

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 29, 2013
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2013

Background:

The Florida property insurance market continues to be volatile with insurance carriers seeking higher premiums in 2013. The primary reasons for the volatility in the current marketplace are due to the 2013/2014 pricing increase for Reinsurance Treaties, significant USA Natural Catastrophe losses in 2012, other global losses and events and catastrophe modeling.

Renewal:

The table below summarizes the expiring program and the renewal with the same terms and conditions as the expiring program, except for flood deductibles within Special Flood Hazard Areas (SFHA). This deductible will now be applied per building, instead of per location, as in the previous policy. This is an industry wide change. There will be a Citizens Surcharge equal to 2.3% of premium and an EMPA policy charge of \$52. The regulatory charges will add \$81,155.00 to the premium.

	2012-2013 Expiring Program	May 1, 2013 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.2443	\$0.2571	.0128	5.22%
Rate per \$100 of Loss Limit	\$4.4920	\$4.9811	.4891	10.89%
Insurable Values	\$1,286,906,931	\$1,356,292,117	\$69,385,186	5.39%
Policy Loss Limits	\$70,000,000	\$70,000,000	\$0	0.00%
Total Premium	\$3,144,388	\$3,486,768	\$342,379	10.89%

The renewal premium plus regulatory charges total \$3,567,923.00

Recommendation:

The renewal has a total cost of \$3,567,923.00 (premium + regulatory charges). The renewal will allow the district to maintain the existing loss limits, but with an increase in premium of \$ 342,379.00. The 10.89% increase in annual premium is due to Sarasota County School Board total insurable values going up by 5.39% and a rate increase of 5.22%.

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

Attachments

THE SCHOOL BOARD of SARASOTA COUNTY

Property Insurance Proposal

Renewal Effective: 05/01/2013

Carrier	Loss Limit	Participation	Layer Premium	Share Premium	Citizens		EMPA	Admitted Taxes
					Surcharge	2.3%		
Lexington Insurance Company	\$5,000,000 part of \$25,000,000 Primary	20%	\$ 2,716,112.00	\$ 543,222	\$ 12,494	\$ 4		
Aspen Specialty Insurance Company	\$3,000,000 part of \$25,000,000 Primary	12%	\$ 1,528,166.67	\$ 183,380	\$ 4,218	\$ 4		
Ironshore Specialty Insurance Company	\$5,000,000 part of \$25,000,000 Primary	20%	\$ 2,775,000.00	\$ 555,000	\$ 12,765	\$ 4		
Tonus Specialty Insurance Company	\$3,500,000 part of \$25,000,000 Primary	14%	\$ 2,500,000.00	\$ 350,000	\$ 8,050	\$ 4		
Landmark American Insurance Company	\$2,000,000 part of \$25,000,000 Primary	8%	\$ 2,058,500.00	\$ 164,680	\$ 3,788	\$ 4		
Westchester Surplus Lines Insurance Company	\$2,600,000 part of \$10,000,000 Primary	26%	\$ 1,685,890.00	\$ 438,331	\$ 10,082	\$ 4		
Liberty Surplus Insurance Corporation	\$3,900,000 part of \$15M excess \$10M	26.00%	\$ 1,053,915.38	\$ 274,018	\$ 6,302	\$ 4		
Westport Insurance Corporation (Swiss Re/RI)	\$22,500,000 part of \$75M excess \$25M	30%	\$ 1,350,000.00	\$ 405,000	\$	\$	10,125	
Landmark American Insurance Company (RSUI)	\$2,000,000 part of \$25M excess \$25M	8%	\$ 691,637.50	\$ 55,331	\$ 1,273	\$ 4		
Alterra Excess & Surplus Insurance Company (Formally Max Spec)	\$3,500,000 part of \$25M excess \$25M	14%	\$ 671,250.00	\$ 93,975.00	\$ 2,161	\$ 4		
Arch Specialty Insurance Company	\$3,000,000 part of \$25M excess \$25M	19%	\$ 632,395.00	\$ 120,155	\$ 2,764	\$ 4		
Essex Insurance Company	\$2,500,000 part of \$25M excess \$25M	10%	\$ 636,310.00	\$ 63,631	\$ 1,464	\$ 4		
Westchester Surplus Lines Insurance Company	\$3,500,000 part of \$25M excess \$25M	14%	\$ 1,027,521.43	\$ 143,853	\$ 3,309	\$ 4		
Tokio Marine and Nichido Fire Insurance Co. Ltd.	\$1,000,000 part of \$25M excess \$25M	5%	\$ 950,000.00	\$ 47,500	\$	\$	1,188	
Landmark American Insurance Company (RSUI)	\$5,000,000 part of \$50M excess \$50M	10%	\$ 486,910.00	\$ 48,691	\$ 1,120	\$ 4		
Totals				\$ 3,485,768	\$ 69,790	\$ 52	\$ 11,313	
TOTAL PREMIUM WITH FEES & SURCHARGES:								
Insured Loss Limit:								
Basis: Total Insured Values								

