Agenda Item #: 32.1

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Department: Risk Management Submitted By: Risk Management Submitted For: Property and Casualty Division	Meeting Date: March 10, 2015		[X] []	[X] Consent [] Ordinance		Regular Public Hearing
	Department:	Risk Managemer	nt			
Submitted For: Property and Casualty Division	Submitted By:	Risk Managemer	nt			
	Submitted For:	Property and Cas	sualty E	Division		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve:

Renewal of the County's excess property, liability, and workers' compensation insurance program for the period April 1, 2015 through March 31, 2016 purchased through the County's contracted broker, Arthur J. Gallagher Risk Management Services, Inc., under Contract No. 10-042R/LJ, for a total cost not-to-exceed \$10,484,624.

Summary: The projected 2015-2016 renewal figures reflect a softening insurance market for property and liability and a continued hard market for excess workers' compensation. Staff recommends renewing all expiring policies. The County's total insurable value currently stands at \$2.4 billion dollars. The total not-to-exceed cost of \$10,484,624 represents an estimated decrease of approximately 3% (\$314,480) over the expiring program. The cost of the program is also impacted by a variety of state mandated surcharges and assessments. Sufficient funds are budgeted in FY 2015 for this coverage. <u>Countywide (HH)</u>

Background and Justification: The County's expiring excess insurance program for property, liability, and workers' compensation insurance provides excess layers of property insurance totaling \$200M inclusive of the County's \$1M SIR, excess layers of liability insurance totaling \$5M excess of the County's \$500,000 SIR and excess coverage for workers' compensation inclusive of a \$2.5M per claim SIR with statutory limits (no cap). The program also includes various ancillary excess insurance policies covering damage to County-owned property resulting from flood, terrorism, boiler & machinery, and employee dishonesty. **(Continued on page 3)**

Attachments:

1. Budget Availability Statements for Water Utilities, Airports and Tourist Development Council

Recommended by:

Department

Approved By:

istant County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2015	2016	2017	2018	2019		
Capital Expenditures Operating Costs External Revenues Program Income (County) In-Kind Match (County)	5,242,3 12	<u>5,242,3</u>))					
Net Fiscal Impact	0						
# ADDITIONAL FTE POSITIONS (Cumulative)	0	00	0	0	0		
Is Item Included In Current Bud	lget? Yes _	<u>X</u> No					
Budget Account Exp No: Fund <u>VAR</u> Department <u>VAR</u> Unit <u>VAR</u> Object <u>4501</u> Rev No: Fund Department Unit Object							

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

Funding is provided by the following funds:

Fund 5010-700-7130 (Risk Management Property)	\$5,834,364	
Fund 5010-700-7130 (Risk Management Liability)	\$926,966	
Fund 5011-700-7242 (Risk Management Work Comp)	\$550,000	
Fund 4100- Detailed on BAS (Airports)	\$1,985,124	
Fund 1450-710-7420 (Convention Center)	\$388,170	
Fund 4001-720-1110 (Water Utilities)	\$800,000	

C. Departmental Fiscal Review: B

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

2/19/15 OFMB

АБД 2/19 В

Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

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

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Contract Administration

Background and Justification (continued)

The expiring \$200M (\$80M of which includes coverage for "named windstorm") 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. This coverage has been previously considered reasonable by the State Insurance Commissioner and staff recommends it remain in place for the 2015 -2016 policy year unless higher limits can be secured prior to renewal within the not-to-exceed amount approved by the Board.

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Property limits of \$200M 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 expiring liability/crime package policy provides various types of liability insurance coverage of \$5M, 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 as well as a \$2,000,000 sublimit for cyber liability.

Excess workers' compensation insurance continues to be difficult to place. Large increases in claims throughout the industry and underwriter apprehension for entities with police and fire/rescue exposures have resulted in premium increases to workers' compensation coverage. While our coverage will continue at \$2.5M for all claims with no "statutory" cap, there will be a slight anticipated increase in the cost of that coverage. During last year's renewal the SIR for workers' compensation was raised from \$2M to \$2.5M. As a result, the Self Insured Plan Document has been modified to reflect the change.

The following chart provides a comparison of the actual annual cost by line of insurance for the period 4/1/13 - 3/31/15 to the estimated not-to-exceed cost for the period 4/1/15 - 3/31/16.

