Agenda Item #: 3Z-1

### PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

#### **AGENDA ITEM SUMMARY**

Meeting Date: Mar	rch 9, 2021	[X]	Consent Ordinance	[]	Regular Public Hearing
Department: Submitted By: Submitted For:	Risk Management Risk Management Property and Cas	t	Division		

#### I. EXECUTIVE BRIEF

**Motion and Title: Staff recommends motion to approve:** Renewal of the excess property, excess liability, excess workers' compensation insurance programs, and ancillary policies for the period April 1, 2021 through March 31, 2022 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 \$12,752,915.

Summary: The projected 2021-2022 excess insurance program renewal premiums reflect a total not-to-exceed cost of \$12,752,915, which is an 12.3% increase over the expiring premium. While the County's loss experience has decreased, the insurance industry has experienced numerous catastrophic events resulting in substantial losses. As a result, rate increases are being assessed throughout the industry. Some increases are as high as 15% to 20% but the County has managed to stay below that threshold due to aggressive mitigation efforts and a favorable claims experience. These increases are most notable in our property premiums as well as our cyber liability coverage where several carriers have left the market and global losses continue to increase dramatically. All estimated premiums represent the worse-case scenario and the contracted broker will continue to negotiate with excess carriers until the April 1st renewal date. The County's total insurable property value currently stands at \$2.6 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 coverage 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 insurance policies covering damage to County-owned property resulting from flood, terrorism, boiler & machinery, employee dishonesty, and cyber liability. (Continued on page 3)

#### **Attachments:**

- 1. Budget Statement Airports
- 2. Budget Statement Water Utilities
- 3. Budget Statement Tourist Development

Recommended by:	ACT	2/8/2021
•	Department Director	Date
Approved By:	Manay L. Bolom	2/11/2
•	Assistant County Administrator	Date /

# II. FISCAL IMPACT ANALYSIS A. Five Year Summary of Fiscal Impact:

Fiscal Years	2021	2021 2022		2024
Capital Expenditures Operating Costs External Revenues Program Income (County) In-Kind Match (County)	\$6,376,457.50	\$6,376,457.50		
Net Fiscal Impact	\$6,376,457.50	\$6,376,457.50		
# ADDITIONAL FTE POSITIONS				
(Cumulative)	0	0	0	0
Is Item Included In Currer Does this item include the	_		_ No <u></u>	<u>K</u>
Budget Account Exp No: Fi Rev No:		ent <u>VAR</u> Unit <u>VAR</u> ment Unit		
B. Recommended Source Fund 5010-700-7136 Fund 5011-700-7245 Fund 4100-120-Vari Fund 1450-710-7426 Fund 4001-720-1116	0 (Risk Manageme 2 (Risk Manageme ous (Airports) 0 (Tourist Developr	nt Property & Casu nt Workers' Comp)	alty) \$8,2 \$5 \$2,0 \$9	03,803 55,902 84,407 12,803 69,000
Total	R	12/2_	\$12,7 —	52,915
C. Departmental Fiscal R	eview:			
	III. REVIEW C	OMMENTS		
A. OFMB Fiscal and/or C	ontract Dev. and	Control Comment	s:	
OFMB 48	3/9/2/6 BC 2/8	Contract		
B. Legal Sufficiency:		L-	-10 - Z1	The
Assistant County		2/2/		
C. Other Department Rev	view:			
Department Dire	ctor			

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

### Page 3 - Background and Justification (continued)

It is recommended that we continue to purchase the same limits as the expiring policy (\$200 million limits with a sublimit of \$130 million for "named windstorm"). While the cost has increased, catastrophic wind modeling for our property portfolio indicates that a drop in coverage may leave us exposed as we continue to experience the threat of stronger storms. In addition, 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, PBIA's Main Terminal and the Criminal Justice Center.

The expiring liability and crime package policy provide a broad range of liability insurance coverage with limits of \$5 million, excess of the County's \$500,000 SIR. The program includes limited coverage (\$50,000) for employee dishonesty and theft of money and securities as well as enhanced coverage for cyber liability in the amount of \$5 million. The overall package is designed to protect the County against the possibility of a Claims Bill approved by the Florida Legislature where an award could be made in excess of sovereign immunity limits.

In the excess workers' compensation renewal, there was an approximately 3% increase in the premium over the prior year. This is mainly the result of an increase in payroll and a mandatory assessment from the State of Florida. The self-insured retention of \$2 million, and all other benefits including no statutory cap remain unchanged from the prior year.

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, 4/1/19 - 3/31/20, 4/1/20 - 3/31/22 to the estimated, "not-to-exceed" cost for the upcoming period 4/1/21 - 3/31/22.

