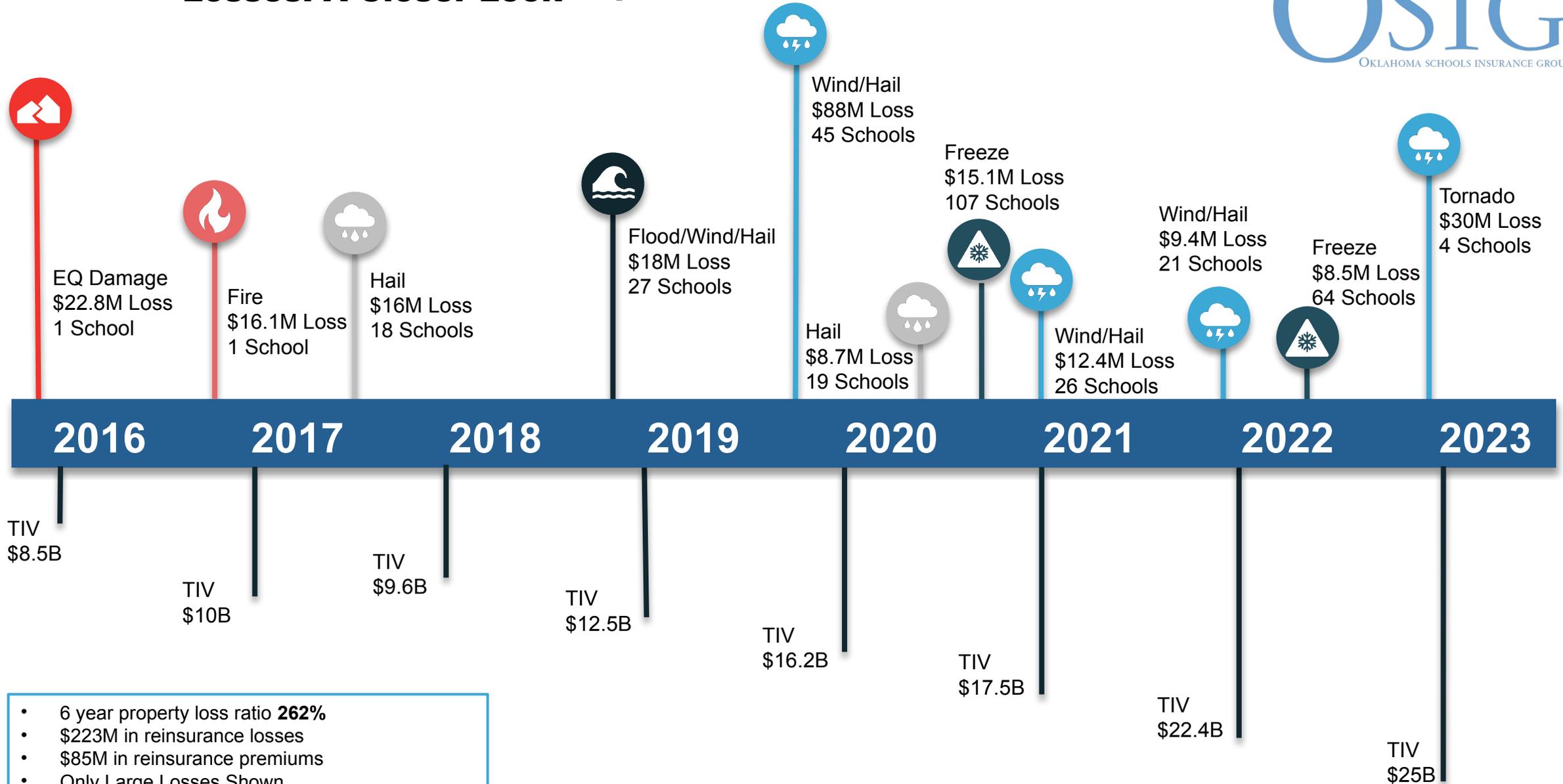
**Total as of
8/31/2023
\$ 561,524,913**



