## PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

## AGENDA ITEM SUMMARY

Meeting Date: March 14, 2023		[X] []	[X ] Consent [ ] Ordinance		Regular Public Hearing			
Department:	Risk Managem	ent						
Submitted By:	Risk Managem	ent						
Submitted For:	Property and Casualty 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, 2023 through March 31, 2024 purchased under Contract No. 21-040DP through the County's contracted broker, Risk Management Associates, Inc. (aka Brown & Brown), at a total cost not-to-exceed \$ 16,595,820.

Summary: The projected 2023-2024 excess insurance program renewal premiums reflect a total not-to-exceed cost of \$16,595,820 which is approximately a 36% overall increase over the expiring total premium of \$12,203,040. While last year's renewal yielded significant coverage enhancements and modest premium savings, market conditions in property insurance have hardened dramatically due to numerous large losses in both the excess and re-insurance markets. These losses, accompanied with the inability to obtain solid yields on their investments have resulted in increased premiums, scaled back writing capacity and in some cases, limited carrier participation in certain markets. Risk Management, in conjunction with our Broker has aggressively marketed our program to over 140 global insurance companies to ensure we secure the best available rates in this difficult market. This included meeting (either in-person or virtually) with underwriters for most of our 31 separate property insurers. This allowed us to explain in detail what separates Palm Beach County from other risks they may insure. Discussions included our loss history, the quality of our building codes and structures, our 5-year plan for re-appraising all County buildings, our commitment to capital improvements, and our comprehensive disaster management program. The County's total insurable property value currently stands at just over \$2.7 billion. The program also includes \$5 million of excess liability insurance, subject to a \$500,000 Self-Insured Retention (SIR). Excess workers' compensation insurance is included covering all costs in excess of \$2.25 million per occurrence. All state-mandated surcharges and assessments are included within the estimated renewal cost. Sufficient funds are budgeted for this coverage. Countywide (HH)

**Background and Justification:** With this renewal, the County's excess insurance program for property coverage provides excess layers of insurance totaling \$200 million inclusive of the County's \$500,000 SIR. There are also various ancillary insurance policies covering damage to County-owned property resulting from terrorism, boiler & machinery, employee dishonesty, and cyber liability. Coverage highlights include liability insurance totaling \$5 million in excess of the County's \$500,000 SIR, and workers' compensation inclusive of a \$2.25 million per claim SIR with statutory limits (no cap). **(Continued on page 3)** 

#### Attachments:

1. Budget Statements – Airports, Water Utilities, Tourist Development

116/2023 Date Recommended by: Department Director Approved By: Assistant County Administrator

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

#### **Fiscal Years** 2023 2024 2025 2026 **Capital Expenditures Operating Costs** \$8,297,910 \$8,297,910 **External Revenues Program Income** (County) In-Kind Match (County) **Net Fiscal Impact** \$8,297,910 \$8,297,910 **# ADDITIONAL FTE** POSITIONS 0 (Cumulative) 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) \$10,920,286 Fund 5011-700-7242 (Risk Management Workers' Comp) \$576,580 Fund 4100-120-Various (Airports) \$2,506,004 Fund 1450-710-7420 (Tourist Development) \$1,213,245 Fund 4001-720-1110 (Water Utilities) \$1,379,705 Total \$16,595,820 C. Departmental Fiscal Review: 5 **III. REVIEW COMMENTS**

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

OFMB

B. Legal Sufficiency:

Assistant County Aftorney

C. Other Department Review:

**Department Director** 

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

Administration

# 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 Storm"). In order to secure these limits, we were forced to agree to increase our wind deductibles to a blended average not to exceed 5% of values involved in the loss, with a cap of \$34 million per occurrence as opposed to expiring caps of 4% and \$25 million per occurrence respectively. These coverage amounts safeguard large facilities with replacement values in excess of \$150 million, such as the Courthouse, PBIA's Main Terminal and the Criminal Justice Center. While every indication is that there is limited room for improvement, negotiations will continue until the official April 1<sup>st</sup> renewal date.

