Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Consent

F.21. 8/27/2024

Subject:
Approval of Liability, Workers' Compensation, Crime, and Aviation Insurance Programs for FY2024-25.

Fiscal Impact:
Premium cost of $2,293,350 will not require changes to the budgeted revenue requested in FY2024-25 in Business Area 5050 / Cost Centers 389620, 389630 and 389640.

Dept/Office:
Office of Human Resources / Risk Management

Requested Action:
We request the Board approve placement of the County's Auto, General, Professional, Crime, Cyber, Aircraft and Aviation Liability, and Workers' Compensation insurance coverage at a cost not to exceed* $2,293,350 and authorize the Risk Manager to bind coverage per below.

Summary Explanation and Background:
Insurance procurement is a risk management strategy that serves to protect the County from financial consequences by shifting risk to an insurance carrier or coverage arrangement. We instructed the County's authorized insurance broker, Brown & Brown, to obtain market quotes for the 2024-25 renewal cycle. The renewal recommendations are:

Effective 10/1/2024:			Premium Summary	
Line of Business	Expiring Premium	Renewal Premium	Change ($)	Change (%)
Auto Liability	153,886	175,947	22,061	14%
General Liability	493,036	538,069	45,033	9%
Professional Liability	216,232	225,393	9,161	4%
Cyber Liability	54,597	59,991	5,394	10%
Crime	2,820	2,820	0	0%
Workers' Compensation	1,069,587	1,174,519	104,932	10%
Valkaria Aviation	5,054	4,996	-58	-1%
Space Coast Aviation	1,576	1,558	-18	+1%
Aviation Hull & Liability	90,305	110,057	19,752	22%
Total	2,087,093	2,293,350	206,257	10%

In addition to the premium cost of coverage described above, the County also incurs expenses for program claims administration to include third-party claims handling, and most importantly, claim payments for losses falling within the County's deductible. The incumbent, Preferred Governmental Insurance Trust (PGIT), continues to offer coverage and rate combinations that make alternatives non-competitive. The PGIT program provides the County access to cost-effective insurance and claims administration services for those coverages.

Premium cost of the expiring program is $2,087,093. The projected renewal premium for FY2024-25 is $2,293,350, a net premium increase of 9.88% ($206,257). The premium change is driven by changes in payroll, employee count and vehicle count, as well as aviation market increases arising out of unfavorable global circumstances. After evaluating current commercial market conditions, our loss experience, and the commitment made by PGIT to its members, Risk Management recommends we continue to pursue a long-term relationship with the PGIT program, and requests the Board authorize the Risk Manager to execute Insurance Binders, Trust Agreements and contracts as necessary to renew insurance coverages as outlined above.

*At the time of this submission, the broker continues to solicit carriers and negotiate premium.

Clerk to the Board Instructions:

BREVARD County
BOARD OF COUNTY COMMISSIONERS

FLORIDA'S SPACE COAST

Kimberly Powell, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

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SEAL OF BREVARD COUNTY FLORIDA

August 28, 2024

MEMORANDUM

TO: Melissa Powers, Human Resources Director

RE: Item F.21., Approval of Liability, Workers' Compensation, Crime, and Aviation Insurance Programs for FY 2024-25

The Board of County Commissioners, in regular session on August 27, 2024, approved the placement of the County's Auto, General, Professional, Crime, Cyber, Aircraft and Aviation Liability, and Workers' Compensation insurance coverage at a cost not to exceed $2,293,350; and authorized the Risk Manager to bind coverage per the Agenda Report. Enclosed is the Agenda Report.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

