



Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Consent

F.6.

8/8/2023

Subject:

Approval of FY23-24 Liability, Workers' Compensation, Crime, Pollution and Aviation Insurance

Fiscal Impact:

Premium cost of \$2,184,430 will not require changes to the budgeted amount requested in FY 2023-24 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, Workers' Compensation and Pollution insurance coverage at a cost not to exceed \$2,184,430 and authorize the Risk Manager to bind coverage per below.

Summary Explanation and Background:

We instructed the County's authorized insurance broker, Brown & Brown (formerly PRIA), to obtain market quotes for the 2023-24 renewal cycle. The renewal recommendations are:

				Premium Summary	
Line of Business	Eff Date	Exp. Prem.	Renewal Prem.	Change (\$)	Change (%)
Auto Liability	10/01/2023	131,679	153,886	22,207	17%
General Liability	10/01/2023	410,937	493,036	82,099	20%
Professional Liability	10/01/2023	186,751	216,232	29,481	16%
Cyber Liability	10/01/2023	47,466	54,597	7,131	15%
Crime	10/01/2023	2,645	2,820	175	7%
Workers' Compensation	10/01/2023	909,795	1,069,587	159,792	18%
Aviation	10/01/2023	82,546	90,304	7,759	9%
Pollution Liability	10/31/2023	Prepaid	*\$103,967	4,122	4%
TOTAL		1,771,819	2,184,430	412,611	23.3%

*The Pollution Liability is renewed on a three-year prepaid policy, guaranteeing the current rate over three years while meeting the financial responsibility for storage tanks.

Premium cost of the expiring program is \$1,771,819. The projected renewal premium for FY2023-24 is \$2,184,430, a net premium increase of 23.3% (\$412,611). Of that amount, \$103,967 represents the cost of a 3-year policy for pollution. The premium change is driven by increases in payroll, employee count and vehicle count,

as well as claims experience.

The Preferred Governmental Insurance Trust (PGIT) continues to offer coverage and rate combinations that make alternatives non-competitive. The PGIT program provides insurance and claims administration services for those coverages. After evaluating current commercial market conditions, our loss experience, and the commitment made by PGIT to its members, Risk Management recommends we maintain our relationship with the PGIT program, and requests the Board authorize the Risk Manager to execute insurance binders and contracts as necessary to renew insurance coverages as outlined above.

Clerk to the Board Instructions:



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August 9, 2023

M E M O R A N D U M

TO: Jerry Visco, Human Resource Director

RE: Item F.6., Approval of FY23-24 Liability Workers' Compensation, Crime, Pollution, and Aviation Insurance

The Board of County Commissioners, in regular session on August 8, 2023, approved placement of the County's Auto General, Professional, Crime, Cyber, Aircraft and Aviation Liability, Workers' Compensation and Pollution insurance coverage at a cost not to exceed \$2,184,430; and authorized Risk Manager to bind coverage.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

Kimberly Powell
Kimberly Powell, Clerk to the Board

/ns

cc: Budget
Finance
Risk Management

Covered Party:	Brevard County BOCC
Effective Date:	10/1/2023
Version Date:	7/24/2023



