



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson Way
Viera, FL 32940

Legislation Text

F.26

File #: 5757, Version: 1

Subject:

Renewal of Annual Property Insurance Program effective 6/1/2023

Fiscal Impact:

Due to the current market conditions and based on the information available from the County's insurance broker, the total cost of the Property Insurance Program Premiums will not exceed \$4,118,685. The premiums will be paid from budgeted funds in Business Area 5050 / Cost Center 389610 from both FY 22-23 and FY 23-24 based on a pro-rata share as the coverage runs through time periods in both fiscal years. If funds in excess of the already budgeted amount are necessary (not to exceed the stated maximum), insurance reserves will be utilized.

Dept/Office:

Human Resources

Requested Action:

It is requested the Board of County Commissioners authorize the Risk Manager to bind and secure placement of the County's Property Insurance coverage as presented and recommended by Brown and Brown, the County's property/casualty insurance broker, with an effective date of 6/1/2023, at a cost not to exceed \$4,118,685.

Summary Explanation and Background:

Risk Management instructed the County's insurance broker, Brown and Brown, to secure coverage and renewal quotes for the Property Insurance program in order to mitigate the County's loss exposure, maintain the County's ability to recover from a major catastrophic loss, and to ensure the County is in compliance with FEMA's "Obtain and Maintain" insurance requirements.

The County's Property Insurance program provides coverage for both windstorm and non-windstorm related damage, however, the main driver of the increase in premium is related to the windstorm coverage. The Stafford Act requires that applicants insure facilities and their contents with the "types and extent" of insurance that is reasonably available, adequate, and necessary to protect against future loss to the property. Current market conditions remain unfavorable. Rate increases leading into 2022 were in the 15% to 25% range; subsequently, Hurricane Ian (September 2022) disrupted the marketplace resulting in overall rate increases in the 30% to 70% range. In addition, carriers have reduced their capacity to insure Florida property and have offered more restrictive coverage, including a mandatory increase in minimum windstorm deductibles (from 3% to 5%).

After evaluating the County's needs for Property and Flood coverage, Brown & Brown surveyed all property insurance markets and solicited quotes from 26 different carriers. The County has been presented with a

6/1/2023 property insurance renewal proposal which reflects a premium cost of (Not to Exceed) \$4,118,685. At this maximum amount, this represents an increase of \$1,360,700 (49%) over expiring premium. Risk Management is currently working with the County's insurance broker to evaluate ways to reduce the overall cost of the program in a responsible manner. This increase is not unique to Brevard County. Other Florida local governmental entities are facing significant increases in the cost of property insurance rates.

The broker will continue to vigorously negotiate on behalf of the County and explore alternative insurance options with all current and interested insurers prior to the 6/1/2023 renewal date. All viable options and cost-saving solutions will be evaluated by County Staff with the objective of securing additional rate reductions while maintaining appropriate coverage levels.

Clerk to the Board Instructions:



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

Telephone: (321) 637-2001
Fax: (321) 264-6972
Kimberly.Powell@brevardclerk.us

May 24, 2023

MEMORANDUM

TO: Jerry Visco, Human Resources Director

RE: Item F.26., Renewal of Annual Property Insurance Program Effective June 1, 2023

The Board of County Commissioners, in regular session on May 23, 2023, authorized the Risk Manager to bind and secure placement of the County's Property Insurance coverage as presented and recommended by Brown and Brown, the County's property/casualty insurance broker, with an effective date of June 1, 2023, at a cost not to exceed \$4,118,685.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK


Kimberly Powell, Clerk to the Board

/sm

cc: Finance
Budget

Covered Party:	Brevard County BOCC
Effective Date:	6/1/2023
Version Date:	5/15/2023