\$483,779,265

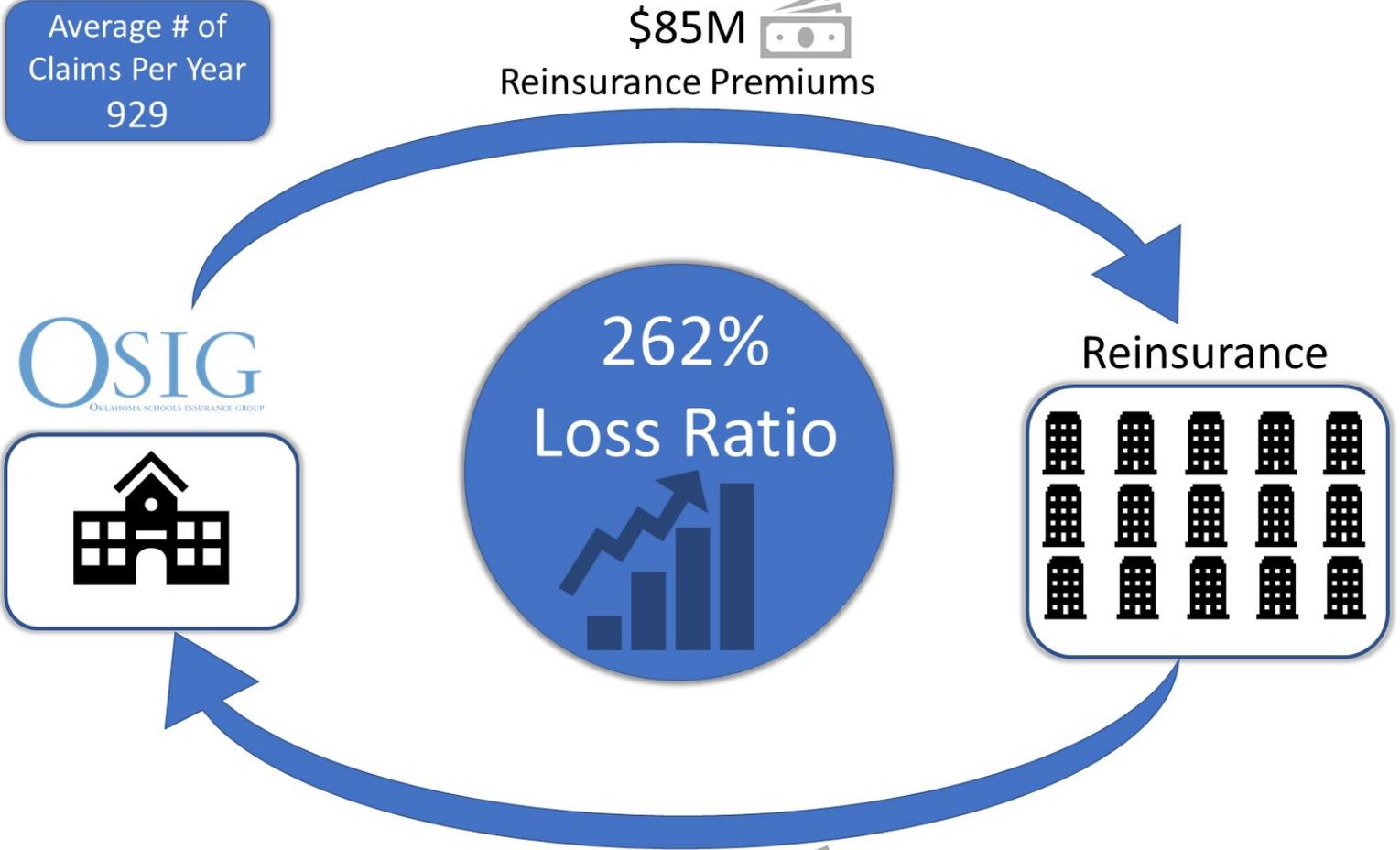
- Auto Liability
- Auto Physical Damage
- Errors & Omissions
- General Liability
- Property

OSIG's Costly Property Losses: A Closer Look



- 6 year property loss ratio **262%**
- \$223M in reinsurance losses
- \$85M in reinsurance premiums
- Only Large Losses Shown
- Timeline by Plan Year
- OSIG TIV – Total Insured Values at Year End

Loss Ratio Cycle



\$85M 
Reinsurance Premiums

Average # of
Claims Per Year
929

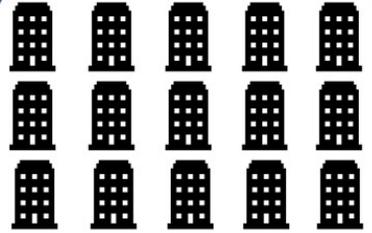
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262%
Loss Ratio



Reinsurance



\$223M 
Reinsurance Claims

*For every \$1 paid to reinsurance
they are paying us \$2.62

Factors Contributing to Increased Cost of Claims



Inflation Cost:

General increase in prices and costs
Leads to higher claim amounts



Public Adjusters:

Third-party professionals hired by policyholders to negotiate claims
May result in higher settlement amounts



Supply Chain Constraints:

Disruptions in the availability and delivery of goods and services
Delays in repairs and replacements
Increased costs for materials and labor



Lack of Capacity:

Insufficient insurance coverage or reinsurance capacity
Higher risk exposure for insurers
May lead to higher claim costs

Adapting to Evolving Market ~~Conditions~~

OSIG's response to market changes:

- **Margin Clause:** Provides a safety net against unexpected or increased claim costs
- **365 Day Notice:** Streamlines claims process and mitigates delays for windstorm and hail losses
- **Cosmetic Exclusion:** Mitigates risk by excluding cosmetic damage claims for metal roof coverings
- **Appraisal Valuations:** Ensures correct insured-to-value ratio for school structures
- **Deductible Options:** Provides flexibility for members to adjust deductible and reduce premium cost



Minimum Deductible Alternatives

Minimum Deductible
\$25,000

5 Year Average
\$1,038,536
Savings 1%

Minimum
Deductible **\$50,000**

5 Year Average
\$2,269,083
Savings 3%

Minimum Deductible
\$100,000

5 Year Average
\$4,082,950
Savings 5%