Coverage & Premium Comparison

LINE OF COVERAGE	2022/2023			2023/2024			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	2022/2023	2023/2024
Crime:								
Preferred Governmental Ins. Trust								
Employee Dishonesty	\$ 250,000	\$ 1,000	\$ 2,645	\$ 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 Difference	\$ 175 6.62%
		Sub-Total	\$ 2,645		Sub-Total	\$ 2,820		
General Liability:							Payroll	
Preferred Governmental Ins. Trust							\$137,972,912	\$143,791,416
General Liability	\$ 1,000,000	\$200,000/\$300,000 SIR	\$ 410,937	\$ 1,000,000	\$200,000/\$300,000 SIR	\$ 493,036	Exposure Difference	\$ 5,818,504
Employee Benefits	\$ 1,000,000	\$200,000/\$300,000 SIR		\$ 1,000,000	\$200,000/\$300,000 SIR		Premium Difference	\$ 82,099 4.22%
Deadly Weapon Protection	Not Included			Not Included				
		Sub-Total	\$ 410,937		Sub-Total	\$ 493,036		19.98%
Automobile:							Vehicles	
Preferred Governmental Ins. Trust							1182	1198
Auto Liability	\$ 1,000,000	\$100,000/\$200,000 SIR	\$ 131,679	\$ 1,000,000	\$200,000/\$300,000 SIR	\$ 153,886		
Uninsured Motorist	Not Included			Not Included				
Comprehensive/Collision	Not Included			Not Included			Exposure Difference	16 1.35%
Hired Physical Damage	Not Included			Not Included			Premium Difference	\$ 22,207 16.86%
		Sub-Total	\$ 131,679		Sub-Total	\$ 153,886		
Public Officials:							Payroll	
Preferred Governmental Ins. Trust							\$137,972,912	\$143,791,416
Public Officials Liability	\$ 3,000,000	\$100,000 SIR	\$ 186,751	\$ 3,000,000	\$100,000 SIR	\$ 216,232	Exposure Difference	\$ 5,818,504
Employment Practices Liability	\$ 3,000,000	\$100,000 SIR		\$ 3,000,000	\$100,000 SIR		Premium Difference	\$ 29,481 4.22%
		Sub-Total	\$ 186,751		Sub-Total	\$ 216,232		15.79%
Cyber Liability:								
Preferred Governmental Ins. Trust								
Cyber Liability	\$ 2,000,000	\$25,000 Deductible	\$ 47,466	\$ 2,000,000	\$25,000 Deductible	\$ 54,597		
Privacy & Security Liability	\$ 2,000,000	\$25,000 Deductible		\$ 2,000,000	\$25,000 Deductible			
Cyber Extortion & Ransomware	\$ 500,000	\$25,000 Deductible		\$ 500,000	\$25,000 Deductible		Premium Difference	\$ 7,131 15.02%
		Sub-Total	\$ 47,466		Sub-Total	\$ 54,597		
Excess Workers' Compensation:							Payroll	
Preferred Governmental Ins. Trust							\$202,089,721	\$206,394,300
Excess Workers' Compensation	Statutory	\$500,000 SIR	\$ 909,795	Statutory	\$500,000 SIR	\$ 1,069,587	Exposure Difference	\$ 4,304,579 2.13%
Employers Liability	\$1M/\$1M/\$1M		Included	\$1M/\$1M/\$1M		Included		
					SIR Option:	\$ 997,993		
		Sub-Total	\$ 909,795		Sub-Total	\$ 1,069,587	Premium Difference	\$ 159,792 17.56%
Pollution Liability:								
Indian Harbor Insurance Co. (XL)								
Each Pollution	\$ 1,250,000	\$ 50,000	\$ 99,845	\$ 1,250,000	\$ 50,000	\$ 103,967		
Aggregate	\$ 5,750,000			\$ 5,750,000				
		Sub-Total	Prepaid		Sub-Total	\$ 103,967	Premium Difference	\$ 4,122 4.13%

LINE OF COVERAGE	2022/2023			2023/2024			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREMIUM	2022/2023	2023/2024
Aircraft Hull & Liability:								
Westchester Fire Insurance Company								
N895BC Eurocopter								
Liability (Each Occurrence / Per Passenger)	\$5,000,000 / \$250,000	\$ -	\$ 3,084.88	\$5,000,000 / \$250,000	\$ -	\$ 3,316.13		
Physical Damage	\$3,082,624	\$1,000 NIM / \$77,066 IM	\$ 36,070.38	\$3,082,624	\$1,000 NIM / \$77,066 IM	\$ 39,677.88		
N995BC Eurocopter								
Liability (Each Occurrence / Per Passenger)	\$5,000,000 / \$250,000	\$ -	\$ 3,084.88	\$5,000,000 / \$250,000	\$ -	\$ 3,316.13		
Physical Damage	\$3,042,314	\$1,000 NIM / \$76,058 IM	\$ 35,598.63	\$3,042,314	\$1,000 NIM / \$76,058 IM	\$ 39,158.95		
Agri Spraying Tanks, Booms, Related Equip (PD)	\$421,603	1,000	\$ 1,641.88	\$421,603	1,000	\$ 1,887.93		
Aquatic Weeds	\$1,000,000	-	\$ 1,318.13	\$1,000,000	-	\$ 1,318.13		
Optional War Liability & Hull			Rejected			\$ 3,780.00		
Optional TRIA Liability & Hull			Rejected			\$ 3,780.00		
Optional War & TRIA Combined Liability & Hull			Rejected			\$ 4,725.00		
		Fees	\$ 1,747.00		Fees	\$ 1,629.71	Premium Difference	\$ 7,759
		Sub-Total	\$ 82,545.75		Sub-Total	\$ 90,304.83		9.40%
TOTAL PREMIUM			\$1,771,819			\$2,184,430		
					\$ Difference	\$ 412,611		
					% Difference	23.29%		

The County's insurance program has been customized with tailored coverage features, retentions and limits.