Kimberly Powell

Kimberly Powell, Clerk to the Board

/tr

Encl. (1)

cc: Finance
Budget

Market Summary
8/12/2024

Excess General Liability / Excess Auto Liability	
Preferred Governmental Insurance Trust (PGIT) w/ Pkg (Incumbent)	Quoted - $714,016 ($200/$300k SIR)
Lloyd's of London/Ambridge	$500k minimum retention
ACE American Insurance Company/Chubb	Declined. Would need $1M SIR due to the county's size and loss history
Safety National Casualty Corporation	Minimum retention of $300k
Excess Workers Compensation	
Preferred Governmental Insurance Trust (PGIT) w/ Pkg (Incumbent)	Quoted $1,174,519- Must be bound with other casualty insurance lines
Arch Insurance Company	Cannot compete with renewal
Safety National Casualty Corporation	Minimum SIR of $1.5M for Police and Fire
Midwest Employers Casualty Company	Minimum SIR of $1.5M for Police and Fire
Public Officials Liability / Employment Practices Liability	
Preferred Governmental Insurance Trust (PGIT) (Incumbent)	Quoted $225,393 - Must be bound with Cyber Liability
Chubb	Cannot compete with renewal terms (claims made form)
AIG	Cannot compete with renewal terms (claims made form)
Richmond National Insurance Company	Cannot compete with renewal terms (claims made form)
Crime	
Preferred Governmental Insurance Trust (PGIT) (Incumbent)	Quoted $2,820
Travelers Casualty and Surety Company of America	Cannot compete with pricing/retention
Hiscox Insurance Company Inc	Declined - Not currently writing government
Hanover Insurance Group	Minimum retention $10k

Market Summary
8/12/2024

Cyber Liability	
Preferred Governmental Insurance Trust (PGIT) (Incumbent)	Quoted $59,991 – Must be bound with Public Officials Liability
Chubb/ACE American	Cannot compete with pricing/retention
Starr Indemnity Insurance Company	Minimum Retention $500K
Travelers	Requires full MFA Implementation
AIG Specialty Insurance Company	MFA required. $250k min retention
Aviation Liability	
ACE Property & Casualty (Incumbent)	Quoted 3 year term in 2023 ($6,630)
Aviation Hull	
ACE Property & Casualty (Incumbent)	Quoted $110,056
Old Republic	Pending Market Responses
QBE Specialty	Pending Market Responses
Pollution Liability	
Indian Harbor Insurance (XL) (Incumbent) – Quoted 3-year policy term: 10/31/23 to 10/31/26	

Covered Party:	Brevard County BOCC
Effective Date:	10/1/2024
Version Date:	8/12/2024

