PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 3/15/11	[X]	Consent Ordinance	[]	Regular Public Hearing
Submitted By:	Risk Man	agement		
	I. EXE	CUTIVE BRIE	<u>F</u>	
Motion and Title: Staff recom Property & Liability Insurance purchased through the County Services, Inc., under Contract No	Program fo 's contract	or the period Ap ted broker, Arth	ril 1, 2011 nur J. Galla	through March 31, 2012
Summary: The Excess Property & Liability Insurance Program currently provides excess layers of property insurance totaling \$200 million inclusive of the County's \$1,000,000 self-insured retention and excess layers of liability insurance totaling \$5 million excess of the County's \$500,000 self-insured retention. The program also includes various ancillary excess insurance policies covering damage to County-owned property resulting from flood, terrorism, boiler & machinery, and employee dishonesty. The coverage structure has been analyzed and configured to provide the best coverage terms at the most competitive prices.				
The County was successful in negotiating a significant reduction for the 2010-2011 policy year and coming in under budget. The 2010-2011 actual realized savings were \$1,014,016 or 8.3%. The projected 2011-2012 renewal figures include more aggressive pricing and are inclusive of anticipated mid-year charges for newly added properties. The County's total insurable values have increased 4.20% this year to approximately \$2.08 Billion. The cost of the program is also impacted by a variety of State mandated surcharges and assessments that have increased in 2011. The total not-to-exceed cost of \$11,125,000 represents a \$59,089 (0.53%) decrease over the actual expiring premium of \$11,184,089. Sufficient funds are budgeted in FY 2011 for this coverage. Countywide (TKF)				
Background and Justification: (Continued on page 3)				
Attachments:				
Budget Availability Statements for Airports, Tourist Development Council and Risk Management				
Recommended by: \(\sqrt{\text{AMOY} \iff \text{Holbs}} \) \(\alpha \sqrt{\text{Department Director}} \) \(\alpha \sqrt{\text{Date}} \)				
Approved By: Bull	Zen-			
Ass	istant Cou	nty Administrat	or	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:					
Fiscal Years Capital Expenditures	2011	2012	2013	2014	2015
Operating Costs External Revenues	<u>\$5,562,500</u>	<u>\$5,562,500</u>			
Program Income (County) In Kind Motels (County)	484			****	
In Kind Match (County)				20 CC 20, july 140 cm on 150 the 150 cm	
NET FISCAL IMPACT	<u>\$ 5,562,500</u>	\$ 5,562,500			
# ADDITIONAL FTE POSITIONS (Cumulative)0				
Is Item Included In Curren Budget Account No.: Fund	see below Ag	YesX_ ency Org. ategory	Object 4501		
Fund 5010 @ \$ 8,63. Fund 4100 @ \$ 2,04. Fund 1450 @ \$ 440,	by the following 5,775 (Risk Ma 9,225 (Airports	g funds: anagement)	iscal Impact:		
C. Departmental Fiscal Rev		J kon	<u></u>		
A. OFMB Fiscal and/or	Contract Ad	ministration C	Comments:		
2/28/11 20x1 OFMI	11 2/2/11 2 2	Contract A	dministration	eclos 3	11/1/
B. Legal Sufficiency:	*\				
Assistant County Att	31/11 orney				
C. Other Department F	leview:				
Department 1	Director				
This summary is not to be u	ised as a basis	for payment.			

Background and Justification:

The current \$200 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 2011 updated hurricane catastrophe analysis was again commissioned by Arthur J. Gallagher Risk Management Services, Inc. The average of two separate catastrophe models produced an estimated "Gross Loss including Demand Surge" PML of approximately \$100 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. It should be noted that the combined insured losses of Frances & Jeanne were \$3.3 million and insured losses from Wilma were \$6.5 million. These results provide a reasonable level of comfort that \$100 million of "wind" coverage is a sufficient amount of coverage to purchase for the coming policy year. Property limits of \$200 million for loss by other than "wind" will continue to cover facilities with replacement values in excess of \$150 million, such as the Courthouse, PBIA Main Terminal and the Criminal Justice Center.

The current Liability/Crime Package policy provides various types of liability insurance coverage of \$5 million, excess of the County's \$500,000 self-insured retention. It also provides limited coverage (\$50,000) for employee dishonesty and theft of money and securities.

The following chart provides a comparison of the actual annual cost by line of insurance for the period 4/1/10 - 3/31/11 to the estimated not-to-exceed cost for the period 4/1/11 - 3/31/12.

Insurance Cost Comparison

Туре	2009-2010 Actual Annual Cost	2010-2011 Actual Annual Cost	2011-2012 Not- To- Exceed Cost
Liability/Crime Package	\$ 1,203,200	\$ 1,025,655	\$ 1,020,500
Excess Property	\$ 10,705,562	\$ 9,909,328	\$ 9,850,000
Terrorism	\$ 194,560	\$ 164,922	\$ 165,000
Flood	\$ 28,845	\$ 18,246	\$ 21,000
Boiler & Machinery	\$ 65,938	\$ 65,938	\$ 68,500
TOTAL	\$ 12,198,105	\$ 11,184,089	\$ 11,125,000
VARIANCE \$		- \$ 1,014,016	- \$ 59,089
VARIANCE %		- 8.31 %	53 %

BUDGET AVAILABILITY STATEMENT TDC - Convention Center

	REQUEST DATE: 2/15/2011 REQUESTED BY:	Scott Marting - Risk Management	PHONE: 233-5432 FAX: 233-5420
	AMOUNT: \$ 440,000	AGENDA DATE: 3/15/2011	
	BUDGET ACCOUNT NUMBER (IF KNOWN)		
efr see 4 1 1	FUND: 1450 DEPT: 710 UNIT: 7420	OBJ: 4501	
	FUNDING SOURCE:		
	BAS APPROVED BY:	DATE: 2/16(11	

BUDGET AVAILABILITY STATEMENT PBIA

REQUEST DATE: 2/15/2011 REQUESTED BY: Scott Marting - Risk Management	PHONE: 233-5432 FAX: 233-5420		
AMOUNT: \$ 2,049,225 AGENDA DATE: 3/15/2011			
BUDGET ACCOUNT NUMBER (IF KNOWN)			
FUND: 4100 DEPT: 120 UNIT: VARIOUD OBJ: 4501			
FUNDING SOURCE: Airport Revenues			
BAS APPROVED BY: [MSumm DATE: 2/14/11			
(1) 1230, 1240,1250, 1250, 1320, 1340, 1410, 1430	. 1451		
1452, 1550	~ · · · · · · · · · · · · · · · · · · ·		

BUDGET AVAILABILITY STATEMENT

REQUEST DATE: 03/15/2011 REQUESTED BY OFMB PHONE: 233-5412

AMOUNT: \$ 8,635,775	AGENDA DATE: 03/15/2011
BUDGET ACCOUNT NUMBER (IF KNOWN)	
FUND: 5010 DEPT: 700 UNIT: 7130	OBJ: <u>4501</u>
FUNDING SOURCE: Casualty and Property Fund 5010	
BAS APPROVED BY	DATE: