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ABSTRACT

This publication presents the results of a survey of over 200 midwestern colleges and universities on their property insurance programs and establishes benchmarks to help these institutions evaluate their insurance programs. Findings included the following: (1) 51 percent of respondents currently purchase their property insurance as part of a package policy which includes other liability coverage; (2) 48 percent purchase flood coverage and 53 percent purchase earthquake insurance; (3) about 70 percent purchase boiler and machinery insurance including jurisdictional inspection services; (4) fire and lightning losses accounted for 36 percent of all property claim dollars; (5) average 5 year loss frequency in excess of applicable deductibles was 1.03 claims per survey respondent; (6) 67 percent of total real and personal property values for public and independent colleges and universities among the Midwestern Higher Education Commission member states fall at or below \$100 million; (7) almost 70 percent of all respondents maintain property deductibles at or below \$5,000; and (8) 68 percent of respondents have rates over \$.04 per \$100 of property value though the remaining 32 percent have rates significantly below that figure, largely due to higher deductible attachment points. (JB)

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ED 383 246

MHEC Survey Establishes Midwest Property Insurance Benchmarks

A strong survey response provides important benchmark information for Higher Education Institutions.

Thanks to the excellent cooperation received from a broad cross-section of colleges and universities, MHEC has assembled key statistical benchmarks to assist higher education institutions in evaluating their property insurance programs. Completed surveys were received from over 200 institutions representative of all higher education sectors in MHEC member states.

The results of the survey, prepared as part of MHEC's developing risk management institute information exchange program, are summarized in this bulletin. Included are data on claim occurrences, frequency of losses, property value thresholds, deductible levels, and premium rates. In order to maintain confidentiality, these exhibits do not identify individual institutions.

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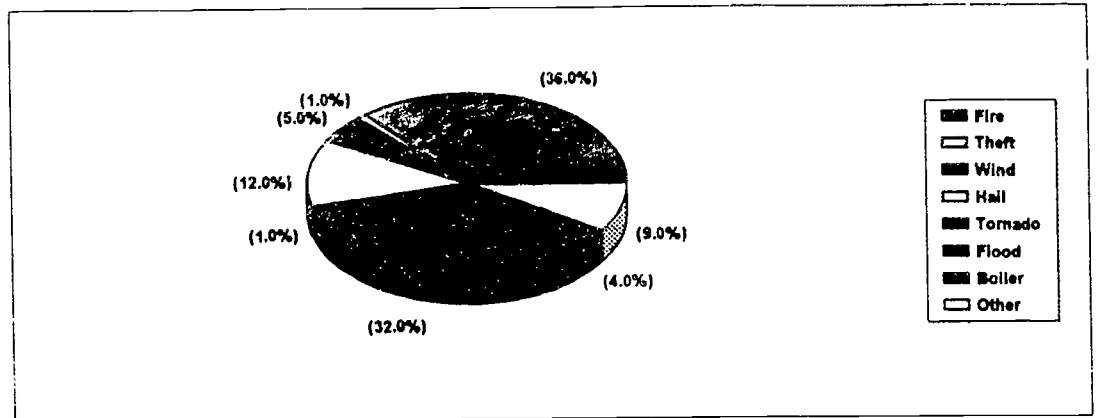
Coverage trends identified in the survey responses are as follows:

- 51% of the respondents currently purchase their property insurance as part of a package policy which includes general liability coverages as well as crime insurance. In a limited number of these circumstances, auto liability and/or umbrella liability is also included.
- Of the institutions surveyed, 48% of institutions purchase flood coverage and 53% purchase earthquake coverage.
- Less than 5% of all institutions have obtained decontamination expense and/or pollution cleanup coverage.
- Approximately 70% of survey respondents currently purchase boiler & machinery insurance (including jurisdictional inspection services).

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Respondents' Major Property Claim Occurrences

As might be expected, fire/lightning losses accounted for 36% of all property claim dollars.



Major Property Claim Occurrences By State

(% of Total Claim Dollars Reported)
(5 Year Average)

State	5 Year Losses "Cumulative"										Total Per State
	Fire	Theft	Wind	Hail	Tornado	Vandalism	Pollution Cleanup	Flood	Boiler	Other	
Illinois	14%	1%	0%	1%	1%	0%	0%	7%	0%	5%	100%
Kansas	5%	2%	6%	85%	0%	0%	0%	1%	0%	1%	100%
Michigan	38%	1%	3%	0%	0%	0%	0%	0%	32%	26%	100%
Minnesota	12%	1%	2%	54%	0%	0%	0%	0%	0%	31%	100%
Missouri	48%	1%	6%	0%	8%	0%	0%	19%	5%	13%	100%
Nebraska	58%	1%	41%	0%	0%	0%	0%	0%	0%	0%	100%
Ohio	84%	2%	1%	0%	0%	0%	0%	0%	0%	13%	100%

Respondents' 5 Year Average Loss Frequency By State

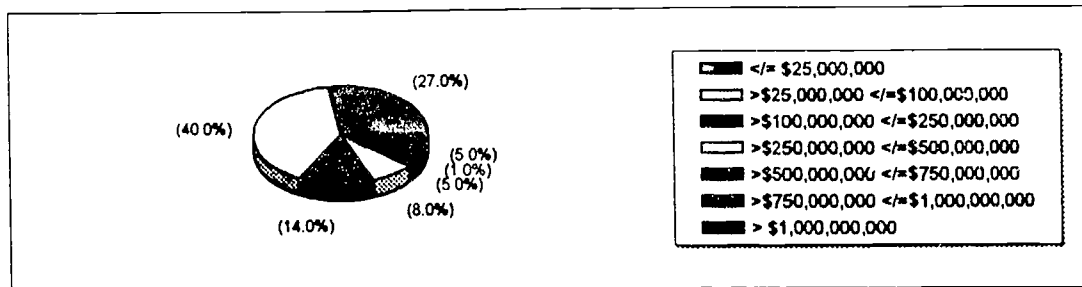
(Excess of Applicable Deductibles)

Average five year loss frequency in excess of applicable deductibles is 1.03 claims per survey respondent.

State	5 Year Average Claim Count Per Institution	Total 5 Year Claim Count	Total Number of Survey Respondents
Illinois	1.06	37	35
Kansas	1.17	28	24
Michigan	0.86	32	37
Minnesota	0.79	19	24
Missouri	1.76	60	34
Nebraska	0.53	8	15
Ohio	0.77	27	35
Total	1.03	211	204



Respondents' Property Value Thresholds

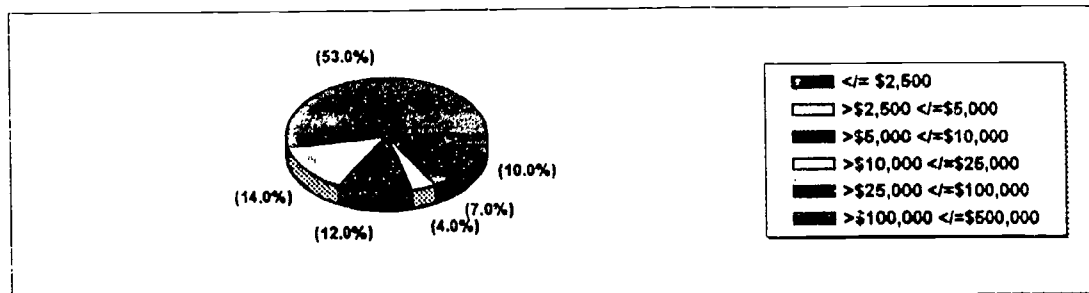


Property Value Thresholds by State (% of Respondents)

Survey results indicate that 67% of total real and personal property values for public and independent colleges and universities within MHEC member states fall at or below \$100,000,000.

State	000's Omitted							Total
	$\leq \$25,000$	$> \$25,000 \leq \$100,000$	$> \$100,000 \leq \$250,000$	$> \$250,000 \leq \$500,000$	$> \$500,000 \leq \$750,000$	$> \$750,000 \leq \$1,000,000$	$> \$1,000,000$	
Illinois	17%	41%	12%	12%	6%	6%	6%	100%
Kansas	61%	30%	9%	0%	0%	0%	0%	100%
Michigan	5%	50%	19%	14%	3%	0%	9%	100%
Minnesota	35%	39%	17%	4%	0%	0%	5%	100%
Missouri	38%	38%	15%	3%	3%	0%	3%	100%
Nebraska	21%	57%	7%	7%	0%	0%	8%	100%
Ohio	23%	29%	12%	9%	18%	3%	6%	100%