Brown & Brown

Coverage & Premium Comparison

	2023/2024			2024/2025			Changes in Exposures	
LINE OF COVERAGE	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	2023/2024	2024/2025
Crime:								
Preferred Governmental Ins. Trust								
Employee Dishonesty	$ 250,000	$ 1,000	$ 2,820	$ 250,000	$ 1,000	$ 2,820		
Theft, Disappearance & Destruction In/Out	$ 250,000	$ 1,000		$ 250,000	$ 1,000			
Funds Transfer	$ 250,000	$ 1,000		$ 250,000	$ 1,000			
Computer Fraud	$ 250,000	$ 1,000		$ 250,000	$ 1,000			
Forgery/Alterations	$ 250,000	$ 1,000		$ 250,000	$ 1,000		Premium	$ -
		Sub-Total	**$ 2,820**		**Sub-Total**	**$ 2,820**	Difference	0.00%
General Liability:							Payroll	
Preferred Governmental Ins. Trust							$143,791,416	$156,472,131
General Liability	$ 1,000,000	$200,000/$300,000	$ 493,036	$ 1,000,000	$200,000/$300,000	$ 538,069	Exposure	$ 12,680,715
Employee Benefits	$ 1,000,000	$200,000/$300,000		$ 1,000,000	$200,000/$300,000		Difference	8.82%
Deadly Weapon Protection	Not Included			Not Included			Premium	$ 45,033
		Sub-Total	**$ 493,036**		**Sub-Total**	**$ 538,069**	Difference	9.13%
Automobile:							Vehicles	
Preferred Governmental Ins. Trust							1198	1301
Auto Liability	$ 1,000,000	$200,000/$300,000	$ 153,886	$ 1,000,000	$200,000/$300,000	$ 175,947		
Uninsured Motorist	Not Included			Not Included				
Comprehensive/Collision	Not Included			Not Included			Exposure	103
Hired Physical Damage	Not Included			Not Included			Difference	8.60%
							Premium	$ 22,061
		Sub-Total	**$ 153,886**		**Sub-Total**	**$ 175,947**	Difference	14.34%
Public Officials:							Employees	
Preferred Governmental Ins. Trust							3080	3321
Public Officials Liability	$ 3,000,000	$ 100,000	$ 216,232	$ 3,000,000	$ 100,000	$ 225,393	Exposure	241
Employment Practices Liability	$ 3,000,000	$ 100,000		$ 3,000,000	$ 100,000		Difference	7.82%
							Premium	$ 9,161
		Sub-Total	**$ 216,232**		**Sub-Total**	**$ 225,393**	Difference	4.24%
Cyber Liability:								
Preferred Governmental Ins. Trust								
Cyber Liability	$ 2,000,000	$ 25,000	$ 54,597	$ 2,000,000	$ 25,000	$ 59,991		
Privacy & Security Liability	$ 2,000,000	$ 25,000		$ 2,000,000	$ 25,000			
Cyber Extortion & Ransomware	$ 500,000	$ 25,000		$ 500,000	$ 25,000			
							Premium	$ 5,394
		Sub-Total	**$ 54,597**		**Sub-Total**	**$ 59,991**	Difference	9.88%
Excess Workers' Compensation:							Payroll	
Preferred Governmental Ins. Trust							$206,394,300	$226,559,526
							Exposure	$ 20,165,226
Excess Workers' Compensation	Statutory	$ 500,000	$ 1,069,587	Statutory	$ 500,000	$ 1,174,519	Difference	9.77%
Employers Liability	$1M/$1M/$1M		Included	$1m/$1m/$1m		Included		
							Premium	$ 104,932
		Sub-Total	**$ 1,069,587**		**Sub-Total**	**$ 1,174,519**	Difference	9.81%

