



# Agenda Report

2725 Judge Fran Jamieson  
Way  
Viera, FL 32940

## Consent

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F.16.

5/5/2020

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### Subject:

Renewal of Annual Property Insurance Program Effective 6/1/2020

### Fiscal Impact:

These premiums will not require changes to budgeted revenue requested in FY 20-21. Premiums not to exceed \$ 2,204,604; funds budgeted in Business Area 5050 / Cost Center 389610.

### Dept/Office:

Office of Human Resources / Risk Management

### Requested Action:

It is requested that the Board of County Commissioners authorize the Risk Manager to bind and secure placement of the County's Property insurance coverage with an effective date of 6/1/2020, at a premium not to exceed \$ 2,204,604.

### Summary Explanation and Background:

Risk Management instructed the County's property/casualty insurance broker, PRIA (Public Risk Insurance Agency), 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 ensure the County is in compliance with FEMA's "Obtain and Maintain" insurance requirements.

Current market conditions remain unfavorable due to world-wide catastrophic losses in 2017, 2018 and 2019, as well as the large losses in Brevard County arising out of hurricanes Matthew, Irma and Dorian. Uncertainty among insurance carriers for future profitability due to the large potential business interruption losses arising out of the global pandemic, COVID-19, is also a factor driving rate increases.

After evaluating the County's needs for Property and Flood coverage, PRIA surveyed property insurance markets and solicited quotes from 26 different carriers. PRIA has presented Brevard County with a 6/1/2020 property insurance renewal proposal which reflects a premium cost of (Not to Exceed) \$ 2,204,604; this is an increase of \$235,880 (12%) over expiring premium. This change is a consequence of a combination of a small increase in total insurable property values and a rate increase of 11%, the result of the afore-mentioned influencing factors.

Pursuant to the Stafford Act, FEMA requires the County to obtain and maintain insurance for its assets as long as coverage is reasonably available as determined by the State Insurance Commissioner. Compliance with this requirement is critical to current and future FEMA funding, and a failure to properly insure can result in FEMA 212

defunding or declining to fund claims. In order to maintain adequate levels of insurance coverage, the current proposal includes maintaining flood coverage for high hazard zones and for high exposure assets such as piers, boardwalks and docks.

The broker will continue to vigorously negotiate on behalf of the County and explore alternative insurance options with interested insurers prior to the 6/1/2020 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 current coverage levels.

### **Clerk to the Board Instructions:**



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

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May 5, 2020

**MEMORANDUM**

TO: Jerry Visco, Human Resources Director

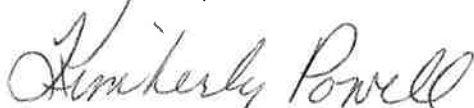
RE: Item F.16, Renewal of Annual Property Insurance Program Effective June 1, 2020

The Board of County Commissioners, in regular session on May 5, 2020, authorized the Risk Manager to bind and secure placement of the County's property insurance coverage with an effective date of June 1, 2020, at a premium not to exceed \$2,204,604.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS  
SCOTT ELLIS, CLERK

  
Kimberly Powell, Deputy Clerk

/cw

cc: Budget  
Finance



Covered Party: Brevard County Board of County Commissioners  
Effective Date: 8/1/2020



