

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

---

Meeting Date: March 12, 2019	<input checked="" type="checkbox"/> [X] Consent	<input type="checkbox"/> [ ] Regular
	<input type="checkbox"/> [ ] Ordinance	<input type="checkbox"/> [ ] Public Hearing

---

Department:	Risk Management
Submitted By:	Risk Management
Submitted For:	Property and Casualty Division

---

I. EXECUTIVE BRIEF

**Motion and Title:** Staff recommends motion to approve: Renewal of the County’s excess property, excess liability, and excess workers’ compensation insurance programs for the period April 1, 2019 through March 31, 2020 purchased under Contract No. 15-050/LJ through the County’s contracted broker, Arthur J. Gallagher Risk Management Services, Inc., at a total cost not-to-exceed \$10,185,333.


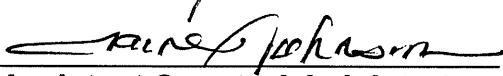
**Summary:** The projected 2019-2020 excess insurance program renewal premiums reflect a total not-to-exceed cost of \$10,185,333, which is a 3.84% increase over the expiring premium. The overall County program remains stable, however, overall market rates are up significantly due to numerous natural disasters recorded in the last 2 years. While the largest impact is on property premiums, workers compensation, boiler and machinery and flood all incurred minor increases. In addition, cyber liability will be purchased as a stand-alone policy. In previous years it was included as part of our package policy. This change allows us to increase our policy limits from \$2 million to \$5 million and gives us much broader coverage than in years past. The current premiums represent a worst-case scenario and the contracted broker will continue to negotiate with excess carriers until the April 1<sup>st</sup> renewal date. The County’s total insurable property value currently stands at \$2.55 billion. Coverage limits contemplate probable maximum loss estimates using various modeling scenarios and include a \$1 million self-insured retention (SIR) with a 4% windstorm deductible per insured location. The program also includes \$5 million of excess liability insurance and excess workers’ compensation insurance covering all costs in excess of \$2 million per occurrence. All state mandated surcharges and assessments are included within the estimated cost. Sufficient funds are budgeted for this coverage. Countywide (HH)

**Background and Justification:** The County’s expiring excess insurance program for property provides excess layers of insurance totaling \$200 million inclusive of the County’s \$1 million SIR. Excess layers of liability insurance totaling \$5 million in 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 - Airports
- 2. Budget Statement - Water Utilities
- 3. Budget Statement – Tourist Development

---

Recommended by:		<u>2/21/19</u>
	Department Director	Date
Approved By:		<u>3/5/19</u>
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2019	2020	2021	2022	2023
Capital Expenditures					
Operating Costs	\$5,092,667	\$5,092,667			
External Revenues					
Program Income					
(County)					
In-Kind Match (County)					
Net Fiscal Impact	\$5,092,667	\$5,092,667			
# ADDITIONAL FTE POSITIONS (Cumulative)	0	0	0	0	0

Is Item Included In Current Budget? Yes X No         
Does this item include the use of federal funds? Yes        No X

Budget Account Exp No: Fund VAR Department VAR Unit VAR Object 4501  
Rev No: Fund        Department        Unit        Object       

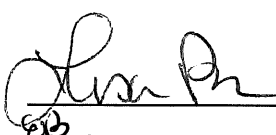
B. Recommended Sources of Funds/Summary of Fiscal Impact:

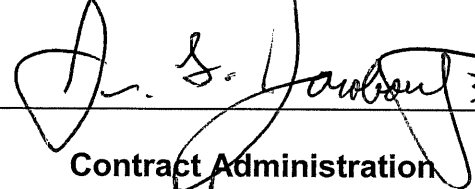
Fund 5010-700-7130 (Risk Management Property & Casualty)	\$6,479,596
Fund 5011-700-7242 (Risk Management Workers' Comp)	\$498,211
Fund 4100-120-Various (Airports)	\$1,682,869
Fund 1450-710-7420 (Tourist Development)	\$732,030
Fund 4001-720-1110 (Water Utilities)	\$792,627
Total	\$10,185,333

C. Departmental Fiscal Review: 

III. REVIEW COMMENTS

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

  
2/26/19  
OFMB

  
3/4/19  
Contract Administration

B. Legal Sufficiency:

  
3/4/19  
Assistant County Attorney

C. Other Department Review:

\_\_\_\_\_  
Department Director

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

Page 3 - Background and Justification (continued)

The expiring \$200 million (\$130 million of which includes coverage for “named windstorm”) structuring of coverage was based upon a variety of factors including catastrophe modeling variables like probable maximum loss (PML) estimates, as well as the affordability and availability of insurance. Previously, a lower limit of windstorm coverage was considered reasonable by the State Insurance Commissioner. While the State no longer makes those determinations, the current limit surpasses previously deemed acceptable limits. As such, staff recommends it remain in place for the 2019-2020 policy year.