The liability package policy provides a broad range of liability insurance coverage with limits of \$5 million, excess of the County's \$500,000 SIR. 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.

The cyber liability policy in the amount of \$5 million continues to be purchased as a standalone policy as opposed to self-insurance. Due to additional safeguards implemented by our ISS team, we have been able to achieve a 6% reduction in premium over the expiring policy and a decrease in our SIR from \$1 million to \$500,000.

The excess workers' compensation is in the second year of a 2-year rate guarantee. The minor increase of \$27,155 is specifically to address an increase in payroll.

The following chart provides year over year cost comparisons and summaries of our program:

	2019-2020	2020-2021	2021-2022	2022 -2023	2023-2024	
Property Limits		<b></b>			. <u></u>	
Municipal Property				· · · · · · · · · · · · · · · · · · ·		
All Other Perils	\$200 Million	\$200 Million	\$200 Million	\$200 Million	\$200 Million	
Named Wind	\$130 Million	\$130 Million	\$130 Million	\$130 Million	\$130 Million	
Utilities Property				<u> </u>		
All Other Perils	\$200 Million	\$200 Million	\$200 Million	\$200 Million	\$200 Million	
Named Wind	\$50 Million	\$50 Million	\$50 Million	\$50 Million	\$38.75 Million	
Property Named Stor	rm Deductibles		<b>_</b>		• • • • • • • • • • • • • • • • • • •	
Municipal Property	4%/\$25 Million CAP	4%/\$25 Million CAP	4%/\$25 Million CAP	4%/\$25 Million CAP	5%/\$34 Million CAP	
Utilities Property	4%	4%	4%	4%	5%	
Premiums (including	taxes, fees, assessr	nents)			• · · · · · · · · · · · · · · · · · · ·	
Municipality Property Program	\$7,742,571	\$8,780,510	\$9,523,788	\$9,050,854	\$13,127,314	
Water Utilities District Property Program	\$792,403	\$870,222	\$968,680	\$1,096,392	\$1,379,705	
Terrorism	\$49,700	\$51,500	\$52,850	\$83,101	\$75,562	
Boiler & Machinery	\$72,533	\$93,229	\$148,987	\$143,721	\$94,677	
Package Policy	\$927,850	\$930,000	\$930,000	\$953,225	\$1,023,475	
Cyber Liability	\$60,000	\$60,000	\$235,000	\$297,917	\$280,000	
Flood	\$32,334	\$33,009	\$37,960	\$32,633	\$38,507	
Excess Workers' Compensation	\$498,211	\$538,253	\$549,425	\$549,425	\$576,580	
TOTAL COST	\$10,175,602	\$11,356,723	\$12,752,915	\$12,203,040	\$16,595,820	
PROJECTED COST VARIANCE TO EXPIRING					+ \$4,392,780 +36%	

## BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: <u>2/14/2023</u>	REQUESTED BY: Risk Management
REQUESTED FOR: <u>Airports</u>	
REQUESTED AMOUNT: <u>\$2,506,004</u>	AGENDA DATE: <u>3/14/2023</u>
BUDGET ACCOUNT NUMBER: FUND: $4100$ dept: $120$	UNIT: VARIOUS (") OBJ: 4501
BAS APPROVED BY: Willow uncer	DATE: 2/14/2023
··· 1230, 1240, 1250, 1280, 132	0,1410,1430,1451,1452,1550

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## DEPARTMENT OF AIRPORTS Airport Property Insurance Premium

