



New Jersey Schools Insurance Group
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Board of Trustees Meeting of May 17, 2023 Underwriting Report

Reinsurance negotiations wrapped up in late April and the 2023-2024 member renewal season is underway. This year's property reinsurance renewal was the most difficult and protracted to date due to a general reduction in reinsurer capacity and aggressive rate increases. Reinsurer wariness attributable to the continuing unpredictability of natural disasters and subsequent unreliability of catastrophe modeling has resulted in the program being spread across a record 50 reinsurance carrier layers as well as a reduction in the group's property per occurrence limit from \$500,000,000 to \$350,000,000. A reduction in capacity is not unusual in a hard insurance market, and the group's new per occurrence limit remains reasonably adequate as it represents a 250-year probable maximum loss event and is more than ten times greater than the maximum per occurrence property loss sustained by the group in its 40-year history.

On the brighter side, the cyber liability reinsurance renewal was uneventful as compared to the contentiousness of the previous two years. There are two carrier changes on the 2023-2024 program. The carrier on the E&O coverage line will change from QBE to Lexington Insurance Company (an AIG subsidiary), as QBE has withdrawn from the public entity E&O market. The carrier on the environmental liability program will change from Ironshore Specialty Insurance Company to Ascot Specialty Insurance Company, as Ascot offered more favorable terms and pricing. Members should report all known E&O and pollution losses to the current respective carrier prior to 7/1/23 to avoid a gap in claims-made coverage.

Immediately after all of the Group's reinsurance renewal quotes were negotiated and formally bound in late April via Alliant Pooling, the new rates were thoroughly and satisfactorily tested in the NavRisk underwriting software prior to the release of first renewal proposal on 5/8/23. As of 5/12/23, the department has received 171 member renewal submissions, 23 new member submissions and 13 current member additional lines submissions.

Additionally, the NJSIG underwriters have released approximately 100 renewal quote proposals and several member requests to bind coverage have already been received. The rate of receipt of member renewal submissions has substantially improved over last year. All other renewal statistics are consistent with prior years and all underwriting processes, including the new online underwriting application portal, are running smoothly. We ask all members to submit their request to bind coverage via their broker representative as soon as possible so all requests can be processed in a timely manner prior to July 1st.

All statutorily required auto insurance identification cards and workers' compensation posting notices for 2023-2024 will be mailed to the membership in early June.

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Underwriting Manager