Coverage & Premium Comparison

LINE OF COVERAGE	2022/2023			2023/2024			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	2023/2024	2023/2024
Layered Program (see below):								
TIV:	\$632,810,154			\$656,516,253				Exposure Difference \$ 23,706,099 3.75%
Policy Limit of Liability	\$50,000,000	\$100,000 AOP		\$50,000,000	\$100,000 AOP			
Windstorm	\$20,000,000	3% Named Wind/\$500k Min		\$20,000,000	5% Named Wind/\$500k Min			
Earth Movement	\$10,000,000	\$100,000		\$10,000,000	\$100,000			
Flood	\$10,000,000	\$500,000		\$10,000,000	\$500,000			
Flood, SFHA Zones	\$5,000,000	\$500,000 Bldg/\$500,000 Cnts		\$5,000,000	\$500,000 Bldg/\$500,000 Cnts			
New Locations	\$10,000,000			\$10,000,000				
Debris Removal	\$1,000,000			\$1,000,000				
Demolition	\$10,000,000			\$5,000,000				
Miscellaneous Locations	\$1,000,000			\$1,000,000				
Valuation	Blanket			Margin Clause - 110%				
National Fire & Marine Insurance Co.	\$5,000,000 p/o \$20,000,000		\$ 500,000					
Ironshore Specialty Insurance Co.	\$5,000,000 p/o \$20,000,000		\$ 500,000					
Endurance American Specialty Insurance Co./Sompo	\$2,500,000 p/o \$10,000,000		\$ 400,000					
Everest Indemnity Insurance Co.	\$2,500,000 p/o \$10,000,000		\$ 400,000					
Evanston Insurance Company	\$2,500,000 p/o \$10,000,000		\$ 132,500					
StarStone Insurance Company	\$2,500,000 p/o \$10,000,000		\$ 125,000					
Ladmark American Insurance Company	\$30,000,000 xs \$20,000,000		\$ 100,000					
National Fire & Marine Insurance Co.				\$5,000,000 p/o \$20,000,000		\$ 800,000	22/23 Rate	0.341
Ironshore Specialty Insurance Co.				\$2,000,000 p/o \$20,000,000		\$ 320,000	23/24 Rate	0.522
StarStone Insurance Company				\$4,000,000 p/o \$20,000,000		\$ 640,000	Rate Difference	53%
Lloyds of London				\$4,000,000 p/o \$20,000,000		\$ 540,000		
Endurance American Specialty Insurance Co./Sompo				\$2,500,000 p/o \$10,000,000		\$ 600,000		
Evanston Insurance Company				\$1,500,000 p/o \$10,000,000		\$ 123,750		
SwissRe				\$1,000,000 p/o \$10,000,000		\$ 82,500		
Lloyds of London				\$2,000,000 p/o \$10,000,000		\$ 206,742		
Ladmark American Insurance Company				\$30,000,000 xs \$20,000,000		\$ 112,500		
		Fees	\$ 1,778		Fees	\$ 3,786		Premium Difference \$ 1,270,000
		Sub-Total (includes Policy Fee & Surcharge)	\$ 2,159,278		Sub-Total (includes Policy Fee & Surcharge)	\$ 3,429,278		58.82%
Utilities Property:								
ACE American Insurance Co.								
TIV:	\$205,220,048			\$205,320,048				
Policy Limit	\$100,000,000	\$100,000 AOP	\$ 507,100	\$100,000,000	\$100,000 AOP	\$ 583,235		Exposure Difference \$ 100,000 0.05%
Named Windstorm	\$15,000,000	5% Named Wind/\$250k Min		\$15,000,000	5% Named Wind/\$250k Min			
Flood (except Zones A-V)	\$15,000,000	5% Flood/\$500k Min		\$15,000,000	5% Flood/\$500k Min			22/23 Rate 0.232
Flood (Zones A & V)	\$1,000,000	5% Flood/\$500k Min		\$1,000,000	5% Flood/\$500k Min			23/24 Rate 0.266
Optional TRIA			\$ 26,840			\$ 32,369		
		Less Commission	\$ (38,033)		Less Commission	\$ (43,743)		
		Engineering Fee	\$ 7,500		Engineering Fee	\$ 7,500		
		Florida State Property Surcharge	\$ 4		Florida State Property Surcharge	\$ 4		
		FIGA Fee	\$ 355					Premium Difference \$ 70,070 14.69%
		Sub-Total (excluding Optional TRIA)	\$ 476,926		Sub-Total (excluding Optional TRIA)	\$ 546,996		

