

MEMORANDUM

TO: Deans, Directors, and Department Heads

FROM: Charles A. Maimone, Executive Vice Chancellor, Finance and Administration 

SUBJECT: Insurance Premium Increase for FY 2024-2025

DATE: May 29, 2024

The rise in major disasters over the last 3-5 years has increased the cost of insurance substantially, with property insurance companies retreating from certain markets and revising their coverage modeling. Although NC State is insured through the State of NC Property Fire Insurance Fund, which is managed by NC Department of Insurance (DOI), DOI purchases reinsurance that influences the rates the university pays to the agency. Coverage modeling uses building values and building information to determine rates. Effective July 1, 2024, the NC Department of Insurance will institute a 20% all-risk coverage rate increase at the existing \$5,000 deductible, for buildings and contents insured under the State Property Fire Insurance Fund. DOI will also increase building values by a 4% inflation increase. To lessen the impact, DOI offered 10-20% tiered deductibles options, resulting in premium flexibility while allowing appropriate coverage. Using historical claim data to evaluate the impact of premium increases, NC State will increase deductibles to \$25,000, correlating to a 10% rate increase for all buildings, except for 4-H Camps and University Field Labs.

Insurance and Risk Management will communicate the specific premium increases to each college and administrative unit no later than June 3, 2024.

Building Valuation

One option to further minimize the impact of premium increases is to more accurately value our buildings and contents. Insurance and Risk Management will partner with the Facilities Division and a property valuation firm, to conduct an assessment of select campus buildings over the next 6-9 months. This comprehensive review will appraise the replacement cost valuation of NC State buildings and contents, to gain a more realistic understanding of property values and provide updated building information for use in the future. More information will be shared as buildings are identified for valuation review.

For questions regarding insurance and building valuations, contact Insurance and Risk Management at 919.515.6122 or <https://irm.ehps.ncsu.edu/> or ins-rm-epsi@ncsu.edu.