

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: 3/11/08 ☒ **Consent** ☐ **Regular**
 ☐ **Ordinance** ☐ **Public Hearing**

Department

Submitted By: Risk Management

I. EXECUTIVE BRIEF


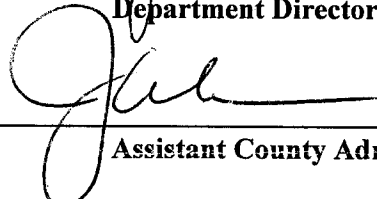
Motion and Title: Staff recommends motion to approve: Renewal of the Excess Property & Liability Insurance Program for the period April 1, 2008 through March 31, 2009 purchased through the County's contracted broker, Arthur J. Gallagher & Co., under Contract No. 05-102/LJ, for a total cost not-to-exceed \$ 13,203,500.

Summary: The Excess Property & Liability Insurance Program currently provides excess layers of property insurance totaling \$150 million inclusive of the County's \$1,000,000 self insured retention and excess layers of liability insurance totaling \$6 million inclusive of the County's \$500,000 self-insured retention. The program also includes various ancillary excess insurance covering damage to County-owned property resulting from flood, terrorism, boiler & machinery, and employee dishonesty. The total not-to-exceed cost of \$ 13,203,500 is inclusive of anticipated mid-year charges for newly added properties and represents a \$822,640 (6%) decrease over the actual expiring premium. The County's total insurable values have increased 9.2 % this year to approximately \$1.9 billion. The increase in costs is also impacted by a variety of State mandated surcharges and assessments. Sufficient funds are budgeted in FY 2008 for this coverage. Countywide (TKF)

Background and Justification: (Continued on page 3)

Attachments:

1. Budget Availability Statement - Fund 1450
2. Budget Availability Statement - Fund 4001

| | | | |
|-----------------|---|----------------|--|
| Recommended by: |  | <u>2/29/08</u> | |
| | Department Director | Date | |
| Approved By: |  | <u>3/7/08</u> | |
| | Assistant County Administrator | Date | |

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

| Fiscal Years | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------------|------------------|-------|-------|-------|
| Capital Expenditures | | | | | |
| Operating Costs | \$6,601,750 | \$ 6,601,750 | | | |
| External Revenues | | | | | |
| Program Income (County) | | | | | |
| In Kind Match (County) | | | | | |
| NET FISCAL IMPACT | \$ 6,601,750 | \$ 6,601,750 | | | |
| # ADDITIONAL FTE POSITIONS (Cumulative) | -----0---- | ----- | ----- | ----- | ----- |

Is Item Included In Current Budget? Yes X No.
Budget Account No.: Fund see below Agency Org. Object 4501
Reporting Category

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Funding is provided by the following funds:

Fund 5010 @ \$ 9,423,500 (Risk Management)

Fund 4001 @ \$ 1,365,000 (Water Utilities)

Fund 4100 @ \$ 1,995,000 (Airports)

Fund 1450 @ \$ 420,000 (Convention Center)

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:

OFMB Fiscal and/or Contract Administration Comments:
Budget Availability is attached for Water Utilities funding portion.

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

Background and Justification:

The current \$150 million (only \$100 million of which included coverage for “wind”) structuring of coverage was based upon a variety of factors including probable maximum loss (PML) estimates, as well as the affordability and availability of insurance. A February 2008 updated hurricane catastrophe analysis was again commissioned by Arthur J. Gallagher & Co. The RMS catastrophe model produced an estimated “Gross Loss including Demand Surge” PML of \$107 million at the 100 year hurricane level. “Gross Loss” is the estimated insured damage and “Demand Surge” factors in the impact of the post event inflation of building materials and labor. It should be noted that the combined insured loss of Frances & Jeanne was \$3.3 million and insured losses from Wilma are expected to total approximately \$6.5 million. These results provide a reasonable level of comfort if only \$100 million of full (including wind) coverage is purchased again this year.

