Agenda Item #: 3Z-1

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: Ma	arch 14, 2017	[X] []	Consent Ordinance	[]	Regular Public Hearing
Department: Submitted By: Submitted For:	Risk Manageme Risk Manageme Property and Ca	nt	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, 2017 through March 31, 2018 purchased through the County's contracted broker, Arthur J. Gallagher Risk Management Services, Inc., under Contract No. 15-050/LJ, for a total cost not-to-exceed \$9,431,991.10.

Summary: The projected 2017-2018 excess insurance program renewal premiums reflect a total cost not-to-exceed \$9,431,991.10, representing no overall premium increase over the expiring program cost. The "flat" renewal indicates a stable insurance market for the County's property, liability, and workers' compensation exposures. The projected cost reflects an accurate current quotation of the final program renewal premiums; however, the broker will continue to negotiate with the excess carriers until the March 31st program expiration to potentially reduce windstorm risk through a lower deductible, higher coverage limits, or a combination thereof. The County's total insurable value of its buildings currently stands at \$2.55 billion. The amount of property insurance purchased contemplates probable maximum loss modeling of various possible loss scenarios and includes a \$1 million self insured retention (SIR) and a 5% windstorm deductible per insured location. The program also includes excess liability insurance covering \$5 million excess of a \$500,000 SIR per occurrence, and excess workers' compensation insurance covering all costs excess of a \$2 million SIR per occurrence. All state mandated surcharges and assessments are contained within the estimated cost. Sufficient funds are budgeted in FY 2017 / 2018 for this coverage. Countywide (HH)

Background and Justification: The County's expiring excess insurance program for property, liability, and workers' compensation insurance provides excess layers of property insurance totaling \$200 million inclusive of the County's \$1 million SIR, excess layers of liability insurance totaling \$5 million excess of the County's \$500,000 SIR, and excess coverage for workers' compensation inclusive of a \$2 million 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 Statement
- 2. Budget Statement
- 3. Budget Statement

Recommended by:		2/13/17
	Department Director	Date
Approved By:	Vancy L Boller	3/3/17
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact: **Fiscal Years** 2017 2018 2019 2020 2021 **Capital Expenditures Operating Costs** \$4,715,995.55 \$4,715,995.55 **External Revenues Program Income (County)** In-Kind Match (County) **Net Fiscal Impact** \$4,715,995.55 \$4,715,995.55 # ADDITIONAL FTE **POSITIONS (Cumulative)** 0 0 0 Is Item Included In Current Budget? Yes X No Budget Account Exp No: Fund VAR Department VAR Unit VAR Object 4501 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) \$5,560,961 Fund 5010-700-7130 (Risk Management Liability) \$930,000 Fund 5011-700-7242 (Risk Management Work Comp) \$500,780 Fund 4100-120-Various (Airports) \$1,393,756 Fund 1450-710-7420 (Tourist Development) \$363,096 Fund 4001-720-1110 (Water Utilities) \$683,398.10 C. Departmental Fiscal Review: III. REVIEW COMMENTS A. OFMB Fiscal and/or Contract Dev. and Control Comments: Contract Administration B. Legal Sufficiency: Assistant County Ættòrney C. Other Department Review:

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

Department Director

Background and Justification (continued)

The expiring \$200 million (\$100 million 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 2017 - 2018 policy year unless higher limits can be secured prior to renewal within the not-to-exceed amount approved by the Board.

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 expiring liability/crime package policy provides various types of liability insurance coverage of \$5 million, excess of the County's \$500,000 SIR. This coverage model contemplates the need for a Claims Bill approved by the Florida Legislature prior to any settlement or payment by the policy. The program also provides limited coverage (\$50,000) for employee dishonesty and theft of money and securities as well as a \$2 million sublimit for cyber liability.

There was a slight increase in the excess workers' compensation premium due to an overall payroll increase, but we were able to keep our limits beginning at \$2 million while maintaining all other benefits including no "statutory" cap.