4/01/22 to 4/01/24

100% \$	\$	1 253 002 00	4100		1550	7500
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4.83%	\$	60,533.45	4100	120	1550	4501
4.57%	\$	57,257.14	4100	120	1452	4501
3.09%	\$	38,769.35	4100	120	1451	4501
52.52%	\$	658,106.28	4100	120	1430	4501
1.07%	\$	13,430.74	4100	120	1410	4501
23.00%	\$	288,168.71	4100	120	1340	4501
0.82%	\$	10,225.57	4100	120	1320	4501
4.59%	\$	57,471.76	4100	120	1280	4501
4.05%	\$	50,721.02	4100	120	1250	4501
0.47%	\$	5,887.82	4100	120	1240	4501
0.99%	\$	12,430.16	4100	120	1230	4501
	0.47% 4.05% 4.59% 0.82% 23.00% 1.07% 52.52% 3.09% 4.57% 4.83%	0.99% \$ 0.47% \$ 4.05% \$ 4.59% \$ 0.82% \$ 23.00% \$ 1.07% \$ 52.52% \$ 3.09% \$ 4.57% \$ 4.83% \$	0.47%\$5,887.824.05%\$50,721.024.59%\$57,471.760.82%\$10,225.5723.00%\$288,168.711.07%\$13,430.7452.52%\$658,106.283.09%\$38,769.354.57%\$57,257.144.83%\$60,533.45	0.47% \$ 5,887.82 4100   4.05% \$ 50,721.02 4100   4.59% \$ 57,471.76 4100   0.82% \$ 10,225.57 4100   23.00% \$ 288,168.71 4100   1.07% \$ 13,430.74 4100   52.52% \$ 658,106.28 4100   3.09% \$ 38,769.35 4100   4.57% \$ 57,257.14 4100   4.83% \$ 60,533.45 4100	0.47% \$ 5,887.82 4100 120   4.05% \$ 50,721.02 4100 120   4.59% \$ 57,471.76 4100 120   0.82% \$ 10,225.57 4100 120   23.00% \$ 288,168.71 4100 120   1.07% \$ 13,430.74 4100 120   52.52% \$ 658,106.28 4100 120   3.09% \$ 38,769.35 4100 120   4.57% \$ 57,257.14 4100 120   4.83% \$ 60,533.45 4100 120	0.47% \$ 5,887.82 4100 120 1240   4.05% \$ 50,721.02 4100 120 1250   4.59% \$ 57,471.76 4100 120 1280   0.82% \$ 10,225.57 4100 120 1320   23.00% \$ 288,168.71 4100 120 1340   1.07% \$ 13,430.74 4100 120 1410   52.52% \$ 658,106.28 4100 120 1430   3.09% \$ 38,769.35 4100 120 1451   4.57% \$ 57,257.14 4100 120 1452   4.83% \$ 60,533.45 4100 120 1452   8SA SE SE SE SE

TOTAL PREMIUM

\$ 2,506,004.00\$ 2,506,004.00

## BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT

REQUEST DATE: <u>2/14/2023</u>

REQUESTED BY: Risk Management

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REQUESTED FOR: Water Utilities

REQUESTED AMOUNT: <u>\$1,379,705</u>

AGENDA DATE: <u>3/14/2023</u>

BUDGET ACCOUNT NUMBER:

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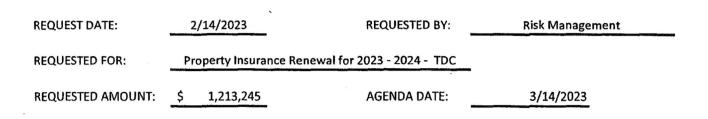
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FUND: 4001 DEPT: 720	JNIT: <u>1110</u> OBJ: <u>4501</u>
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BAS APPROVED BY:	Doni Duto
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DATE: 2/14/2023

## BUDGET AVAILABILITY STATEMENT RISK MANAGEMENT



BUDGET ACCOUNT NUMBER					
	FUND:	DEPT:	UNIT:	OBJ:	Amount
RODGER DEAN:	<u>1453</u>	<u>710</u>	<u>7310</u>	<u>4501</u>	<u>\$_145,589.00</u>
CONVENTION CENTER:	<u>1450</u>	<u>710</u>	7420	<u>4501</u>	<u>\$_703,682.00</u>
BALL PARK OF PB:	<u>1458</u>	<u>710</u>	<u>7310</u>	<u>4501</u>	<u>\$ 363,974.00</u>

DATE

BAS APPROVED BY