



New Jersey Schools Insurance Group
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Board of Trustees Meeting March 9, 2020
Action Item
Reinsurance for the 2020-2021 policy year

NJSIG has begun receiving quotes for reinsurance and excess insurance for the 2020/2021 policy year. As I indicated at the January 15, 2020 meeting, Willis Re, NJSIG's current insurance broker, has indicated that the market for reinsurance and excess insurance is "hardening," which is a term of art in the insurance industry that generally means insurance rates are increasing, and available insurance capacity is decreasing. Willis Re has aggressively marketed NJSIG's lines of business to reinsurance and excess insurance carriers so as to ensure we are able to obtain the necessary coverage for our membership at acceptable rates.

Willis Re's prediction regarding the market conditions has proven prescient, with significant hardening noted across multiples lines of coverage. Most significantly, NJSIG is facing double digit rate increases on the property and equipment breakdown coverages, with lesser but significant increases on the casualty and professional liability coverages. Notably, while cyber coverage has traditionally made up a minor component of the overall program, claims activity has spiked nationwide and thus rates are increasing significantly.

Also of note, the long-standing reinsurer of NJSIG's pooled bond program has indicated they will be withdrawing from our program after the 2020/2021 policy year. Since this was a unique arrangement, NJSIG has been unable to find a reinsurer that is willing to provide reinsurance for a pooled bond program. NJSIG has notified all member brokers of this upcoming change.

Willis Re's guidance for a worst-case scenario at this juncture is that excess and reinsurance for the 2020/2021 policy year will not exceed \$41,743,534 based on expiring exposure data. NJSIG continues to pursue further price negotiations with carriers and is investigating higher retention limits in certain coverages. NJSIG also continues to explore increased aggregate limits where appropriate.

Recommended Resolution: to approve the renewal of reinsurance coverage at a cost not to exceed \$41,743,534 based on expiring exposure data. Further, the Board of Trustees authorizes the Executive Director to renew with alternative responsible carriers if the terms and conditions offered by those carriers provide a clear advantage in Member pricing or coverage terms.

Jill Deitch, Esq.
Executive Director