Property limits of \$200 million for losses caused by perils other than wind will continue to safeguard large facilities with replacement values in excess of \$150 million, such as the Courthouse, PBI Main Terminal and the Criminal Justice Center.

The expiring liability and crime package policy provides various types of liability insurance coverage of \$5 million, excess of the County’s \$500,000 SIR. This coverage model considers the possibility of 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 enhanced coverage for cyber liability with a \$5 million limit which is increased from \$2 million last year.

There was a slight increase in the excess workers’ compensation premium. This is mainly the result of a staffing increase rather than a market increase. We will maintain our limits beginning at \$2 million, and all other benefits including no “statutory” cap will remain the same.

The following chart provides a comparison of the annual cost by line of insurance for the period 4/1/17 – 3/31/18, 4/1/18 – 3/31/19 to the estimated, “not-to-exceed” cost for the upcoming period 4/1/19 – 3/31/20.

Insurance Cost Comparison

	2017-2018	2018-2019	2019-2020
<b>Property Limits</b>			
Municipal Property <ul style="list-style-type: none"><li>All Other Perils</li><li>Named Wind</li></ul>	\$200 Million \$115 Million	\$200 Million \$130 Million	\$200 Million \$130 Million
Utilities Property <ul style="list-style-type: none"><li>All Other Perils</li><li>Named Wind</li></ul>	\$200 Million \$50 Million	\$200 Million \$50 Million	\$200 Million \$50 Million
<b>Property Named Storm Deductibles</b>			
Municipal Property	4%/\$25 Million CAP	4%/\$25 Million CAP	4%/\$25 Million CAP
Utilities Property	4%	4%	4%
<b>Premiums (including taxes, fees, assessments)</b>			
Municipality Property Program	\$7,083,596.00	\$7,418,005.00	\$7,731,891.00*
Water Utilities District Property Program	\$687,529.00	\$755,425.63	\$792,626.63*
Terrorism	\$60,000.00	\$49,700.00	\$49,700.00
Boiler & Machinery	\$78,503.00	\$90,137.00	\$92,720.00
Package Policy	\$930,000.00	\$976,000.00	\$927,850.00
Cyber Liability	Included	Included	\$60,000.00
Flood	\$29,310.00	\$31,047.00	\$32,334.00
Excess Workers' Compensation	\$500,780.00	\$488,369.00	\$498,211.00
<b>TOTAL COST</b>	<b>\$9,369,718.00</b>	<b>\$9,808,683.63</b>	<b>\$10,185,332.63</b>
* = Not to Exceed Estimates			3.84%
			\$376,649.00

BUDGET AVAILABILITY STATEMENT  
RISK MANAGEMENT

REQUEST DATE: 2/11/19 REQUESTED BY: Risk Management  
REQUESTED FOR: Property Insurance Renewal  
REQUESTED AMOUNT: \$1,682,869 AGENDA DATE: 3/12/2019

BUDGET ACCOUNT NUMBER:

Fund: Dept: Unit: Obj: Prog. Prog  
Per.

BAS APPROVED BY: [Signature] DATE: 2/13/19

DEPARTMENT OF AIRPORTS  
Airport Insurance Premium

	Amt	Fund	Dept	Unit	Obj
LANTANA	42,071.72	4100	120	1230	4501
GLADES	42,071.72	4100	120	1240	4501
ADMINISTRATION	8,414.35	4100	120	1250	4501
INDIRECT OPERATIONS	8,414.35	4100	120	1280	4501
AIRSIDE	294,502.07	4100	120	1320	4501
GROUND TRANS.	84,143.45	4100	120	1340	4501
FIS TERMINAL	8,414.35	4100	120	1410	4501
TERMINAL	34,629.52	4100	120	1430	4501
AVIATION	2,071.72	4100	120	1451	4501
NON-AVIATION	8,414.35	4100	120	1452	4501
NCA	168,286.90	4100	120	1550	4501
				BSA	SBSA
PREPAID INSURANCE	841,434.50	4100	120	1550	7500

