

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: March 12, 2024	<input checked="" type="checkbox"/>	Consent	<input type="checkbox"/>	Regular
	<input type="checkbox"/>	Ordinance	<input type="checkbox"/>	Public Hearing
Department:	Risk Management			
Submitted By:	Risk Management			
Submitted For:	Safety and Casualty Division			

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

- A) **approve** the renewal of the excess property, excess liability, excess workers' compensation insurance programs, and ancillary policies for the period April 1, 2024 through March 31, 2025, purchased under Contract No. 21-040DP through the County's contracted broker, Risk Management Associates, Inc. (aka Brown & Brown Public Sector), at a total cost not-to-exceed \$17,869,249; and
- B) **delegate** to the County Administrator, or designee, signature authority to execute the current, and any future federal excise tax filings required for coverage bound through Bermuda based carriers.

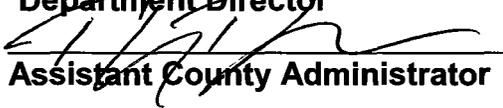
Summary: The projected 2024-2025 excess insurance program renewal premiums reflect a total not-to-exceed cost of \$17,869,249 which is an increase of approximately 9.98% over the expiring total premium of \$16,247,147. The insurance market has stabilized significantly over 2023 where we saw a 36% increase in overall premium. The increase this year is largely attributed to our ongoing five (5) year plan to reappraise all County properties. Proper valuations are essential to a successful property insurance program. These appraisals increased our Total Insured Values (TIV) from \$2.6 billion to \$2.97 billion. The County traditionally purchases coverage in accordance with industry recognized catastrophe modeling for a 100 year storm. Because of the TIV increase, the models now estimate our probable maximum loss at \$145 million instead of the expiring \$130 million. This \$15 million increase in recommended coverage is the primary driver for the premium increase. Risk Management, in conjunction with our Broker has aggressively marketed our program to over 130 global insurance companies to ensure we secured the best available rates. This included meeting (either in-person or virtually) directly with underwriters for approximately 30 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 commitment to capital improvements, and our comprehensive disaster management program. The insurance programs also include \$5 million of excess liability insurance, subject to a \$500,000 Self-Insured Retention (SIR). Excess workers' compensation insurance is included, and covers 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 were budgeted and are available 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 (cont. on page 3)

Attachments:

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

Recommended by: 
 Department Director

Approved By: 
 Assistant County Administrator

2/14/2024
 Date

2/20/2024
 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact

Fiscal Years	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Capital Expenditures					
Operating Costs	\$8,934,624.50	\$8,934,624.50			
External Revenues					
Program Income (County)					
In-Kind Match (County)					
Net Fiscal Impact	\$8,934,624.50	\$8,934,624.50			
# ADDITIONAL FTE POSITIONS (Cumulative)					

Is Item Included In Current Budget?	Yes	<u>X</u>	No						
Does this item include the use of Federal funds?	Yes		No	<u>X</u>					
Does this item include the use of State funds?	Yes		No	<u>X</u>					
Budget Account	Exp No.:	Fund	<u>VAR</u>	Dept	<u>VAR</u>	Unit	<u>VAR</u>	Obj	<u>4501</u>
	Rev No.:	Fund		Dept		Unit		Obj	

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

Fund 5010-700-7130 (Risk Management Property & Casualty)	\$ 10,690,022
Fund 5011-700-7242 (Risk Management Workers' Comp)	\$ 595,216
Fund 4100-120-Various (Airports)	\$ 3,561,578
Fund 1450-710-7420 (Tourist Development)	\$ 837,854
Fund 1458-710-7310 (Tourist Development)	\$ 433,373
Fund 1453-710-7310 (Tourist Development)	\$ 173,349
Fund 4001-720-1110 (Water Utilities)	\$ 1,577,857
Total	\$ 17,869,249

C. Departmental Fiscal Review: 

III. REVIEW COMMENTS

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

ASD/CA 2/16/24
KKZ/16 DA 2/16
OFMB

Brenda Mackillo 2/20/24
Contract Administration

B. Legal Sufficiency:

Helene C. Dwyer 2-21-24
Assistant County Attorney

C. Other Department Review:

Department Director

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

(cont. from page 1) 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). It is recommended that we continue to purchase property limits of \$200 million, but increase the sublimit of named storm from \$130 million to \$145 million. Our wind deductibles remain at 5% of values involved in the loss, with a cap of \$33.225 million per occurrence which is lower than the expiring \$34 million. 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 1st 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 in addition to certain liabilities not subject to Florida's sovereign immunity provisions.

The cyber liability policy in the amount of \$5 million continues to be purchased as a stand-alone policy as opposed to self-insurance. Due to additional safeguards implemented by our ISS team, we have been able to achieve a 9.4% reduction in premium over the expiring policy.

There was a 3.23 % (\$18,636) increase in our Excess Workers' Compensation premium specifically to address an increase in overall payroll.

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

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Property Limits					
Municipal Property					
All Other Perils	\$200 Million				
Named Wind	\$130 Million	\$130 Million	\$130 Million	\$130 Million	\$145 Million
Utilities Property					
All Other Perils	\$200 Million				
Named Wind	\$50 Million	\$50 Million	\$50 Million	\$38.75 Million	\$38.75 Million
Property Named Storm Deductibles					
Municipal Property	4%/\$25 Million CAP	4%/\$25 Million CAP	4%/\$25 Million CAP	5%/\$34 Million CAP	5%/\$33.225 Million CAP
Utilities Property	4%	4%	4%	5%	5%
Premiums (including taxes, fees, assessments)					
Municipality Property Program	\$8,780,510	\$9,523,788	\$9,050,854	\$12,825,246	\$14,246,313
Water Utilities District Property Program	\$870,222	\$968,680	\$1,096,392	\$1,362,450	\$1,577,857
Terrorism	\$51,500	\$52,850	\$83,101	\$75,562	\$100,175
Boiler & Machinery	\$93,229	\$148,987	\$143,721	\$96,834	\$106,727
Package Policy	\$930,000	\$930,000	\$953,225	\$1,023,475	\$972,961
Cyber Liability	\$60,000	\$235,000	\$297,917	\$287,000	\$270,000
Excess Workers' Compensation	\$538,253	\$549,425	\$549,425	\$576,580	\$595,216
TOTAL COST					\$17,369,249
PROJECTED COST VARIANCE TO EXPIRING					\$1,622,102
					9.98%

**BUDGET AVAILABILITY STATEMENT
RISK MANAGEMENT**

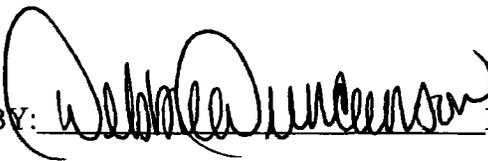
REQUEST DATE: 2/14/24 REQUESTED BY: Risk Management

REQUESTED FOR: Property Insurance Renewal – Airports

REQUESTED AMOUNT: \$3,561,578 AGENDA DATE: 3/12/2024

BUDGET ACCOUNT NUMBER:

Fund: 4100 Dept: 120 Unit: Various Obj: 4501 Prog. _____ Prog Per. _____

BAS APPROVED BY:  DATE: 2/14/2024

LANTANA	0.99%	\$ 17,665.96	4100	120	1230	4501
GLADES	0.47%	\$ 8,367.87	4100	120	1240	4501
ADMINISTRATION	4.05%	\$ 72,085.63	4100	120	1250	4501
INDIRECT OPERATIONS	4.59%	\$ 81,679.91	4100	120	1280	4501
AIRSIDE	0.82%	\$ 14,532.76	4100	120	1320	4501
GROUND TRANS.	23.00%	\$ 409,550.56	4100	120	1340	4501
FIS TERMINAL	1.07%	\$ 19,088.01	4100	120	1410	4501
TERMINAL	52.52%	\$ 935,312.49	4100	120	1430	4501
AVIATION	3.09%	\$ 55,099.70	4100	120	1451	4501
NON-AVIATION	4.57%	\$ 81,374.87	4100	120	1452	4501
NCA	4.83%	\$ 86,031.23	4100	120	1550	4501
					BSA	SBSA
PREPAID INSURANCE	100%	\$ 1,780,789.00	4100	120	1550	7500



Budget Availability Statement (BAS)

REQUEST DATE: 02.14.2024

REQUESTED BY: Risk Management

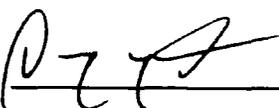
REQUESTED FOR: Property Insurance Renewal for 2024 – 2025 IDC

REQUESTED AMOUNT: \$ 1,444,576

BUDGET ACCOUNT NUMBERS

Name:	FUND	DEPT	UNIT	OBJECT	AMOUNT:
Convention Center	<u>1450</u>	<u>710</u>	<u>7420</u>	<u>4501</u>	<u>\$ 837,854</u>
Cacti Park of PB	<u>1458</u>	<u>710</u>	<u>7310</u>	<u>4501</u>	<u>\$ 433,373</u>
Roger Dean	<u>1453</u>	<u>710</u>	<u>7310</u>	<u>4501</u>	<u>\$ 173,349</u>

Please be advised that funds are available in the amount of and not to exceed \$1,444,576 in property insurance renewal 2024- 2025 Account numbers. This authorization is to cover the insurance premiums for the Convention Center, Cacti Park of the Palm Beaches, & Roger Dean Stadium.

BAS APPROVED BY: 
Vannette Youyoute
Fiscal Manager

DATE: 2.14.24



Palm Beach County Tourist Development Council
2195 Southern Boulevard, Suite 500, West Palm Beach, Florida 33406
D-(561) 233-3130 D-FACSIMILE (561) 233-3113

**BUDGET AVAILABILITY STATEMENT
RISK MANAGEMENT**

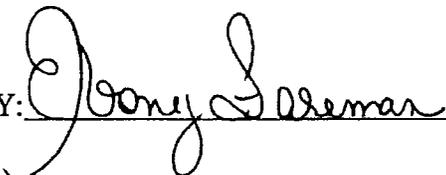
REQUEST DATE: 2/12/24 REQUESTED BY: Risk Management

REQUESTED FOR: Property Insurance Renewal – Water Utilities

REQUESTED AMOUNT: \$1,577,857 AGENDA DATE: 3/12/2024

BUDGET ACCOUNT NUMBER:

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

BAS APPROVED BY:  DATE: 12-Feb-24