Preferred provides the County with these terms on "package" basis with each coverage providing financial support for the other Preferred policies. The resulting rates and terms have proven to be the most competitive insurance marketplace.

The coverage terms provided by the Preferred Governmental Insurance Trust are unique and unmatched in the current marketplace specifically in the following areas:

- **Workers Compensation-** The county purchases an excess worker's compensation policy for all workplace accidents. Preferred provides this policy with an industry low \$500,000 Per occurrence self-insured retention. Commercial insurers require a minimum retention of \$1,000,000 per occurrence for all police and fire personnel.
- **Public Officials'/Employment Practices Liability –** This policy form is occurrence based which is also unique in the market. No other commercial insurer provides this coverage on an occurrence-based policy. An occurrence policy will accept claims years after the policy expires whereas a claims-made policy's coverage ceases at each annual expiration. An occurrence-based form is the broadest available and therefore most favored by risk managers.
- **General and Auto Liability –** Both policies are provided with self-insured retentions of \$200,000 per person and \$300,000 per occurrence. Commercial markets offer retentions at \$300,000 minimum for similar risks with most carriers offering terms at a \$500,000 retention.
- **Cyber Liability –** This policy is claims made coverage with a \$2,000,000 breach limit and \$25,000 deductible. This is one of the lowest deductible options for this amount of coverage in the Public Entity market.

Market Summary

Revised 07/21/2023

Excess General Liability / Excess Auto Liability

Preferred Governmental Insurance Trust (PGIT) w/ Pkg (Incumbent)	Quoted
Lloyd's of London/Ambridge	\$500k minimum retention
Old Republic Union Insurance Company	Declined due to pricing
ACE American Insurance Company/Chubb	Declined. Would need \$1M SIR due to the county's size and loss history
Euclid Insurance Group	Declined - Unable to compete with pricing
Munich Reinsurance America	Declined - Unable to compete with PGIT
Safety National Casualty Corporation	Minimum retention of \$300k

Excess Workers Compensation

Preferred Governmental Insurance Trust (PGIT) w/ Pkg (Incumbent)	Quoted - Must bound with other casualty insurance lines
Arch Insurance Company	Cannot compete with renewal
Safety National Casualty Corporation	Minimum SIR of \$1M for Police and Fire
Midwest Employers Casualty Company	Minimum SIR of \$1M for Police and Fire

Public Officials Liability / Employment Practices Liability

Preferred Governmental Insurance Trust (PGIT) (Incumbent)	Quoted - Must be bound with Cyber Liability
QBE Specialty Insurance Company	Cannot compete with renewal terms
Ironshore Specialty Insurance Company	Cannot offer retention below \$250k
Richmond National Insurance Company	Declined due to population size
Kinsale Insurance Company	Declined due to population size

Market Summary

Revised 07/21/2023

Crime

Preferred Governmental Insurance Trust (PGIT) (Incumbent)	Quoted
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

Cyber Liability

Preferred Governmental Insurance Trust (PGIT) (Incumbent)	Quoted – Must be bound with Public Officials Liability
Chubb/ACE American	Cannot compete with pricing/retention
Sterr Indemnity Insurance Company	Minimum Retention \$500K
Corvus	Cannot compete with pricing/retention
Lloyds/CFC	Declined due to high revenue
Travelers	Requires full MFA Implementation
AIG Specialty Insurance Company	MFA required. \$250k min retention

Aviation Liability

ACE Property & Casualty (Incumbent)	Pending Quote
Alexander Aviation	Pending Market Responses
Commerce & Industry Insurance Company	Cannot compete with renewal terms

