



New Jersey Schools Insurance Group
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Board of Trustees Meeting March 20, 2023

Action Item

Excess, reinsurance and group insurance for the 2023/2024 policy year NJSIG No. 0323-02

NJSIG has begun receiving quotes for reinsurance and excess insurance for the 2023/2024 policy year. Alliant, NJSIG's current insurance broker, has indicated that the market for reinsurance and excess insurance continues to "harden" for a fourth consecutive year. "Hardening" is a term of art in the insurance industry that generally means insurance rates are increasing, and available insurance capacity is decreasing. Alliant has aggressively marketed NJSIG's lines of business to reinsurance and excess insurance carriers to ensure we are able to obtain the necessary coverage for our membership at acceptable rates.

As a result, NJSIG is facing double digit rate increases on the property reinsurance; and a lesser but still sizeable increase on the casualty reinsurance. In addition to increasing rates, the capacity in the property market is proving to be an issue this renewal, and we are likely going to need to reduce NJSIG's per occurrence limit from \$500,000,000 to \$350,000,000 per occurrence for property claims due to lack of market capacity. Catastrophic risk modeling performed by Alliant indicates that a \$350,000,000 per occurrence limit would be an approximately once every three hundred and seventy-five year event, with an approximate critical probability of 0.003%. If the property market continues to move in this direction, we will likely need to seek other risk transfer options in the future.

Alliant's guidance for a worst-case scenario at this juncture is that excess, group, and reinsurance for the 2023/2024 policy year will not exceed \$60,124,221 based on expiring exposure data. NJSIG continues to pursue further price negotiations with carriers and continues to explore increased aggregate limits where appropriate.

Recommended Resolution: To approve the renewal of excess, reinsurance and group insurance coverage for the 2023/2024 policy year at a cost not to exceed \$60,124,221 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 an advantage in member pricing or coverage terms.