

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Mitsi Corcoran, Chief Financial Officer
FROM: Lynn Peterson, Risk Manager
DATE: March 17, 2014
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2014

Background:

The Florida property insurance markets have softened resulting in lower insurance rates for 2014. The primary reasons for the decrease include an abundance of capacity in the marketplace creating competition; RMS V. 13 (released in July 2013) resulted in slight reductions to specific occupancies and geographic areas and finally, the restructuring of the program.

Renewal:

Table 1-A below summarizes the expiring program and the renewal program. The renewal program provides for 100% insured program with no Self-Insured retention beyond the deductible to the \$100 million limit. In addition, significant sublimit improvements were made as seen in Table 1-B

TABLE 1-A

	2013-2014 Expiring Program	May 1, 2014 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.2571	\$0.2323	-.0248	-9.65%
Rate per \$100 of Loss Limit	\$4.9811	\$3.0821	-1.899	-38.12%
Insurable Values	\$1,356,292,117	\$1,326,909,718	-\$29,382,399	-2.166%
Policy Loss Limits	\$70,000,000	\$100,000,000	\$30,000,000	42.85%
Total Premium	\$3,486,768	\$3,082,138	-\$404,630	-11.60%

The renewal premium plus regulatory charges total \$ 3,183,905.03

TABLE 1-B

Coverage	Expiring Sublimit	Renewal Sublimit
Builder's Risk	\$15,000,000	\$50,000,000
Extra Expense	\$15,000,000	\$25,000,000
Ordinance or Law including Demolition and Increased Cost of Construction	\$15,000,000	\$25,000,000
Valuable Papers & Records	\$1,000,000	\$5,000,000
Newly Acquired Locations	\$15,000,000	\$25,000,000

Errors & Omissions	\$1,000,000	\$5,000,000
Offsite Storage Locations	\$250,000	\$1,000,000
Personal Property	\$25,000	\$1,000,000
Misc. Unnamed Locations		\$5,000,000
Claims Preparation Expense	\$250,000	\$1,000,000
Mold/fungus	\$1,000,000 Aggregate; Non-Concurrent	\$5,000,000 per occurrence, except where noted in the proposal
Land Improvements		
Equipment Breakdown – Hazardous Substance	\$500,000	\$1,000,000
Equipment Breakdown – Spoilage	\$500,000	\$1,000,000
Equipment Breakdown – Data Restoration	\$500,000	\$1,000,000
Equipment Breakdown – CRC Refrigerants	\$500,000	\$1,000,000

Recommendation:

The renewal has a total cost of \$3,183,905.03 (premium + regulatory charges). The renewal will allow the district to increase the loss limits by \$30,000,000.00, without a self-insured retention and increase multiple sub-limits, while realizing a decrease in premium of \$404,630.00. The 11.60% decrease in annual premium is due to Sarasota County School Board total insurable values going down by 2.166% and a rate decrease of 9.65%.

If you have any further questions, please let me know.