The School Board of Sarasota County

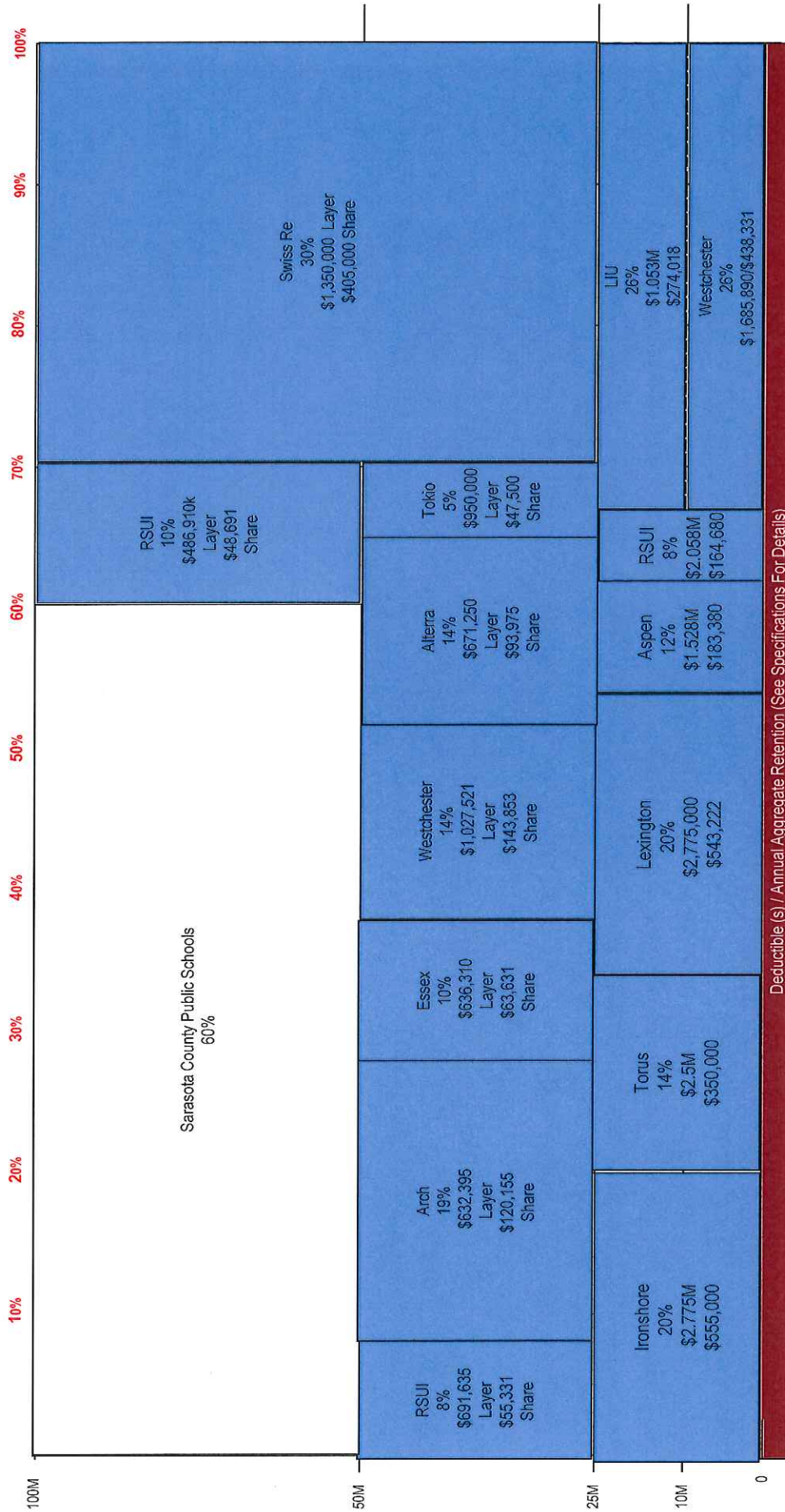
Property Insurance Placement

May 1, 2013 to May 1, 2014

"All Risk"