**BUDGET AVAILABILITY STATEMENT  
RISK MANAGEMENT**

REQUEST DATE: 2/11/19 REQUESTED BY: Risk Management

REQUESTED FOR: Property Insurance Renewal- WUD

REQUESTED AMOUNT: \$792,627 AGENDA DATE: 3/12/19

BUDGET ACCOUNT NUMBER:

Fund:	Dept:	Unit:	Obj:	Prog.	Prog Per.
<u>4001</u>	<u>720</u>	<u>1110</u>	<u>4501</u>		

BAS APPROVED BY: *h lw* DATE: 2/11/19

BUDGET AVAILABILITY STATEMENT  
RISK MANAGEMENT

REQUEST DATE: 2/11/19 REQUESTED BY: Risk Management

REQUESTED FOR: Property Insurance Renewal- Tourist Development

REQUESTED AMOUNT: \$732,030 AGENDA DATE: 3/12/19

BUDGET ACCOUNT NUMBER:

Fund:	Dept:	Unit:	Obj:	Prog.	Prog Per.	Amount
<u>1450</u>	<u>710</u>	<u>7420</u>	<u>4501</u>			<u>386,206</u>
<u>1453</u>		<u>7310</u>				<u>98,148</u>
<u>1458</u>						<u>247,676</u>

BAS APPROVED BY: [Signature] DATE: 2/12/19

Ernie Roque

From: Jackie Binns A. <JBinns@pbcgov.org>  
Sent: Tuesday, February 12, 2019 9:05 AM  
To: Ernie Roque  
Cc: Scott Marting; Brian Palacios  
Subject: Property Renewal 2019- BAS  
Attachments: BAS Tourist Development 2019.pdf

Good morning Ernie,

We received the, “not-to-exceed” numbers from our broker for this year’s renewal. We expect the final premium to be lower as the broker continues to negotiate with the carriers.

Attached is the BAS for TDC for signature and budget line. Please sign and return this to us asap.

This item will go to the Board on 3/12/19.

Here are the calculations:

TOURIST DEVELOPMENT BREAKOU	Values	County Property	Decimal expression	Percentage	Total Cost	Pro-rata share
Convention Center	\$ 79,152,481.00	\$ 2,185,246,038.00	0.036221313	3.622%	\$ 7,731,891.00	\$ 280,059.24
Convention Center Garage	\$ 30,000,000.00	\$ 2,185,246,038.00	0.013728431	1.373%	\$ 7,731,891.00	\$ 106,146.73
Roger Dean Stadium	\$ 27,739,366.00	\$ 2,185,246,038.00	0.012693933	1.269%	\$ 7,731,891.00	\$ 98,148.10
Ball Park of the Palm Beaches	\$ 70,000,000.00	\$ 2,185,246,038.00	0.032033006	3.203%	\$ 7,731,891.00	\$ 247,675.71
TOTAL:	\$ 206,891,847.00	\$ 2,185,246,038.00	0.094676683	9.468%	\$ 7,731,891.00	\$ 732,029.80

> 1450      386,205.97  
- 1453  
- 1458

Jackie

Jacqueline Binns, ARM-P  
Property & Casualty Insurance and Claims Manager  
Palm Beach County  
Risk Management Division  
100 Australian Av, Suite 200

West Palm Beach, FL 33406

[jbinns@pbcgov.org](mailto:jbinns@pbcgov.org)

(561) 233-5422



---

Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.