The following chart provides a comparison of the actual annual cost by line of insurance for the period 4/1/14 - 3/31/17 to the estimated not-to-exceed cost for the period 4/1/17 - 3/31/18.

Insurance Cost Comparison

	2014-2015	2015-2016	2016-2017	2017-2018 Estimates	
Property Limits					
Municipal Property					
All Other Perils	\$200 Million	\$200 Million	\$200 Million	\$200 Million	
	\$80 Million	\$100 Million	\$100 Million	\$100 Million	
Named Wind			•	, , , , , , , , , , , , , , , , , , ,	
Utilities Property					
All Other Perils	\$200 Million	\$200 Million	\$200 Million	\$200 Million	
Named Wind	\$50 Million	\$50 Million	\$50 Million	\$50 Million	
Premiums (including taxes,	fees assessments)				
Municipality Property					
Program	\$8,463,577.62	\$8,046,742.00	\$7,169,433.00	\$7,150,000.00	
Water Utilities District Property Program	\$798,792.00	\$749,833.70	\$687,424.10	\$683,398.10	
Terrorism	\$104,845.50	\$76,700.00	\$60,000.00	\$60,000.00	
Boiler & Machinery	\$70,387.41	\$78,158.00	\$75,820.00	\$78,503.00	
Package Policy	\$871,180.00	\$926,966.00	\$930,000.00	\$930,000.00	
Flood	\$17,828.00	\$27,328.00	\$29,274.00	\$29,310.00	
Excess Workers' Compensation	\$508,125.00	\$545,657.00	\$480,040.00	\$500,780.00	
TOTAL COST	\$10,834,735.53	\$10,451,384.70	\$9,431,991.10	\$9,431,991.10	
		COST VARIANCE	0.0%		

ATTACHMENT 1 PAGE 1 OF 2

RISK MGMT. Received

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BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

 $\label{thm:county:sinsurance:property:agenda items: budget availability $$TATEMENTS: 2017: BAS Airport. docx $$ $$ $$ $$ $$ $$$

DEPARTMENT OF AIRPORTS Airport Property Insurance Premium

4/01/16 to 4/01/17

LANTANA	0.99%	\$	6,913.25	4100	120	1230	4501
GLADES	0.47%	•	3,274.61	4100	120	1240	4501
ADMINISTRATION	4.05%	\$	28,209.35	4100	120	1250	4501
INDIRECT OPERATIONS	4.59%	\$	31,963.88	4100	120	1280	4501
AIRSIDE	0.82%	\$	5,687.12	4100	120	1320	4501
GROUND TRANS.	23.00%	•	160,269.84	4100	120	1340	4501
FIS TERMINAL	1.07%	\$	7,469.73	4100	120	1410	4501
TERMINAL	52.52%	•	366,016.80	4100	120	1430	4501
AVIATION	3.09%	\$	21,562.22	4100	120	1451	4501
NON-AVIATION	4.57%	\$	31,844.51	4100	120	1452	4501
NCA	4.83%	\$	33,666.69	4100	120	1550	4501
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PREPAID INSURANCE	100%	\$	696,878.00	4100	120	1550	7500

TOTAL PREMIUM

\$ 1,393,756.00 \$ 1,393,756.00

BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: 2/10/2017 REQUESTED BY: Risk Management
REQUESTED FOR: Property Insurance Renewal
REQUESTED AMOUNT: \$683,398.10 AGENDA DATE: 3/14/2017
BUDGET ACCOUNT NUMBER:
Fund: Dept: Unit: Obj: Prog. Prog
<u>4001</u> <u>720</u> <u>1110</u> <u>4501</u> Per.
BAS APPROVED BY: DATE: 2/15/20/

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BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: <u>2/9/2017</u> REQUESTED BY: <u>Risk Management</u>

REQUESTED FOR: Property Insurance Renewal
REQUESTED AMOUNT: \$363,096 AGENDA DATE: 3/14/2017
BUDGET ACCOUNT NUMBER:
Fund: 1450 Dept: Unit: Obj: Prog. Prog. Prog. Per.
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BAS APPROVED BY: DATE: 2/17/17

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