



AGENDA REPORT
May 7, 2019

Renewal of Annual Property Insurance Program effective 6/1/2019

SUBJECT:

Renewal of Annual Property Insurance Program effective 6/1/2019

FISCAL IMPACT:

Fiscal Impact: These premiums will not require changes to budgeted revenue requested in FY19/20. Premiums not to exceed \$1,977,386. Funds are budgeted in Business Area 5050 / Cost Center 389610.

DEPT/OFFICE:

Human Resources

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 as presented and recommended by PRIA, the County's property/casualty insurance broker, with an effective date of 6/1/2019, at a cost not to exceed \$1,977,386.

SUMMARY EXPLANATION and BACKGROUND:

Risk Management instructed 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 the worldwide catastrophic losses in 2017 and 2018, as well as the large losses in Brevard County arising out of Hurricanes Matthew and Irma. After evaluating the County's needs for Property and Flood coverage and surveying property insurance markets, PRIA solicited quotes from 29 different carriers. As a result, PRIA has presented Brevard County with a 6/1/2019 property insurance renewal proposal which reflects a premium cost Not to Exceed \$1,977,386, which is an increase of \$233,985 (13%) over expiring. This change is a consequence of an increase of \$27M in total insurable values (TIV), an overall property insurance rate increase of 9%, and procurement of the minimum (required by FEMA) amount of Flood Insurance using the largest available deductible of \$50,000 for vulnerable structures valued in excess of \$100,000.

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 de-funding 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 6/1/2019 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.

ATTACHMENTS:

Description

- ▢ **Premium Comparison**



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May 8, 2019

M E M O R A N D U M

TO: Jerry Visco, Human Resources Director

RE: Item F.22., Renewal of Annual Property Insurance Program Effective June 1, 2019

The Board of Commissioners, in regular session on May 7, 2019, authorized Risk Management to bind and secure placement of the County's property insurance coverage as presented and recommended by Public Risk Insurance Agency (PRIA), the County's property/casualty insurance broker, with an effective date of June 1, 2019, at a cost not to exceed \$1,977,386.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

/kp

cc: Finance
Budget



Covered Party: Brevard County Board of County Commissioners
Effective Date: 6/1/2019



LINE OF COVERAGE	2018/2019			2019/2020			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	2018/2019	2019/2020
Property:								
TIV:	\$618,034,198			\$644,956,426		NTE		Property
National Fire & Marine Insurance Co.	\$5M p/o \$20M	\$250,000 Earth Movement	\$ 323,750	\$5M p/o \$20M	\$250,000 Earth Movement		Exposure Difference	\$ 26,922,228
Westchester Surplus Lines Ins. Co.	\$2.5M p/o \$20M	3% Named Wind/\$500k Min	\$ 161,875	\$2.5M p/o \$20M	3% Named Wind/\$500k Min			4.36%
Ironshore Specialty Insurance Co.	\$7.5M p/o \$20M	\$500,000 Flood	\$ 485,625	\$7.5M p/o \$20M	\$500,000 Flood		Premium Difference	\$ 200,214
Endurance American Specialty Ins. Co.	\$5M p/o \$20M		\$ 323,750	\$5M p/o \$20M				14.94%
Great American Insurance Co. of New York	\$30M x/s \$20M		\$ 44,618	\$30M x/s \$20M			18/19 Rate	0.217
Policy Fee			\$ 140				19/20 Rate	0.239
Florida State Property Surcharge			\$ 28				Rate Increase	10%
			Sub-Total			Sub-Total		
			\$ 1,339,786			\$ 1,540,000		
Utilities Property:								Utility Property
TIV:	\$ 156,138,541	\$100,000 AOP		\$ 157,492,514	\$100,000 AOP		Exposure Difference	\$ 1,353,973
ACE American Insurance Co.	\$ 100,000,000	5% Named Wind/\$250k Min	\$ 295,067	\$ 100,000,000	5% Named Wind/\$250k Min	\$ 321,371		0.87%
Engineering Fee	\$25,000,000 Windstorm	5% Flood/\$500k Min	\$ 7,200	\$25,000,000 Windstorm	5% Flood/\$500k Min	\$ 7,200	Premium Difference	\$ 26,304
Florida State Property Surcharge			\$ 4			\$ 4		8.70%
							18/19 Rate	0.1890
							19/20 Rate	0.2041
			Sub-Total			Sub-Total	Rate Increase	8%
			\$ 302,271			\$ 328,575		
Inland Marine:								Inland Marine
TIV:	\$ 31,926,486	\$50,000 AOP		\$ 33,321,444	\$50,000 AOP		Exposure Difference	\$ 1,394,958
XL Specialty Insurance Company			\$ 43,420			\$ 45,317		4.37%
Leased & Rented Equipment	\$ 1,000,000		\$ 850	\$ 1,000,000		\$ 850	Premium Difference	\$ 1,897
Fine Arts	\$ 138,000		\$ 176	\$ 138,000		\$ 176		3.98%
Unscheduled Tools & Equipment	\$ 2,500,000		\$ 3,188	\$ 2,500,000		\$ 3,188	18/19 Rate	0.1360
							19/20 Rate	0.1360
			Sub-Total			Sub-Total	Rate Increase	0%
			\$ 47,633			\$ 49,530		
Boiler & Machinery:								Boiler & Machinery
TIV:	\$618,034,198	\$ 10,000		\$644,956,426	\$ 10,000		Exposure Difference	\$ 26,922,228
Federal Insurance Company (Chubb)								4.36%
Total Limit per Breakdown	\$ 125,000,000		\$ 14,990	\$ 125,000,000		\$ 15,642	Premium Difference	\$ 652
			\$ -			\$ -		4%
			Sub-Total			Sub-Total		
			\$ 14,990			\$ 15,642		

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.

LINE OF COVERAGE	2018/2019			2019/2020			Changes in Exposures	
	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	LIMIT	DEDUCTIBLE/SIR	ANNUAL PREM	2018/2019	2019/2020
Watercraft:							Watercraft	
TIV:	\$ 215,302	\$ 1,000		\$ 329,235	\$ 1,000		Exposure	\$ 113,933
Great American Insurance Co.		\$ 2,500			\$ 2,500		Difference	52.92%
		\$ 5,000			\$ 5,000		Premium	\$ 2,318
		Sub-Total	\$ 4,063		Sub-Total	\$ 6,381	Difference	57%
NFIP Flood:							Flood	
TIV:						<i>Estimate</i>		
Wright Flood Insurance Company	19 Policies	\$ 50,000	\$ 34,658	19 Policies	\$ 50,000	\$ 37,257		
		Sub-Total	\$ 34,658		Sub-Total	\$ 37,257		
TOTAL PREMIUM			\$ 1,743,401			\$ 1,977,386	Difference	13%

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