LINE OF COVERAGE	2022/2023			2023/2024			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	2023/2024	
Inland Marine:								
XL Speciality Insurance Co.								Inland Marine
TIV:	\$43,292,123			\$43,442,317				
Per Occurrence Limit	\$10,000,000	\$50,000 AOP	\$ 80,090	\$10,000,000	\$50,000 AOP, except	\$ 98,941	Exposure	\$ 150,194
Leased & Rented Equipment	\$1,000,000	5% Named Storm/\$500k Min	\$ 1,100	\$1,000,000	\$100,000 Landfill/Compact	\$ 98,941	Difference	0.35%
Fine Arts	\$138,000		\$ 276	\$138,000	5% Named Storm/\$500k Min	Included		
Unscheduled Tools & Equipment	\$1,000,000		\$ 2,500	\$1,000,000	\$50,000, except	\$ 282	22/23 Rate	0.166
	Valuation: Agreed Value			Valuation: Agreed Value			23/24 Rate	0.199
		Less Commission	\$ (12,595)		Less Commission	\$ (14,883)		
		FIGA Fee	\$ 588		FIGA Fee	\$ 1,984	Premium	\$ 14,365
		Sub-Total	\$ 71,959		Sub-Total	\$ 86,324	Difference	19.96%
Boiler & Machinery/Equipment Breakdown								Boiler & Machinery
National Fire Insurance of Hartford (CNA)								
TIV:	\$632,810,154			\$656,588,799				
Total Limit per Breakdown	\$125,000,000	\$5,000	\$ 17,991	\$125,000,000	\$5,000	\$ 19,784	Exposure	\$ 23,778,645
Business Income/Extra Expense	Included in Total Limit	24 Hours		\$1,000,000	24 Hours		Difference	3.76%
		Less Commission	\$ (3,148)		Less Commission	\$ (3,462)		
		FIGA Fee	\$ 126		FIGA Fee	\$ 396	Premium	\$ 1,749
		Sub-Total	\$ 14,969		Sub-Total	\$ 16,717	Difference	11.68%
Watercraft:								Watercraft (42 items)
Great American Insurance Co.								
TIV:	\$374,230			\$364,943			Exposure	\$ (9,287)
		Varies	\$ 10,513		Varies	\$ 10,453	Difference	-2.48%
		Less Commission	\$ (1,051)		Less Commission	\$ (1,045)	Premium	\$ (54)
		Sub-Total	\$ 9,462		Sub-Total	\$ 9,408	Difference	-0.57%
NFIP Flood:								
Wright Flood Insurance Company								
	19 Policies	\$50,000	\$ 25,391	19 Policies	\$50,000	\$ 29,961		
						Estimated		
		Sub-Total	\$ 25,391		Sub-Total	\$ 29,961		
TOTAL PREMIUM			\$ 2,757,985			\$ 4,118,685	Premium	\$ 1,360,700
							Difference	49.34%

Brevard County Board of County Commissioners Structure- 2023-2024

<p>30M x 20M X/ NS/Flood/Quake</p>	<p>RSUJ 30M - 100% \$112,500</p>	
<p>\$10m x \$10m \$10M Sublimit: 10M Flood* 10M Earthquake</p>	<p>Ironshore 2M - 10% \$320,000</p>	<p>National Fire & Marine 5M - 25% \$800,000</p>
	<p>StarStone 4M - 20% \$640,000</p>	<p>Lloyd's 2M - 20% \$540,000</p>
	<p>Swiss Re 1M - 10% \$82,500</p>	<p>Endurance 2.5M - 25% \$600,000</p>
	<p>Evanston 1.5M - 15% \$123,750</p>	

Market Summary	
6/1 Renewals	
Non-Utilities Property	
National Fire & Marine	Quoted
Ironshore	Quoted
Endurance American	Quoted
Everest	Declined due to capacity restraints
Evanston	Quoted
StarStone	Quoted
Landmark	Quoted
ACE/Westchester	Declined – Docks & Boardwalks
Amrisc	Declined due to capacity restraints
Arch	Unable to compete – Docks & Boardwalks
Arrowhead	Unable to compete
Aspen	Unable to compete – Docks & Boardwalks
AWAC	Indication higher on primary layer
AXIS	Declined due to capacity restraints
Beazley (Lloyds)	Pending Response
General Star	Unable to compete
Great American	Unable to compete
Hallmark	Unable to compete/ Rating Downgrade B++
James River	Excess Market - \$10m attachment point would be too low to participate
Lexington	Pending Response
Maxim/Navigators	Unable to compete – Docks & Boardwalks
Mitsui	Would not be able to attach anywhere in first \$50m
MunichRe	Pending Response
SwissRe	Pending Response
XL	Would not be able to participate in first \$20m due to guidelines
Velocity	Unable to complete

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

Market Summary 6/1 Renewals	
Utilities Property	
Starr Tech (Incumbent)	Quoted \$617,753
Aegis	Declined
Boiler & Machinery/Equipment Breakdown	
National Fire Insurance of Hartford (CNA)	Quoted \$16,717
Inland Marine	
XL Specialty Insurance Company/AXA XL (Incumbent)	Quoted \$86,324
AGCS	Cannot compete with XL
Travelers	Cannot compete with XL
Allianz	Cannot compete with XL
Ocean Marine	
Great American Insurance Company (Incumbent)	Quoted \$10,513