



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures					
Operating Costs	<u>\$6,140,000</u>	<u>\$ 6,140,000</u>	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In Kind Match (County)	_____	_____	_____	_____	_____
<b>NET FISCAL IMPACT</b>	<u><b>\$ 6,140,000</b></u>	<u><b>\$ 6,140,000</b></u>	=====	=====	=====
<b># ADDITIONAL FTE POSITIONS (Cumulative)</b>	-----0-----	-----	-----	-----	-----

Is Item Included In Current Budget? Yes  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 @ \$ 9,545,600 (Risk Management)  
 Fund 4100 @ \$ 2,297,490 (Airports)  
 Fund 1450 @ \$ 436,910 (Convention Center)

C. Departmental Fiscal Review: *Gary Rank*

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Administration Comments:**

*Mark* 3/9/09 *John Dink* 3-9-09 OFMB *(NO) CN* 3/10/09  
*Dr. J. Jacob* 3/10/09 Contract Administration *E. Jones* 3/10/09

B. Legal Sufficiency:  
*J. [Signature]* 3/11/09  
 Assistant County Attorney

C. Other Department Review:  
 \_\_\_\_\_  
 Department Director

**This summary is not to be used as a basis for payment.**

**Background and Justification:**

The current \$150 million (only \$100 million of which includes 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 2009 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 \$99.5 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 was \$6.5 million. These results provide a reasonable level of comfort if only \$100 million of “wind” coverage is purchased again this year.

The current excess layers of liability insurance totaling \$6 million, inclusive of the County’s \$500,000 self-insured retention, are comprised of a primary layer of \$500,000 excess of a \$500,000 self-insured retention plus a \$5,000,000 secondary layer. The primary layer was provided by a package policy that included a limited (\$1,500,000) amount of property insurance. Replacing the current package policy with one that does not include property coverage but does include \$5,000,000 of excess liability coverage, eliminating the secondary excess liability policy, and restructuring the excess property insurance program to include the \$1,500,000 of property insurance currently provided by the package policy results in a savings of approximately \$1,000,000 in insurance costs for the forthcoming policy period. A review, by Risk Management, of the County’s liability claims experience for the past 10 years indicates that a reduction in the total excess liability coverage purchased would have had no negative impact on the County’s insured claims experience.

The following chart provides a comparison of the actual annual cost by line of insurance for the period 4/1/08 - 3/31/09 to the estimated not-to-exceed cost for the period 4/1/09 - 3/31/10.

**Insurance Cost Comparison**

Type	Expiring Actual Annual Cost	Estimated Not- To- Exceed Cost
Gov’t Pkg	\$ 1,557,303	\$ 1,280,000 (1)
Excess Liability	\$ 712,468	\$ 0 (2)
Excess Property	\$ 8,424,918	\$ 10,700,000 (3)
Terrorism	\$ 155,136	\$ 205,000
Flood	\$ 17,305	\$ 30,000
Boiler & Machinery	\$ 56,700	\$ 65,000
TOTAL	\$ 10,923,830	\$ 12,280,000

notes:

- (1) Excludes \$1,500,000 of property insurance previously included. Includes liability limits of \$5,000,000
- (2) Coverage reduced and consolidated into Gov’t Pkg
- (3) Includes the \$1,500,000 of property insurance previously included in the Gov’t Pkg

Tourist Development Council  
BUDGET AVAILABILITY STATEMENT

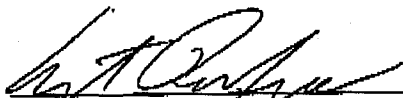
**BROKER SERVICES:** Renewal of Excess Property & Liability Insurance Program  
for period 4/1/09 thru 3/31/2010.

**REQUESTED AMOUNT:** \$436,910

<u>Budget Account Number:</u>	<u>Amount:</u>
1450-710-7420-4501	\$436,910

**BROKER:** Arthur J. Gallagher & Co.

**CONTRACT No.** 05-102/LJ

  
\_\_\_\_\_  
Ernest Pena-Roque, Financial Analyst III  
PBC - Tourist Development Council

3/5/09  
\_\_\_\_\_  
Date

**Budget Availability Statement  
Department of Airports**

**DATE:** March 5, 2009

**TO:** Jerry Kolb  
Budget Analyst

**FROM:** Fred Passelli  
Airport Fiscal Manager

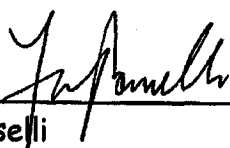
**RE:** Property Insurance Renewal 4/1/2009 to 3/31/2010

**CC:** File

Please be advised that funds are available in the amount of not to exceed

\$ 2,297,490.00 in account # 4100-120-various-4501 for Property Insurance for the period 4/1/2009 to 3/31/2010

Services provided by Palm Beach County Risk Management Department for the above.

  
Fred Passelli 3-5-09  
(Dated)