Insurance Cost Comparison

nsurance Cost C	2017-2018	2018-2019	2019-2020	2020-2021	2024 2022
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Property Limits					
Municipal Property					
All Other Perils	\$200 Million				
Named Wind	\$115 Million	\$130 Million	\$130 Million	\$130 Million	\$130 Million
Utilities Property					
All Other Perils	\$200 Million				
Named Wind	\$50 Million				
Property Named St	orm Deductibles	•			
Municipal Property	4%/\$25 Million CAP				
Litilities Droporty	4%	4%	4%	Willion CAP	4%
Utilities Property			4%	470	470
Premiums (including	ig taxes, tees, as	ssessments)			
Municipality Property Program	\$7,083,596.00	\$7,418,005.00	\$7,742,571.00	\$8,780,510.00	\$9,785,000.00
Water Utilities District Property Program	\$687,529.00	\$792,500.00	\$792,403.00	\$870,222.00	\$969,000.00
Terrorism	\$60,000.00	\$49,700.00	\$49,700.00	\$51,500.00	\$52,850.00
Boiler & Machinery	\$78,503.00	\$90,137.00	\$72,533.00	\$93,229.00	\$172,203.00
Package Policy	\$930,000.00	\$976,000.00	\$927,850.00	\$930,000.00	\$930,000.00
Cyber Liability	Included	Included	\$60,000.00	\$60,000.00	\$250,000.00
Flood	\$29,310.00	\$31,047.00	\$32,334.00	\$33,009.00	\$37,960.00
Excess Workers' Compensation	\$500,780.00	\$488,369.00	\$498,211.00	\$538,253.00	\$555,902.00
TOTAL COST	\$9,369,718.00	\$9,808,683.63	\$10,175,602.00	\$11,415,154.00	\$12,752,915.00
	PROJECTED CO	OST VARIANCE	TO EXPIRING	And Angles	12.3% \$1,396,192.00

## BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: 2/2/21 REQUESTED BY: Risk Management

	REQUESTED FOR: Property Renewal - Airports
	REQUESTED AMOUNT: \$2,084,407 AGENDA DATE: 3/09/2020
	BUDGET ACCOUNT NUMBER:
	Fund: 4100 Dept: 170 Unit: Obj: Prog. Prog. Per.
	BAS APPROVED BY: WILL UNCANO DATE: 3/3/34
[1)	1230, 1240, 1250, 1280, 1320, 1410, 1430, 1451, 1452, 1550

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### DEPARTMENT OF AIRPORTS Airport Property Insurance Premium

#### 4/01/21 to 4/01/22

0.99% \$	10,338.97	4100	120	1230	4501
	4,897.28	4100	120	1240	4501
	42,187.98	4100	120	1250	4501
	47,803.02	4100	120	1280	4501
	8.505.27	4100	120	1320	4501
	239.688.71	4100	120	1340	4501
	•	4100	120	1410	4501
		4100	120	1430	4501
	'	4100	120	1451	4501
	,	4100	120	1452	4501
	•	4100	120	1550	4501
			BSA	SE	3SA
100% \$	1,042,203.50	4100	120	1550	7500
	0.47% \$ 4.05% \$ 4.59% \$ 0.82% \$ 23.00% \$ 1.07% \$ 52.52% \$ 3.09% \$ 4.57% \$ 4.83% \$	0.47%       \$ 4,897.28         4.05%       \$ 42,187.98         4.59%       \$ 47,803.02         0.82%       \$ 8,505.27         23.00%       \$ 239,688.71         1.07%       \$ 11,171.22         52.52%       \$ 547,389.92         3.09%       \$ 32,247.00         4.57%       \$ 47,624.49         4.83%       \$ 50,349.62	0.47%       \$ 4,897.28       4100         4.05%       \$ 42,187.98       4100         4.59%       \$ 47,803.02       4100         0.82%       \$ 8,505.27       4100         23.00%       \$ 239,688.71       4100         1.07%       \$ 11,171.22       4100         52.52%       \$ 547,389.92       4100         3.09%       \$ 32,247.00       4100         4.57%       \$ 47,624.49       4100         4.83%       \$ 50,349.62       4100	0.47%       \$ 4,897.28       4100       120         4.05%       \$ 42,187.98       4100       120         4.59%       \$ 47,803.02       4100       120         0.82%       \$ 8,505.27       4100       120         23.00%       \$ 239,688.71       4100       120         1.07%       \$ 11,171.22       4100       120         52.52%       \$ 547,389.92       4100       120         3.09%       \$ 32,247.00       4100       120         4.57%       \$ 47,624.49       4100       120         4.83%       \$ 50,349.62       4100       120         BSA	0.47%       \$ 4,897.28       4100       120       1240         4.05%       \$ 42,187.98       4100       120       1250         4.59%       \$ 47,803.02       4100       120       1280         0.82%       \$ 8,505.27       4100       120       1320         23.00%       \$ 239,688.71       4100       120       1340         1.07%       \$ 11,171.22       4100       120       1410         52.52%       \$ 547,389.92       4100       120       1430         3.09%       \$ 32,247.00       4100       120       1451         4.57%       \$ 47,624.49       4100       120       1452         4.83%       \$ 50,349.62       4100       120       1550         BSA

TOTAL PREMIUM \$ 2,084,407.00 \$ 2,084,407.00

### BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: 2/2/21 REQUESTED BY: Risk Management
REQUESTED FOR: Property Renewal - Water Utilities
REQUESTED AMOUNT: \$969,000 AGENDA DATE: 3/09/2020
BUDGET ACCOUNT NUMBER:
Fund: Dept: Unit: Obj: Prog. Prog. Per.
BAS APPROVED BY: All DATE: 4/3/301

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### BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: <u>2/2/21</u> REQUESTED BY: <u>Risk Management</u>

REQUESTED FOR: Property Renewal – TDC
REQUESTED AMOUNT: \$912,803 AGENDA DATE: 3/09/2020
BUDGET ACCOUNT NUMBER:
Fund: Dept: Unit: Obj: Prog. Prog. Per. ——
BAS APPROVED BY: DATE: 24/21
1450-710-7420-4501 481,363.23
1453-7107310- 121,701.07
1458-7107310- 309,739.68
912, 803.98