Aviation Hull

ACE Property & Casualty (Incumbent)	Pending Quote
Alexander Aviation	Pending Market Responses
Sterr Aviation	Cannot compete with renewal terms

Pollution Liability

Indian Harbor Insurance (XL) (Incumbent) – Quoted 3-year policy term: 10/31/23 to 10/31/26	
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 **Brown & Brown**



Stewardship Report
August 2023
Brevard County

Paul Dawson ARM-P Sr. VP Public Risk Insurance Advisors



PRESENTATION AGENDA

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Insurance Market Update

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Operation/ Risk Overview

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Marketing Strategy

Insurance Market Update



Insurance Market Update

Cyber Liability

Ransomware claims frequency decreased through 2022. However, the market saw a rise in ransomware claims in Q1 of 2023. Privacy claims have increased in frequency, specifically those related to pixel technology and biometric data. Business email compromise incidents continue to lead the industry as the most frequent type of claim.

Emphasis on disciplined underwriting and the insured's use of protective safeguards remain high. The critical client control is full implementation of Multi Factor Authentication (MFA) and accessibility to private company information is protected.

Clients without MFA controls and unfavorable security postures can expect few renewal options.

Premium increases are running at or near 35-50%.



Insurance Market Update

Casualty

As we continue into 2023, the liability market shows minimal increases in the single-digit range, depending on loss experience and exposure updates. Customers with poor loss history are still experiencing double-digit rate increases compared to customers with favorable loss history.

Carriers are still taking increases as high as 25%, with tightening guidelines regarding limits being offered. Capacity remains low, with most carriers reducing their lead capacity.

Auto Liability rates have increased at a higher rate than general liability rates with 18-20% increases on average. This is driven by negative loss trends for most carriers.

Workers Compensation

There are still few competitive markets to choose from with no new carriers entering the public sector space. The risks posed by Police and Fire presumption claims remain undesirable to many national carriers.

Increased wages and a consistent rise in loss costs are driving moderate rate increases of single digits.

Public Officials & Employment Practices liability

This market segment continues to firm with increasing litigation and litigation expenses climbing steadily. The tight job market has generated more claims as employees push for greater benefits.



Insurance Market Update

Aviation Market Overview

The Aviation Insurance market continues to suffer from high loss ratios with weather-related losses trending at an all-time high. The market is anticipated to harden again in the second quarter of this year.

The ongoing Russia/Ukraine conflict and the aviation reinsurance marketplace continue to present double-digit premium rate increases to aviation insurers.

Recent claims by top aircraft lessors for aircraft stranded in Russia have exceeded \$13b putting further strain on carrier profitability. Another major factor impacting reinsurance rates is the Boeing 737 Max grounding loss. The claim has increased from \$1.3 billion to \$3 billion.

Rate increases of 20% are commonplace with higher rates experienced by risks with high losses



**Operations/
Risk
Exposure
Overview**



Operations/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 \$300,000 retention for claims against the County and self-insures the physical damage for their fleet of 1,520 vehicles.
- Risks include liability damages arising out at-fault accidents and damage to County vehicles.
- The Auto Liability has a loss ration of **164%** over the past ten years.

General Liability

- The County insures this risk with a General Liability policy which includes a \$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).

Operations/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.
- The County's Workers Compensation loss ratio is currently running at **52%** and showing an upward trend. There are 15 claims over the \$500k retention, with another 16 between \$300k - \$500k.



Operations/Risk Exposure Overview

Emerging Loss Exposures & Risk Management Challenges

- Legislative Changes- Will the state government raise the sovereign immunity cap in 2024?
- Civil Unrest – Has the political unrest cooled, or will it heat up again?
- Cyber and Technology– Hacks continue to increase in frequency and sophistication.
- Climate Change – Florida is experiencing sea level rise and increases in adverse weather events. What impact might this have on municipal functions and services?



Marketing Strategy



Marketing Strategy and Renewal Timeline

Marketing Strategy Highlights

A full marketing of all insurance policies and evaluation of alternate terms and conditions will be conducted.

It is our intent to keep the County's current insurance terms and conditions and tailor the program to meet the County's current risk appetite for the 2023-2024 term.





THANK YOU!

Paul Dawson

Senior Vice President

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Molly Grande

Public Risk Account Executive

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