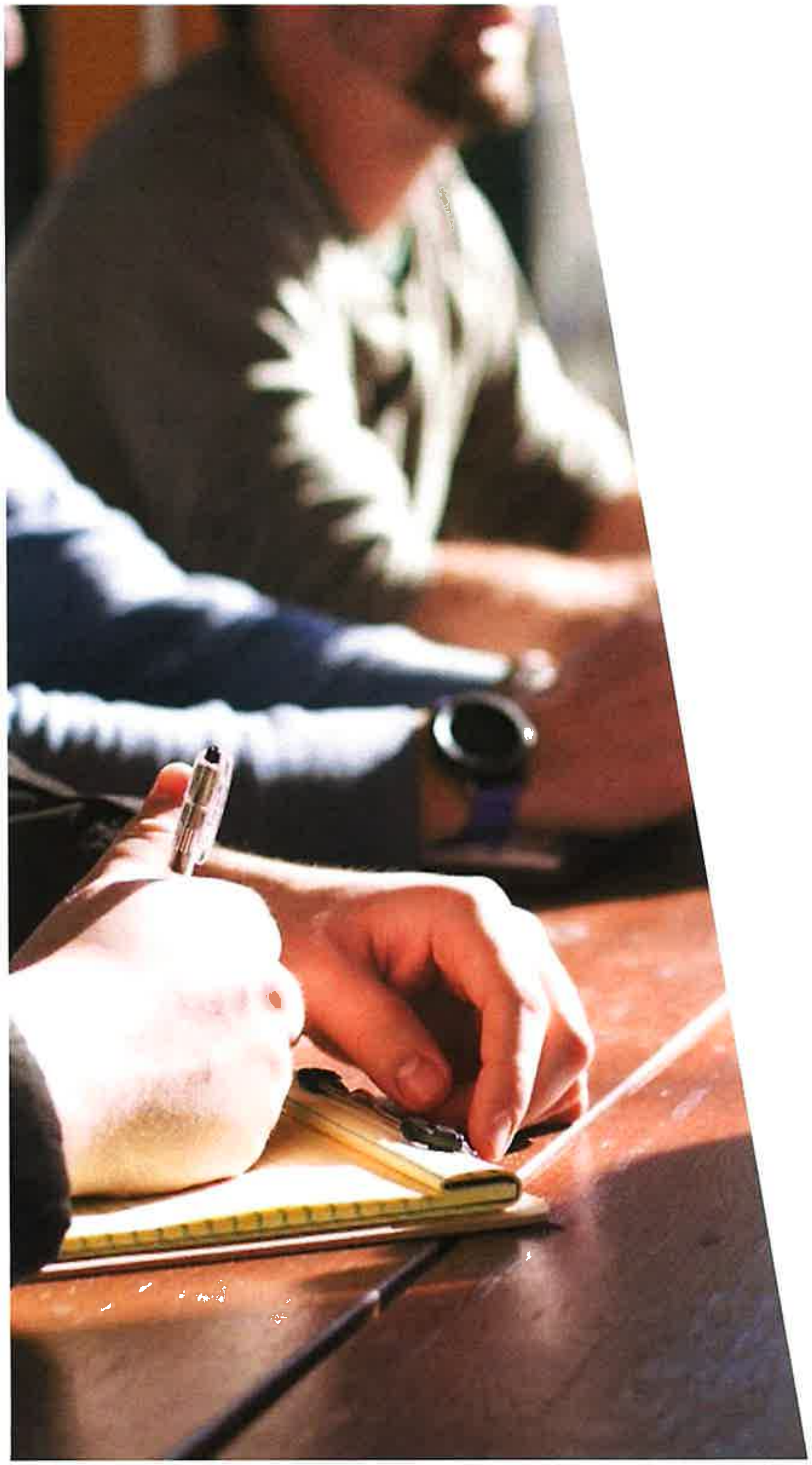
	2023/2024			2024/2025			Changes in Exposures	
LINE OF COVERAGE	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	2023/2024	2024/2025
Pollution Liability:	3-Year Policy Term (2023-2026) - Prepaid			3-Year Policy Term (2023-2026) - Prepaid				
Indian Harbor Insurance Co. (XL)								
Each Pollution	$ 1,250,000	$ 50,000	$ 103,967	$ 1,250,000	$ 50,000	Prepaid		
Aggregate	$ 5,750,000			$ 5,750,000				
							Premium Difference	$ (103,967)
		Sub-Total	Prepaid		Sub-Total	$ -		-100.00%
Aviation Liability: Valkaria	3-Year Policy Term (2022-2025) - Annual Installments			3-Year Policy Term (2022-2025) - Annual Installments				
ACE Property & Casualty Insurance Company								
Aviation Liability	$5,000,000	$0	$ 4,946.90	$5,000,000	$0	$ 4,946.90		
Hangarkeepers	$5,000,000	$1,000 / $1,000		$5,000,000	$1,000 / $1,000			
Optional War			*Rejected*			*Rejected*		
Optional TRIA			*Rejected*			*Rejected*		
Optional War & TRIA Combined			*Rejected*			*Rejected*		
		FIGA Fee (w/o War & TRIA)	*$ 106.96*		*FIGA Fee (w/o War & TRIA)*	*$ 49.47*		
	Sub-Total (excluding War & TRIA)		$ 5,054	Annual Policy Term Sub-Total (excluding War & TRIA)		$ 4,996	Annual Installment Due	
Aviation Liability: Space Coast	3-Year Policy Term (2022-2025) - Annual Installments			3-Year Policy Term (2022-2025) - Annual Installments				
ACE Property & Casualty Insurance Company								
Aviation Liability	$5,000,000	$0	$ 1,542.90	$5,000,000	$0	$ 1,542.90		
Hangarkeepers	Not Covered	N/A		Not Covered	N/A			
Optional War			*Rejected*			*Rejected*		
Optional TRIA			*Rejected*			*Rejected*		
Optional War & TRIA Combined			*Rejected*			*Rejected*		
		FIGA Fee (w/o War & TRIA)	*$ 33.36*		*FIGA Fee (w/o War & TRIA)*	*$ 15.43*		
	Sub-Total (excluding War & TRIA)		$ 1,576	Annual Policy Term Sub-Total (excluding War & TRIA)		$ 1,558	Annual Installment Due	
Aircraft Hull & Liability:								
Westchester Fire Insurance Company								
N895BC Eurocopter								
Liability (Each Occurrence / Per Passenger)	$5,000,000 / $250,000	$ -	$ 3,316.13	$5,000,000 / $250,000	$ -	$ 3,764.00		
Physical Damage	$3,082,624	$1,000 NIM / $77,066 IM	$ 39,677.88	$3,082,624	$1,000 NIM / $77,066 IM	$ 49,329.00		
N995BC Eurocopter								
Liability (Each Occurrence / Per Passenger)	$5,000,000 / $250,000	$ -	$ 3,316.13	$5,000,000 / $250,000	$ -	$ 3,764.00		
Physical Damage	$3,042,314	$1,000 NIM / $76,058 IM	$ 39,158.95	$3,042,314	$1,000 NIM / $76,058 IM	$ 48,644.00		
Agri Spraying Tanks, Booms, Related Equip (PD)	$421,603	$ 1,000	$ 1,887.93	$421,603	$ 1,000	$ 2,041.00		
Aquatic Weed Spraying Liability	$1,000,000	$ -	$ 1,318.13	$1,000,000	$ -	$ 1,425.00		
Optional War Liability & Hull			Rejected			*$ 4,168.00*		
Optional TRIA Liability & Hull			Rejected			*$ 4,168.00*		
Optional War & TRIA Combined Liability & Hull			Rejected			*$ 5,210.00*		
		Fees	$ 1,629.71		*Fees*	$ 1,089.67	Premium Difference	$ 19,752
		Sub-Total	$ 90,305		Sub-Total	$ 110,057		21.87%
TOTAL PREMIUM			$ 2,087,093			$ 2,293,350		
					$ Difference	$ 206,257		
					% Difference	9.88%		

Brevard County BOCC
Casualty Stewardship Report
10/01/2024

Brown & Brown

Presented By:

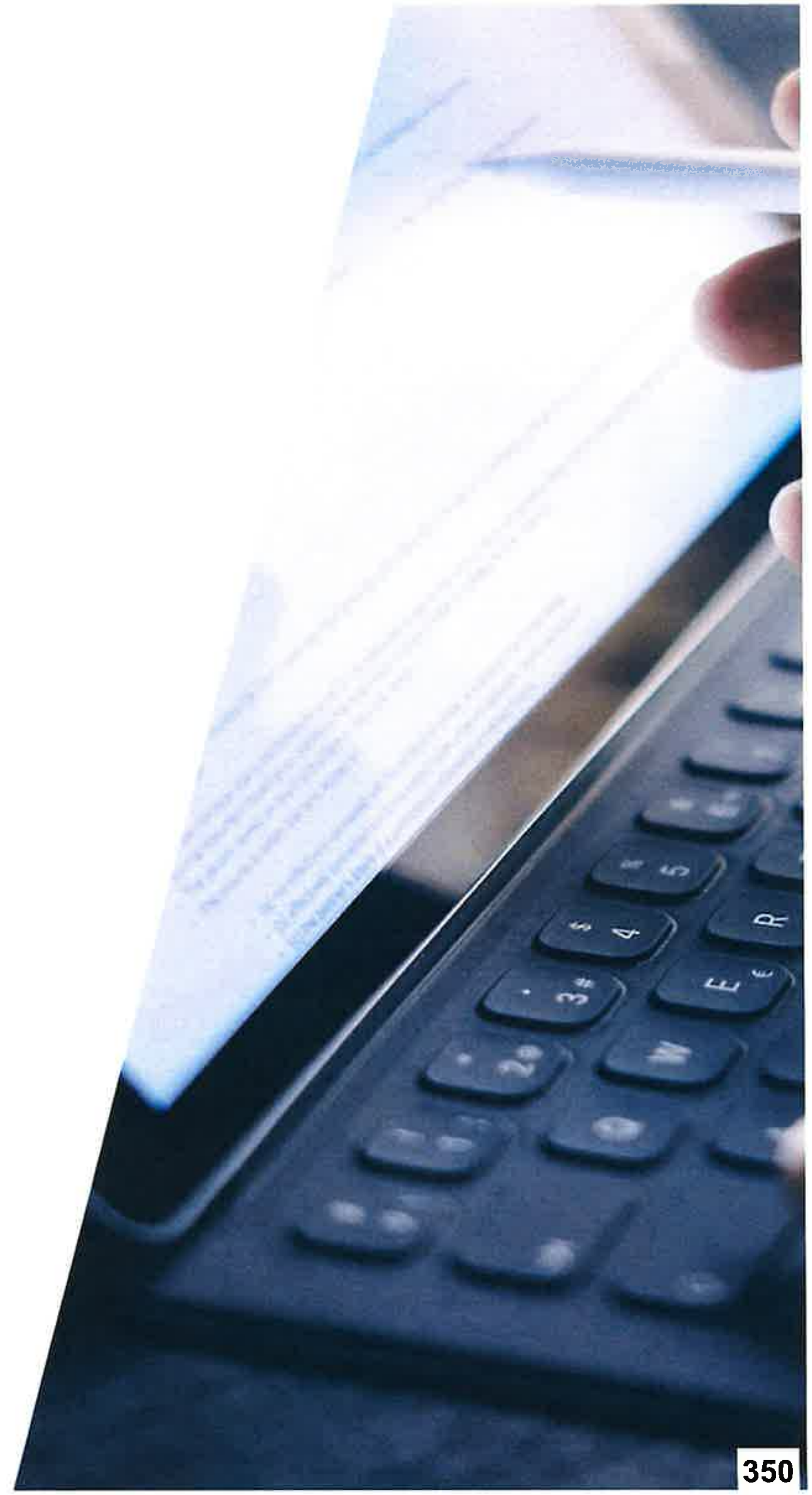
Paul Dawson ARM-P, Senior VP
Molly Grande, CPCU, ARM, Account Executive
Devyn Donley, Account Executive



PRESENTATION AGENDA

1. Insurance Market Update
2. Operation & Risk Exposure Overview
3. Marketing Strategy

Insurance Market Update



INSURANCE MARKET UPDATE

Casualty

In 2025, we anticipate legislation requesting an increase sovereign immunity tort cap in Florida. These bills did not pass in 2024, but are becoming overdue for an increase, with Florida having one of the lowest tort caps in the nation. 17 claims bills have been filed for consideration during the 2025 legislative session.

Cyber Liability

Due to refreshed capacity and carrier growth strategies, competition has increased in 2024, primarily for risks exhibiting best-in-class controls. Rates are stabilizing on primary policies, currently averaging flat to 10% decreases on renewal. Social Engineering and Ransomware claims continue to dominate the public entity sector. Employee training and enhanced controls are crucial to prevent these claims. Underwriters are still requiring strong loss control measures such as multi-factor authentication.

Workers Compensation

Workers Compensation rates continue to drop despite increased cost of medical care and labor shortages. There is an expected shift in the current soft market due to medical inflation and higher indemnity costs. Excess workers compensation rates are expected to increase by single digits. There continues to be limited markets willing to write Florida public entity exposures., especially with police and fire presumption.

INSURANCE MARKET UPDATE

Public Officials & Employment Practices Liability

This market segment continues to firm with increasing litigation and litigation expenses climbing steadily. Underwriters are universally increasing self-insured retentions. We are beginning to see downward pricing trends and expect a 5% rate increase for 2024 renewals.

Aviation Liability

Ongoing geopolitical events have significantly influenced market dynamics, especially in the aviation reinsurance marketplace. Primary aviation insurers experienced double-digit rate increases in their reinsurance premiums and increased retention levels.

Operation & Risk Exposure Overview

Operation & Risk Exposure Overview

The County faces traditional exposures to loss but enjoys a statutory cap for tort liability claims of $200,000 per person and $300,000 per occurrence (FS 768.28). There is no cap for claims against the County brought in Federal court.

Auto Liability & Physical Damage

- The County insures this risk with an Excess Auto Liability policy which includes a $200,000/$300,000 retention for claims against the County and self-insures the physical damage for their fleet.
- Risks include liability damages arising out at-fault accidents and damage to County vehicles.

General Liability

- The County insures this risk with a General Liability policy which includes a $200,000/$300,000 retention for claims against the County.
- County operations include traditional services provided by a Florida county including water and wastewater utilities, public works and parks and recreation services.
- Risks include bodily injury liability arising out of the publics use of streets, sidewalks, parks and premises; third party property damage & bodily injury arising out of operations and delivery of utility products (water).

Operation & Risk Exposure Overview

Public Officials and Employment Practices Liability

The County is subject to Federal Civil Rights laws as well as all Federal and State regulations governing public entities.

- Risks include employment practice liability such as hiring and firing liability, workplace retaliation, discrimination, workplace harassment, ADA violations, and FMLA violations.
- The County's Governing Board exposure to loss includes breach of duty, malfeasance, misfeasance, denial of due process, and violations of federal law.
- The County insures this risk with a Public Official's Liability policy which includes a $100,000 retention for claims against the governing board and a $100,000 retention for employment related claims.

Workers Compensation

- The County is subject to the workers compensation laws of the State of Florida.
- The exposure to future loss is measured by the number of employees, total payroll, job classifications and past loss experience.
- The County insures this risk via an excess insurance policy with a $500,000 retention.

Emerging Loss Exposures & Risk Management Challenges

- Legislative Changes- Will the state government raise the sovereign immunity cap in 2025?
- Civil Unrest – Has the political unrest cooled, or will it heat up again?
- Cyber and Technology– Hacks continue to increase in frequency and sophistication, making carriers require more stringent controls from clients.
- Climate Change – Florida is experiencing sea level rise and increases in unexpected, adverse weather events. What impact might this have on municipal functions and services?

Marketing Strategy

Marketing Strategy Highlights

Cyber Liability

- The County currently enjoys having their Cyber Liability packaged with the casualty lines through Preferred. This is advantageous because it keeps the cost lower than a monoline cyber policy and doesn't require a stringent review of County controls. Until the County fully implements MFA on all local, remote, and admin connections, carriers are not willing to offer terms. Preferred also offers a $350,000 Cyber Crime (Social Engineering) limit – one of the highest available in the current market.

Workers Compensation

- The County currently has a $500k SIR, the lowest available in the marketplace for police and fire exposure. We reviewed market appetites for the few Excess Workers Compensation markets writing Florida police and fire exposures and found their minimum SIR remain $1M. Preferred provided a flat renewal for 2024.

Public Officials and Employment Practices Liability

- The County currently has a $3,000,000 POL limit at a $100,000 SIR. This is priced very competitively. We discussed the County's program with a few other POL/EPL markets this year and they advised they would not be able to compete with the 2024 renewal terms.

General Liability & Auto Liability

- Currently, none of our public entity casualty markets are offering retentions below $300k . Preferred offered an almost flat renewal on these lines.

THANK YOU!

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