As in prior years, the Excess Property & Liability Insurance Program reflects the Water Utilities Department’s desire to abstain from insuring property and locations that are either impervious to destruction, located underground or technically obsolete. Risk Management and Arthur J. Gallagher are currently exploring the feasibility of insuring Water Utilities Department’s facilities with an insurer specializing in public utility properties. A decision prior to the April 1 renewal date is uncertain, however, Risk Management intends to make the change if coverage can be enhanced without an increase in cost or the current level of coverage can be achieved at a significant reduction in cost.

The following chart provides a comparison of the actual annual cost by line of insurance for the period 4/1/07 - 3/31/08 to the estimated not-to-exceed cost for the period 4/1/08 - 3/31/09.

Insurance Cost Comparison

| Type | Expiring Actual Annual Cost | Estimated Not- To- Exceed Cost |
|--------------------|--------------------------------|-----------------------------------|
| Gov’t Pkg | \$1,691,077 | \$1,700,000 |
| Excess Liability | \$ 776,406 | \$720,000 |
| Excess Property | \$11,299,252 | \$10,500,000 |
| Terrorism | \$194,425 | \$ 200,000 |
| Flood | \$15,000 | \$16,500 |
| Boiler & Machinery | \$ 64,980 | \$67,000 |
| TOTAL | \$14,026,140 | \$13,203,500 |

03-05-2008 05:01PM FROM-

T-596 P 001/002 F-793

ATTACHMENT 1

<http://www.co.palm-beach.fl.us/touristdevelopment/> TOURIST DEVELOPMENT COUNCIL OF PALM BEACH
COUNTY (561) 233-3130 FAX: (561) 233-3113
1555 PALM BEACH LAKES BLVD., SUITE 900, WEST PALM BEACH, FLORIDA 33401

FASCIMILE TRANSMISSION FROM:

ERNIE PENA-ROQUE
TOURIST DEVELOPMENT COUNCIL
1555 PALM BEACH LAKES BLVD., SUITE 900
WEST PALM BEACH, FL 33401
(561) 233-3132
FAX (561) 233-3113
erouque@palmbeachfl.com
Website: www.palmbeachfl.com

DATE: 3/5/08 NUMBER OF PAGES:
DELIVER TO: B. Reid
OFFICE: OFMB
FAX NUMBER: 355-656 7134

COMMENTS: Please call if copy is unsatisfactory.

BAS + non board transfer Attached

B-H are signed.



H:\Forms\ERNIE FAX COVER PAGE.doc

Tourist Development Council
BUDGET AVAILABILITY STATEMENT

BROKER SERVICES: Renewal of Excess Property & Liability Insurance Program
for period 4/1/08 thru 3/31/09

REQUESTED AMOUNT: \$420,000

| Budget Account Number: | Amount: |
|------------------------|-----------|
| 1450-710-7420-4501 | \$420,000 |

BROKER: Arthur J. Gallagher & Co.

CONTRACT No. 05-102/LJ

Charles Lehmann, Director
PBC - Tourist Development Council

3/5/08
Date

Attachment 2

03/06/2008 11:21 5614936020

PBC WATER UTIL F&A

PAGE 02

**INTEROFFICE COMMUNICATION
PALM BEACH COUNTY**

BUDGET AVAILABILITY STATEMENT

DATE: March 5, 2008

TO: Taruna Malhotra, Budget Analyst
Office of Financial Management & Budget

FROM: Guy Eggertsson, Fiscal Manager
Water Utilities Department

Guy Eggertsson

RE: Renewal of Excess Property Liability Insurance Program - WUD's Portion

FISCAL IMPACT ANALYSIS:

Summary of Fiscal Impact:

| | |
|----------------------|-------------|
| | |
| Capital Expenditures | |
| Operating Costs | \$1,365,000 |
| Revenues | |

Is item included in current budget? Yes ☒ No ☐

Budget Account Number:

| Fund | Agency | Organization | Object | Allocation |
|------|--------|--------------|--------|------------|
| 4001 | 720 | 1110 | 4501 | 100% |
| | | | | |

Recommended Sources of Funds/Summary of Fiscal Impact:

One-time expenditure to be funded by user fees.