Attachments

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
Risk Management Office

Property Insurance History

Effective Date	Annual Premium	Insurable Values	Loss Limit	AOP Deductible	Wind Deductible
07/01/1992	\$123,187	\$202,723,328	\$202,723,328	\$100,000	NONE
07/01/1993	\$562,935	NA	\$150,000,000	\$100,000	1%
07/01/1994	\$687,561	NA	\$150,000,000	\$100,000	1%
07/01/1995	\$841,407	NA	\$150,000,000	\$100,000	2%
07/01/1996	\$856,465	NA	\$150,000,000	\$100,000	2%
07/01/1997	\$863,405	NA	\$150,000,000	\$100,000	2%
07/01/1998	\$803,958	NA	\$185,000,000	\$100,000	2%
07/01/1999	\$804,997	NA	\$185,000,000	\$100,000	2%
07/01/2000	\$908,586	NA	\$185,000,000	\$100,000	2%
07/01/2001	\$1,205,805	\$647,001,773	\$185,000,000	\$250,000	2%
07/01/2002	\$2,561,100	\$653,823,202	\$120,000,000	\$250,000	2%
07/01/2003	\$2,500,000	\$675,949,774	\$120,000,000	\$250,000	2%
07/01/2004	\$1,940,000	\$704,110,123	\$120,000,000	\$250,000	2%
07/01/2005	\$1,920,372	\$734,870,884	\$120,000,000	\$250,000	2%
(1) 07/01/2006	\$3,107,500	\$903,723,223	\$47,500,000	\$250,000	5%
(2) 05/01/2007	\$2,773,859	\$1,347,147,537	\$47,500,000	\$250,000	5%
(3) 05/01/2008	\$2,650,000	\$1,413,174,862	\$70,000,000	\$250,000	5%
(4) 05/01/2009	\$3,308,900	\$1,493,706,975	\$70,000,000	\$250,000	5%
(5) 05/01/2010	\$2,486,858	\$1,239,461,057	\$70,000,000	\$250,000	5%
(6) 05/01/2011	\$2,315,325	\$1,281,678,625	\$70,000,000	\$250,000	5%
(7) 05/01/2012	\$3,144,388	\$1,286,906,931	\$70,000,000	\$250,000	5%
(8) 05/01/2013	\$3,486,768	\$1,356,292,117	\$70,000,000	\$250,000	5%
(9) 05/01/2014	\$3,082,138	\$1,326,909,718	\$100,000,000	\$250,000	5%

Notes:

- (1) The premium does not include the State of Florida assessment of \$208,365 for Citizens Property Insurance.
- (2) The premium does not include the 1% State of Florida Hurricane Assessment of \$27,738.50.
The policy year effective date was changed from July 1 to May 1.
- (3) The premium does not include the 1% State of Florida Hurricane Assessment and EMPA charges that total \$26,552.
- (4) The premium does not include the 2.4% State of Florida Hurricane Assessment and EMPA charges that total \$81,905.
- (5) The premium does not include the 2.4% State of Florida Hurricane Assessment and EMPA charges that total \$59,736.59.
- (6) The premium does not include the 2.7% State of Florida Hurricane Assessment and EMPA charges that total \$62,859.77.
- (7) The premium does not include the 2.3% State of Florida Hurricane Assessment and EMPA charges that total \$72,563.93..
- (8) The premium does not include the 2.3% State of Florida Hurricane Assessment and EMPA charges that total \$81,155.00
- (9) The premium does not include the 2.3% State of Florida Hurricane Assessment plus EMPA charge of \$101,767.03.