**FUND: 1458    TDC-1st Cent Tourist Local Option Tax**  
**UNIT: 7310    Tdc Administrative Expense**

OBJECT		CURRENT PERIOD			FISCAL YEAR-TO-DATE				
CODE	DESCRIPTION	ENCUMBRANCES	EXPENDITURES	TOTAL	OUTSTANDING		TOTAL	BUDGETED AMT.	UNOBLIGATED BUDGET BAL.
				OBLIGATIONS	ENCUMBRANCES	EXPENDITURES	OBLIGATIONS		
4501	Ins & Surety Bonds Outside *	0.00	0.00	0.00	0.00	0.00	0.00	350,219.00	350,219.00
4969	Tax Collector Commission	0.00	14,076.03	14,076.03	0.00	38,578.87	38,578.87	133,728.00	95,149.13
4990	Inspector General Fee	0.00	0.00	0.00	0.00	0.00	0.00	234.00	234.00
APPR TOTAL 71073100D:		0.00	14,076.03	14,076.03	0.00	38,578.87	38,578.87	484,181.00	445,602.13
UNIT TOTAL 7310:		0.00	14,076.03	14,076.03	0.00	38,578.87	38,578.87	484,181.00	445,602.13

TDC103  
02/11/2019  
Page 1 of 27

PALM BEACH COUNTY, FLORIDA  
TOURIST DEVELOPMENT COUNCIL  
DETAIL LISTING OF OBLIGATIONS VS. BUDGET  
AS OF 02/11/2019  
FOR ACCOUNTING PERIOD: FEBRUARY 2019

FUND: 1450    TDC-Convention Center Oper  
UNIT: 7420    Convention & Visitor'S Bureau

DEPT: 710    Tourist Development

OBJECT		CURRENT PERIOD			FISCAL YEAR-TO-DATE				
CODE	DESCRIPTION	TOTAL			OUTSTANDING		TOTAL		UNOBLIGATED
		ENCUMBRANCES	EXPENDITURES	OBLIGATIONS	ENCUMBRANCES	EXPENDITURES	OBLIGATIONS	BUDGETED AMT.	BUDGET BAL.
3080	Operating Expense-Indirect	0.00	0.00	0.00	0.00	22,308.64	22,308.64	175,414.00	153,105.36
3124	Legal Services-County Attorney	0.00	0.00	0.00	0.00	405.00	405.00	20,000.00	19,595.00
3401	Other Contractual Services *	(81,706.75)	81,706.75	0.00	4,642,665.53	1,053,831.47	5,696,497.00	5,696,497.00	0.00
4501	Ins & Surety Bonds Outside *	0.00	0.00	0.00	0.00	0.00	0.00	536,000.00	536,000.00
4990	Inspector General Fee	0.00	0.00	0.00	0.00	0.00	0.00	10,857.00	10,857.00
5201	Materials/Supplies Operating	0.00	0.00	0.00	0.00	0.00	0.00	5,250.00	5,250.00
APPR TOTAL 7107420OA:		(81,706.75)	81,706.75	0.00	4,642,665.53	1,076,545.11	5,719,210.64	6,444,018.00	724,807.36
UNIT TOTAL 7420:		(81,706.75)	81,706.75	0.00	4,642,665.53	1,076,545.11	5,719,210.64	6,444,018.00	724,807.36

TDC103  
02/11/2019  
Page 8 of 27

PALM BEACH COUNTY, FLORIDA  
TOURIST DEVELOPMENT COUNCIL  
DETAIL LISTING OF OBLIGATIONS VS. BUDGET  
AS OF 02/11/2019  
FOR ACCOUNTING PERIOD: FEBRUARY 2019

FUND: 1453    TDC-4th Cent Local Option Tax    DEPT: 710    Tourist Development  
UNIT: 7310    Tdc Administrative Expense

OBJECT		CURRENT PERIOD			FISCAL YEAR-TO-DATE				
		TOTAL			OUTSTANDING		TOTAL		UNOBLIGATED
CODE	DESCRIPTION	ENCUMBRANCES	EXPENDITURES	OBLIGATIONS	ENCUMBRANCES	EXPENDITURES	OBLIGATIONS	BUDGETED AMT.	BUDGET BAL.
4501	Ins & Surety Bonds Outside *	0.00	0.00	0.00	0.00	0.00	0.00	138,784.00	138,784.00
4969	Tax Collector Commission	0.00	14,076.03	14,076.03	0.00	38,578.87	38,578.87	133,728.00	95,149.13
4990	Inspector General Fee	0.00	0.00	0.00	0.00	0.00	0.00	234.00	234.00
APPR TOTAL 71073100B:		0.00	14,076.03	14,076.03	0.00	38,578.87	38,578.87	272,746.00	234,167.13
UNIT TOTAL 7310:		0.00	14,076.03	14,076.03	0.00	38,578.87	38,578.87	272,746.00	234,167.13