Premiums Exclude Terrorism, Taxes and Fees

Domestic Capacity = Blue
Bermuda Capacity = Yellow
European Capacity = Green



Deductible (\$) / Annual Aggregate Retention (See Specifications For Details)

TTV:
Total Premium:
Rate:
Total Loss Limit:

2012
\$1,286,906,931
\$3,144,389
\$.2443
\$70M

2013
\$1,356,292,117
\$3,486,768
\$.2571
\$70M

Difference
+5.39%
+10.89%
+5.22%
0%

THE SCHOOL BOARD OF SARASOTA COUNTY						
Property Insurance Proposal						
Renewal: May 1, 2012 to May 1, 2013						
Carrier	Loss Limit	Premium	Citizens Surcharge 2.3%	Admitted Fees	EMPA Charge	
Lexington Insurance Co.	\$ 5,000,000 part of \$25,000,000 Primary	\$ 513,338.00	\$ 11,806.78		\$ 4	
Aspen Specialty Insurance Co.	\$ 5,000,000 part of \$25,000,000 Primary	\$ 290,000.00	\$ 6,670.00		\$ 4	
Ironshore Specialty Insurance Co.	\$ 5,000,000 part of \$25,000,000 Primary	\$ 420,000.00	\$ 9,660.00		\$ 4	
Westchester Surplus Lines Insurance Co	\$ 4,000,000 part of \$10,000,000 Primary	\$ 640,000.00	\$ 14,720.00		\$ 4	
Westport Insurance Corp (Swiss Re/IRI)	\$ 22,500,000 part of \$75M excess of \$25M	\$ 375,000.00	Admitted	\$ 8,815.00	Inc.	
Navigators Sepcialty Insurance Co.	\$ 1,500,000 part of \$15M excess of \$10M	\$ 82,500.00	\$ 1,897.50		\$ 4	
Liberty Surplus Insurance Corp.	\$ 2,500,000 part of \$15M excess of \$10M	\$ 166,667.00	\$ 3,833.33		\$ 4	
Arch Specialty Insurance Co.	\$ 2,000,000 part of \$15M excess of \$10M	\$ 133,333.00	\$ 3,066.67		\$ 4	
Landmark American Ins. Co. (RSUI)	\$ 5,000,000 part of \$25M excess of \$25M	\$ 125,000.00	\$ 2,875.00		\$ 4	
Altera Excess & Surplus Ins. Company (Formally Max Speciality)	\$ 3,500,000 part of \$25M excess of \$25M	\$ 88,550.00	\$ 2,036.65		\$ 4	
Arch Specialty Insurance Company	\$ 2,500,000 part of \$25M excess of \$25M	\$ 72,000.00	\$ 1,656.00		\$ 4	
Essex Insurance Company	\$ 2,500,000 part of \$25M excess of \$25M	\$ 57,500.00	\$ 1,322.50		\$ 4	
Westchester Surplus Lines Insurance Company	\$ 3,500,000 part of \$25M excess of \$25M	\$ 136,500.00	\$ 3,139.50		\$ 4	
Landmark American Insurance Company (RSUI)	\$ 5,000,000 part of \$50M excess of \$50M	\$ 44,000.00	\$ 1,012.00		\$ 4	
Sarasota County Public Schools	\$ 30,000,000 part of \$50M excess of \$50M					
			\$ 63,695.93	\$ 8,815.00	\$ 52	
			\$ 8,867.00			
Premium Total:		\$ 3,144,388.00	\$ 72,562.93			
Hurricane Cat Fund & EMPA		\$ 72,562.93				
Grand Total:		\$ 3,216,950.93				
Insured Loss Limit:	\$70,000,000					
Basis: Total Insured Values	\$1,286,906,931					

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%

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 2.7% State of Florida Hurricane Assessment and EMPA charges that total \$72,563.93..