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Contact: Rep. Mark Tedford

Phone: (405) 557-7331

Tedford Explores Options to Tackle Rising Property Insurance Costs for Oklahoma Schools

OKLAHOMA CITY- Rep. Mark Tedford, R-Tulsa, released the following takeaways after holding an interim study to evaluate the viability of a state-supported property insurance program for government property.

Tedford organized the study in response to escalating property insurance costs and deteriorating conditions. It was set to determine whether the state could fund a risk-sharing pool for insuring government property or assisting public entities with the high retention they are experiencing on the private market.

"The global property insurance market has seen a surge in catastrophic losses, with the U.S. experiencing consecutive years of billion-dollar losses," Tedford said. "Oklahoma, too, has faced significant losses due to natural disasters."

The study examined Oklahoma Schools Insurance Group (OSIG), which Tedford said currently has a near-monopoly on insuring public schools in the state, with almost all schools insured through them. Despite some competition within the program, shrinking capacity makes it difficult for any single carrier to offer the comprehensive coverage needed for large property insurance buyers.

In 2023, OSIG reported property value and rate increases, with most public schools carrying low wind-hail deductibles due to limited funds for substantial losses resulting primarily from convective storms.

According to Tedford, OSIG is well-managed, but its near-monopoly raises concerns about market stability in the event of problems, as well as low deductibles and roof conditions that drive up costs. Although a state risk management program is considered as an alternative, it is not preferred due to the need to build up reserves and loss of local control involved.

"There is no one-size-fits-all solution, and a multifaceted approach is needed to address rising insurance costs in the public school sector," Tedford said. "To deal with this, the state and public schools should employ advanced methods to minimize their insurance expenses."

Tedford said to lower premiums, schools can consider higher deductibles and funding claims from building funds. Weather-resistant materials, proper maintenance, and sophisticated coverage techniques can also help mitigate costs.

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