		00440045	
Туре	2013-2014	2014-2015	2015 – 2016
	Actual Annual Cost	Actual Annual Cost	Projected Cost
Liability/Crime	\$ 850,920	\$ 871,180	\$ 926,966**
Package		F FU	
Excess Property	\$ 9,341,085	\$ 8,463,577.62	\$8,000,000
Utilities	\$ 675,521	\$798,792**	\$800,000
Terrorism	\$ 121,560	\$ 104,845.50	\$99,500
Flood	\$16,731	\$ 20,000	\$30,000
Boiler & Machinery	\$69,337	\$ 70,387.41	\$78,158
Palm Tran	N/A -Included In the	N/A -Included In the	N/A -Included In the
Auto/Fleet	Liability Package	Liability Package	Liability Package
Excess Workers	\$507,676	\$499,493	\$550,000
Compensation			
Cyber Liability	Not Purchased	\$58,000	Added to the
			Liability/Crime
			Package
TOTAL	\$ 11,582,830	\$ 10,886,275.53	\$10,484,624
Total Cost	N/A	N/A	
Reduction			\$314,479.53

Insurance Cost Comparison

** The increase in the Liability/Crime Package is due to the Cyber Liability Coverage being absorbed into the policy.

BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: 2/1	1/2015	_RF	EQUESTED BY	': <u>Risk M</u>	anageme	ent		
REQUESTED FOR: Airports Property Renewal								
REQUESTED AMOUNT	:	124	AGENDA	DATE: _	3/10/2	2015		
BUDGET ACCOUNT NU	JMBER:							
Fund: <u>4100</u> Dept: <u>1</u>	20Unit:		Various Obj:	4501	Prog.		Prog Per.	
		\bigcirc						
BAS APPROVED BY:	(M	2	umi	DAT	E: <u>2/</u> /	1/15		
					,			
4/01/15 to 4/01/16								
LANTANA	0.99%	\$	9,846.52	4100	120	1230	4501	
GLADES	0.47%	\$	4,664.02	4100	120	1240	4501	
ADMINISTRATION	4.05%	\$	40,178.52	4100	120	1250	4501	
INDIRECT OPERATIONS	4.59%	\$	45,526.10	4100	120	1280	4501	
AIRSIDE	0.82%	\$	8,100.15	4100	120	1320	4501	
GROUND TRANS.	23.00%	\$	228,272.03	4100	120	1340	4501	
FIS TERMINAL	1.07%	\$	10,639.12	4100	120	1410	4501	
TERMINAL	52.52%	\$	521,317.03	4100	120	1430	4501	
AVIATION	3.09%	\$	30,711.03	4100	120	1451	4501	
NON-AVIATION	4.57%	\$	45,356.08	4100	120	1452	4501	
NCA	4.83%	\$	47,951.40	4100	120	1550	4501	
						BSA	SBSA	
PREPAID INSURANCE	100%	\$	992,562.00	4100	120	1550	7500	

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RISK MGMT. Received FEB 1 3 2015

DEPT.

BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: <u>2/11/2015</u> REQUESTED BY: <u>Risk Management</u> REQUESTED FOR: <u>Convention Center Property Insurance Renewal</u> REQUESTED AMOUNT: <u>\$388,170</u> AGENDA DATE: <u>3/10/2015</u>

BUDGET ACCOUNT NUMBER:

Fund: <u>1450</u> Dept: <u>710</u> Unit: <u>7420</u> Obj: _____ Prog. ____ Prog Per. _____

BAS APPROVED BY: UNIN DATE: 2/11/15

RISK MGMT. Received FEB 1 3 2015

DEPT.

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BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: <u>2/11/2015</u> REQUESTED BY: <u>Risk Management</u> REQUESTED FOR: <u>Water Utilities Property Insurance Renewal</u> REQUESTED AMOUNT: <u>\$800,000</u> AGENDA DATE: <u>3/10/2015</u>

BUDGET ACCOUNT NUMBER:

 Fund:
 4001
 Dept:
 720
 Unit:
 1110
 Obj:
 4501
 Prog.
 Prog Per.

BAS APPROVED BY: DATE: 2/1/20/5

Received

DEPT.

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