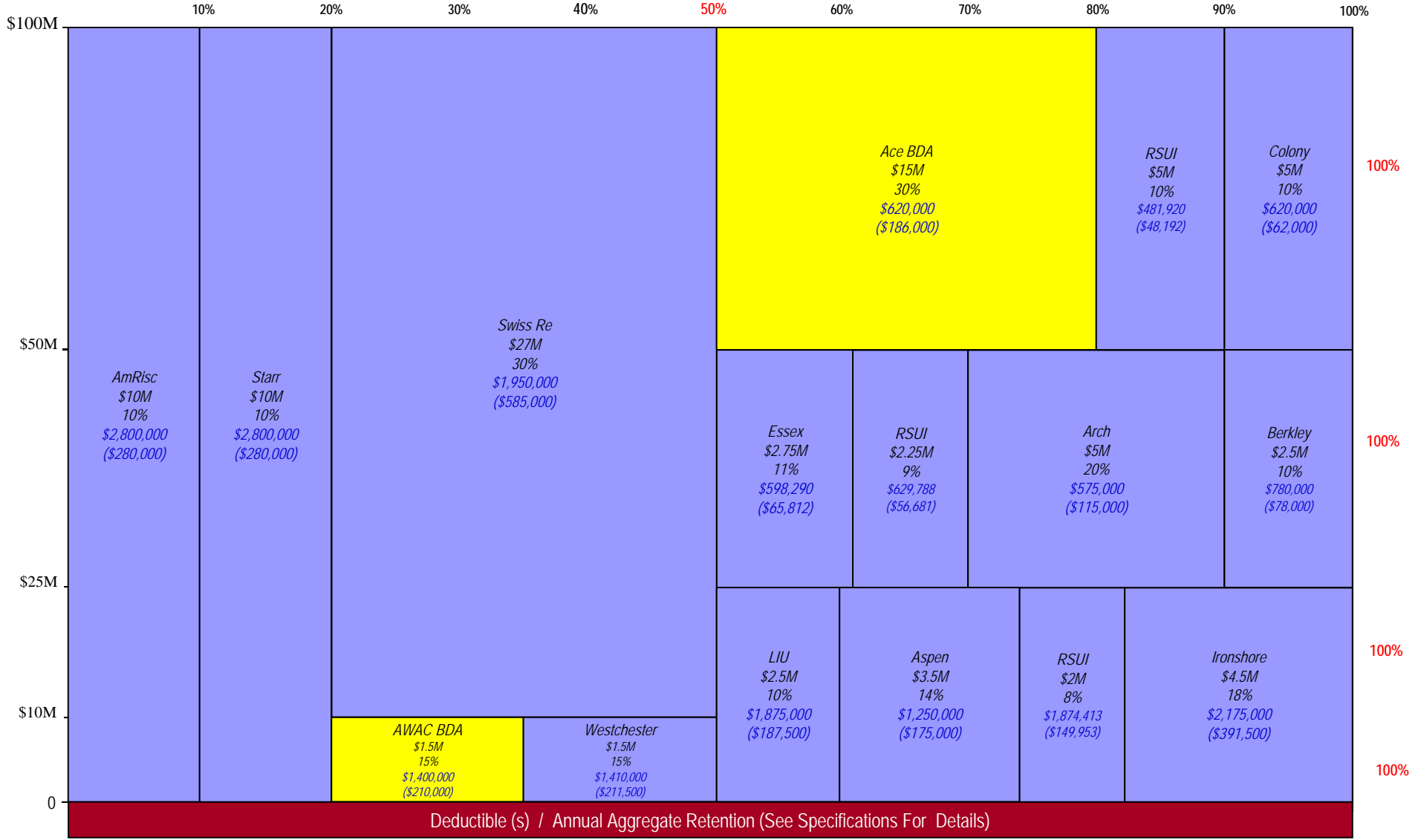
THE SCHOOL BOARD OF SARASOTA COUNTY FLORIDA
PROPERTY INSURANCE PREMIUM BREAKDOWN - OPTION 1
RENEWAL EFFECTIVE: 05/01/2014

Carrier	Limit	Participat ion	Layer Premium	Share Premium	Commissi on (%)	Commissio n (\$)	Citizen's Surcharge (1.0%)	FHCF Fee (1.3%)	EMPA	Inspection Fees	Admitted Taxes	Excise Taxes (4%)	Total Premium (Includes Fees & Surcharges)
AmRis: Lloyd's, QBE Specialty Ins Co, Steadfast Ins Co	\$10,000,000 part of \$100,000,000	10%	\$ 2,800,000	\$ 280,000	10%	\$ 28,000	\$ 2,800.00	\$ 3,640.00	\$ 12.00	\$ 13,800.00	N/A	N/A	\$ 300,252.00
Starr Specialty Lines Insurance Company	\$10,000,000 part of \$100,000,000	10%	\$ 2,800,000	\$ 280,000	10%	\$ 28,000	\$ 2,800.00	\$ 3,640.00	\$ 4.00	N/A	N/A	N/A	\$ 286,444.00
Allied World Assurance Company (Bermuda)	\$ 1,500,000 part of Primary \$10,000,000	15%	\$ 1,400,000	\$ 210,000	10%	\$ 21,000	\$ 2,100.00	\$ 2,730.00	\$ 4.00	N/A	N/A	\$ 8,400.00	\$ 223,234.00
Westchester Surplus Lines Insurance Company	\$ 1,500,000 part of Primary \$10,000,000	15%	\$ 1,410,000	\$ 211,500	10%	\$ 21,150	\$ 2,115.00	\$ 2,749.50	\$ 4.00	N/A	N/A	N/A	\$ 216,368.50
Liberty Surplus Insurance Company (LIU)	\$ 2,500,000 part of Primary \$25,000,000	10%	\$ 1,875,000	\$ 187,500	10%	\$ 18,750	\$ 1,875.00	\$ 2,437.50	\$ 4.00	N/A	N/A	N/A	\$ 191,816.50
Aspen Specialty Insurance Company	\$ 3,500,000 part of Primary \$25,000,000	14%	\$ 1,250,000	\$ 175,000	10%	\$ 17,500	\$ 1,750.00	\$ 2,275.00	\$ 4.00	N/A	N/A	N/A	\$ 179,029.00
Landmark American Insurance Company (RSUI)	\$ 2,000,000 part of Primary \$25,000,000	8%	\$ 1,874,413	\$ 149,953	10%	\$ 14,995	\$ 1,499.53	\$ 1,949.39	\$ 4.00	N/A	N/A	N/A	\$ 153,405.96
Ironshore Specialty Insurance Company	\$ 4,500,000 part of Primary \$25,000,000	18%	\$ 2,175,000	\$ 391,500	10%	\$ 39,150	\$ 3,915.00	\$ 5,089.50	\$ 4.00	N/A	N/A	N/A	\$ 400,508.50
Westport Insurance Corporation (Swiss Re)	\$27,000,000 part of \$90,000,000 excess of \$10,000,000	30%	\$ 1,950,000	\$ 585,000	10%	\$ 58,500	N/A	N/A	N/A	N/A	\$ 14,625.00	N/A	\$ 599,625.00
Essex Insurance Company	\$ 2,750,000 part of \$25,000,000 excess of \$25,000,000	11%	\$ 598,290	\$ 65,812	10%	\$ 6,581	\$ 658.12	\$ 855.55	\$ 4.00	N/A	N/A	N/A	\$ 67,329.57
Landmark American Insurance Company (RSUI)	\$ 2,250,000 part of \$25,000,000 excess of \$25,000,000	9%	\$ 629,788	\$ 56,681	10%	\$ 5,668	\$ 566.81	\$ 736.85	\$ 4.00	N/A	N/A	N/A	\$ 57,988.58
Arch Specialty Insurance Company	\$ 5,000,000 part of \$25,000,000 excess of \$25,000,000	20%	\$ 575,000	\$ 115,000	10%	\$ 11,500	\$ 1,150.00	\$ 1,495.00	\$ 4.00	N/A	N/A	N/A	\$ 117,649.00
Gemini Insurance Company (Berkley)	\$ 2,500,000 part of \$25,000,000 excess of \$25,000,000	10%	\$ 780,000	\$ 78,000	10%	\$ 7,800	\$ 780.00	\$ 1,014.00	\$ 4.00	N/A	N/A	N/A	\$ 79,798.00
ACE Bermuda Insurance Ltd.	\$15,000,000 part of \$50,000,000 excess of \$50,000,000	30%	\$ 620,000	\$ 186,000	10%	\$ 18,600	\$ 1,860.00	\$ 2,418.00	\$ 4.00	N/A	N/A	\$ 7,440.00	\$ 197,722.00
Landmark American Insurance Company (RSUI)	\$ 5,000,000 part of \$50,000,000 excess of \$50,000,000	10%	\$ 481,920	\$ 48,192	10%	\$ 4,819	\$ 481.92	\$ 626.50	\$ 4.00	N/A	N/A	N/A	\$ 49,304.42
Colony Insurance Company	\$ 5,000,000 part of \$50,000,000 excess of \$50,000,000	10%	\$ 620,000	\$ 62,000	10%	\$ 6,200	\$ 620.00	\$ 806.00	\$ 4.00	N/A	N/A	N/A	\$ 63,430.00
TOTALS				\$ 3,082,138		\$ 308,214	\$ 24,971.38	\$ 32,462.79	\$ 68.00	\$ 13,800.00	\$ 14,625.00	\$ 15,840.00	\$ 3,183,905.03

School Board of Sarasota County, Florida
 Property Insurance Placement
 May 1, 2014 to May 1, 2015
 100% Structure as of 3/7/14

Option 1 - Lowest 100% Program Premium

% Complete



Deductible (s) / Annual Aggregate Retention (See Specifications For Details)

Insurer
 \$ Participation
 % Participation
 Layer Premium

*all premiums noted exclude taxes/fees

Total Program Premium \$3,082,138
 Estimated Jurisdictionals \$10,000
 Excludes taxes, fees, terrorism

Premiums noted in Blue