LINE OF COVERAGE	2019/2020			2020/2021			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	2019/2020	2020/2021
<b>Property:</b>								
TIV:	\$644,956,426	\$100,000 AOP		\$649,128,482	\$100,000 AOP		<b>Property</b>	
National Fire & Marine Insurance Co.	\$5M p/o \$20M	\$250,000 Earth Movement	\$ 371,639.00	\$5M p/o \$20M	\$250,000 Earth Movement	\$ 430,000.00	Exposure	\$ 4,172,056
Westchester Surplus Lines Ins. Co.	\$5M p/o \$20M	3% Named Wind/\$500k Min	\$ 371,639.00	\$5M p/o \$20M	3% Named Wind/\$500k Min	\$ 430,000.00	Difference	0.65%
Ironshore Specialty Insurance Co.	\$5M p/o \$20M	\$500,000 Flood	\$ 371,639.00	\$5M p/o \$20M	\$500,000 Flood	\$ 430,000.00	Premium	\$ 237,947
Endurance American Specialty Ins. Co.	\$5M p/o \$20M		\$ 371,639.00	\$5M p/o \$20M		\$ 430,000.00	Difference	15.52%
Great American Insurance Co. of New York	\$30M v/s \$20M		\$ 46,500.00	\$30M v/s \$20M		\$ 50,000.00	19/20 Rate	0.238
Policy Fee			\$ 191			\$ 194	20/21 Rate	0.273
Florida State Property Surcharge			\$ 16			\$ 16	Rate Increase	15%
Inspection Fee (Endurance)						\$ 1,000		
		Sub-Total	\$ 1,533,263		Sub-Total	\$ 1,771,310		
<b>Utilities Property:</b>								
TIV:	\$ 157,492,514	\$100,000 AOP		\$ 160,276,170	\$100,000 AOP		<b>Utility Property</b>	
ACE American Insurance Co.	\$ 100,000,000	5% Named Wind/\$250k Min	\$ 321,371	\$ 100,000,000	5% Named Wind/\$250k Min	\$ 309,818	Exposure	\$ 2,783,656
Engineering Fee	\$25,000,000 Windstorm	5% Flood/\$500k Min	\$ 7,200	\$15,000,000 Windstorm	5% Flood/\$500k Min	\$ 7,200	Difference	1.77%
Florida State Property Surcharge			\$ 4			\$ 4	Premium	\$ (11,553)
							Difference	-3.52%
							19/20 Rate	0.2041
							20/21 Rate	0.1933
		Sub-Total	\$ 328,575		Sub-Total	\$ 317,022	Rate Decrease	-5%
<b>Inland Marine:</b>								
TIV:	\$ 33,321,444	\$50,000 AOP		\$ 37,595,041	\$50,000 AOP		<b>Inland Marine</b>	
XL Specialty Insurance Company			\$ 45,317			\$ 51,129	Exposure	\$ 4,273,597
Leased & Rented Equipment	\$ 1,000,000		\$ 850	\$ 1,000,000		\$ 850	Difference	12.83%
Fine Arts	\$ 138,000		\$ 176	\$ 138,000		\$ 188	Premium	\$ 6,037
Unscheduled Tools & Equipment	\$ 2,500,000		\$ 3,188	\$ 2,500,000		\$ 3,400	Difference	12.19%
							19/20 Rate	0.1360
							20/21 Rate	0.1360
		Sub-Total	\$ 49,530		Sub-Total	\$ 55,567	Rate Increase	0%
<b>Boiler &amp; Machinery:</b>								
TIV:	\$644,956,426	\$ 10,000		\$649,128,482	\$ 10,000		<b>Boiler &amp; Machinery</b>	
Federal Insurance Company (Chubb)	\$ 125,000,000		\$ 15,642	\$ 125,000,000		\$ 15,745	Exposure	\$ 4,172,056
Total Limit per Breakdown			\$ -			\$ -	Difference	0.65%
							Premium	\$ 103
		Sub-Total	\$ 15,642		Sub-Total	\$ 15,745	Difference	1%

LINE OF COVERAGE	2019/2020			2020/2021			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	2019/2020	2020/2021
<b>Watercraft:</b>							<b>Watercraft</b>	
ITV:	\$ 329,235	\$ 1,000		\$ 329,845	\$ 1,000		Exposure	\$ 610
Great American Insurance Co.		\$ 2,500			\$ 2,500		Difference	0.19%
		\$ 5,000			\$ 5,000		Premium	\$ 597
		Sub-Total	\$ 6,381		Sub-Total	\$ 7,078	Difference	11%
<b>NFIP Flood:</b>							<b>Flood</b>	
ITV:						Estimate		
Wright Flood Insurance Company	19 Policies	\$ 50,000	\$ 35,333	19 Policies	\$ 50,000	\$ 37,983		
		Sub-Total	\$ 35,333		Sub-Total	\$ 37,983		
<b>TOTAL PREMIUM</b>			\$ 1,968,725			\$ 2,204,604	Difference	11.98%

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## **Florida Property Market Update**

**April 2020**

In Florida, three consecutive years of major hurricanes has impacted the state, triggering up to double-digit commercial property insurance increases the past two years. Based on 1st Quarter 2020 Florida public entity renewals and initial 1/1/2020 reinsurance renewals, the firming trend in rates, restrictive deployment of capacity and limits offered will increase into 2020. Even for non-coastal communities without recent hurricane losses, we are experiencing rate increases of 10% to 25%. Coastal risks with hurricane losses can expect 20% to 50% rate increases. In addition, we will be challenged to maintain soft-market coverage, limits and sublimits. It is possible to experience less favorable terms and conditions as well, such as increased deductibles.

Floridians are dealing with reduced insurance market capacity allowing for higher rates, increased overall exposure via population growth and hurricane activity, and increased values to be insured from both new construction and increasing costs to repair existing construction. These factors are driving higher risk expectations for insurers.

For the first time since 2006 we are seeing some incumbent carriers non-renew “clean” risks. Clean risks are insureds without significant losses. This change in underwriter’s appetite is yet another factor in the 2020 rate increases. Sarasota County, Leon Schools and Osceola Schools have experienced this new dynamic in their 2020 renewals.

The pending Coronavirus litigation against insurers has added to the uncertainty of profitability for 2020. An estimate of business interruption losses for small employers (less than 100 employees) is \$471 billion a month. Verdicts forcing insurers to pay for losses that were never underwritten would drive the global market into further restriction.

## P & C Market Statistics

Nationally, commercial property renewal rates have been increasing consistently since the 4th Quarter 2017, trend below:

