Agenda Item #: 3Z1

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 3/15/11 Department:	[X] []	Consent Ordinance	[]	Regular Public Hearing
Submitted By: Risk N	Management	<u>t</u>		
Submitted For: Wate	er Utilities		. •	
	I. EXE	CUTIVE BRIE	<u> </u>	
Motion and Title: Staff recor Insurance Policy from National contracted broker, Arthur J. Gal to-exceed \$525,003 for the desi through March 31, 2012.	Union Fire llagher & Co	Insurance Comp. o., under Contrac	any, purchase t No. 10-042	ed through the County's R/LJ, in an amount not-
Summary: This policy, unde \$200,000,000 of "all-risk" cove \$50,000,000 applies to losses deductible. The not-to-exceed re of 2% over the expiring policy Countywide (TKF/MJ)	erage excess from "nam enewal prem	s of a \$1,000,000 ed windstorms" nium of \$525.003) deductible. subject to a b represents a	A reduced sublimit of 5% of insured values napproximate decrease
Background and Justification:	Continued	on page 3		
Attachments: Budget Availability State	ement for W	ater Utilities		
E/	Cy J. epartment 1	Bc Cfm Director		Date
Approved By: As	MU ssistant Cou	ınty Administra	tor	Date

II. FISCAL IMPACT ANALYSIS

A. F	Five Year Summary of	Fiscal Impact	:			
	al Years ital Expenditures	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	2015
	Operating Costs	<u>\$262,501.50</u>	\$262,501.50			
Prog	rnal Revenues ram Income (County) ind Match (County)					
NET	FISCAL IMPACT	262,501.50	\$262,501.50	_		
	DDITIONAL FTE SITIONS (Cumulative))0	0			
Is Ite Budg	em Included In Curren get Account No.: Fund	_4001_ Ager	Yes X Nacy 720 Orgategory	No g. <u>1110</u>	Object <u>450</u>	<u>L</u>
В.	Recommended Source Will be funded by Wa	ces of Funds/S ter Utilities	Summary of Fi	scal Impact	:: <i>0</i>	
C.	Departmental Fiscal	Review:	don)	- ope		
A.	OFMB Fiscal and/or		EW COMME			
	Shalin alasmorma	(M) 2/28/	Contra	ect Adminis	Jacolat tration	<u> </u>
В.	Legal Sufficiency:		•			
	Assistant County Attor	3/1/11 rney				
C.	Other Department Re	eview:				
	Department Director					
This su	ummary is not to be us	ed as a basis f	or payment.			

Background and Justification: Effective April 1, 2009, staff recommended and the Board approved that a portion of the County's Excess Property Insurance Program covering designated properties of Water Utilities would be carved out of the County's master program and insured separately. This action resulted in both an enhancement of coverage and an annual cost savings of approximately \$800,000. Marketing of this coverage was handled by the County's contracted insurance broker Arthur J. Gallagher & Co.

The proposed 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. An updated hurricane catastrophe analysis was again commissioned by Arthur J. Gallagher & Co. in January 2011. The RMS catastrophe model produced an estimated "Gross Loss including Demand Surge" PML of \$18.5 million at the "100 year storm" level of risk. "Gross Loss" is the estimated insured damage and "Demand Surge" factors in the impact of the post event inflation of building materials and labor. The modeling results provide a reasonable level of comfort that \$50 million of wind coverage is a sufficient amount of coverage to purchase for the coming policy 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.

The not-to-exceed premium for the upcoming policy period is \$525,003, a decrease of approximately 2% over the expiring not-to-exceed premium of \$535,000.

BUDGET AVAILABILITY STATEMENT Water Utilities

REQUEST DATE: 2/15/2011	_REQUESTED BY:	Scott Marting - Risk	Management	PHONE: 233-5432 FAX: 233-5420
AMOUNT: \$ 525,003	· · · · · · · · · · · · · · · · · · ·	AGENDA DATE:	3/15/2011	
BUDGET ACCOUNT NUMBE	R (IF KNOWN)			
FUND: 4001 DEPT:	720 UNIT: 1110	OBJ: <u>4501</u>		
FUNDING SOURCE:				·
BAS APPROVED BY:	AA	DATE:2/	18/2011	