Respondents' Deductible Thresholds



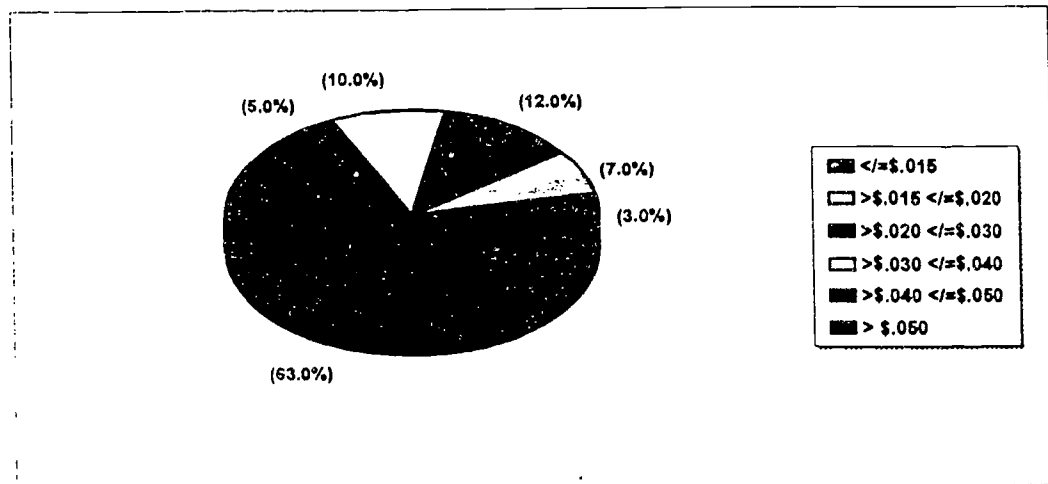
Deductible Thresholds by State Building/Contents (% of Respondents)

Almost 70% of all survey respondents maintain property deductibles at or below \$5,000.

State	000's Omitted							Total
	$\leq \$2,500$	$> \$2,500 \leq \$5,000$	$> \$5,000 \leq \$10,000$	$> \$10,000 \leq \$25,000$	$> \$25,000 \leq \$100,000$	$> \$100,000 \leq \$500,000$	$> \$500,000$	
Illinois	45%	17%	29%	5%	0%	4%	0%	100%
Kansas	87%	4%	0%	9%	0%	0%	0%	100%
Michigan	42%	11%	11%	0%	0%	36%	0%	100%
Minnesota	48%	22%	13%	0%	9%	4%	4%	100%
Missouri	61%	18%	6%	3%	9%	3%	0%	100%
Nebraska	72%	7%	7%	0%	7%	7%	0%	100%
Ohio	38%	12%	12%	6%	23%	9%	0%	100%



Respondents' Property Insurance Rates (PER \$100 OF PROPERTY VALUE)



68% of survey respondents have rates over \$.04. However, the remaining 32% of respondents appear to enjoy rates significantly below \$.04, largely due to higher deductible attachment points. This seems to suggest that increased deductible thresholds may offer institutions appreciable premium savings.

Property Insurance Rates by State (% of Respondents)

State	≤ \$0.015	> \$0.015 ≤ \$0.020	> \$0.020 ≤ \$0.030	> \$0.030 ≤ \$0.040	> \$0.040 ≤ \$0.050	> \$0.050	Total
Illinois	6%	2%	18%	12%	3%	59%	100%
Kansas	0%	0%	4%	4%	9%	83%	100%
Michigan	11%	23%	6%	6%	3%	51%	100%
Minnesota	0%	0%	22%	17%	0%	61%	100%
Missouri	3%	3%	12%	12%	6%	64%	100%
Nebraska	0%	7%	14%	0%	14%	65%	100%
Ohio	0%	9%	12%	12%	3%	64%	100%

The Midwestern Higher Education Commission (MHEC) was established in 1991 by the Midwestern Regional Education Compact, an interstate agreement among midwestern states. The current member states are Illinois, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin. The mission of MHEC is to improve higher education opportunities and services in the midwest region through interstate cooperation and resource sharing. Programs include activities to produce regional cost savings to benefit colleges and universities, expand student access, support public policy development through analysis and information exchange, facilitate regional cooperative academic programming, encourage quality management, and promote economic growth through higher education and industry innovation.

For Additional Information, please feel free to call us at
1-800-INS-MHEC (1-800-467-6432)