

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, 2012  
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2012

**Background:**

The Florida property insurance market continues to be volatile with insurance carriers seeking higher premiums in 2012. The primary reasons for the volatility in the current marketplace are due to the 2011/2012 pricing increase for Reinsurance Treaties, significant Natural Catastrophe losses in 2011 (approximately \$50 Billion for reinsurers and \$100 Billion for Insurers) and Insurers usage of the revised RMS version 11.0 Catastrophe modeling software.

**Renewal:**

The table below summarizes the expiring program and the renewal with the same terms and conditions as the expiring program. There will be a Citizens Surcharge equal to 2.3% of premium and an EMPA policy charge of \$52. The regulatory charges will add \$72,562.93 to the premium.

	2011-2012 Expiring Program	May 1, 201 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.1806	\$0.2443	.06370	35.29%
Rate per \$100 of Loss Limit	\$3.3076	\$4.4920	1.1844	35.81%
Insurable Values	\$1,281,678,625	\$1,286,906,931	\$5,228,303	0.41%
Policy Loss Limits	\$70,000,000	\$70,000,000	\$0	0.00%
Total Premium	\$2,315,325	\$3,144,388	\$829,063	35.81%

The renewal premium plus regulatory charges total **\$3,216,951.93**

**Recommendation:**

The renewal has a total cost of \$3,216,950.93 (premium + regulatory charges). The renewal will allow the district to maintain the existing loss limits, but with an increase in premium of \$829,063.00. This is a 35.81% increase in cost.

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

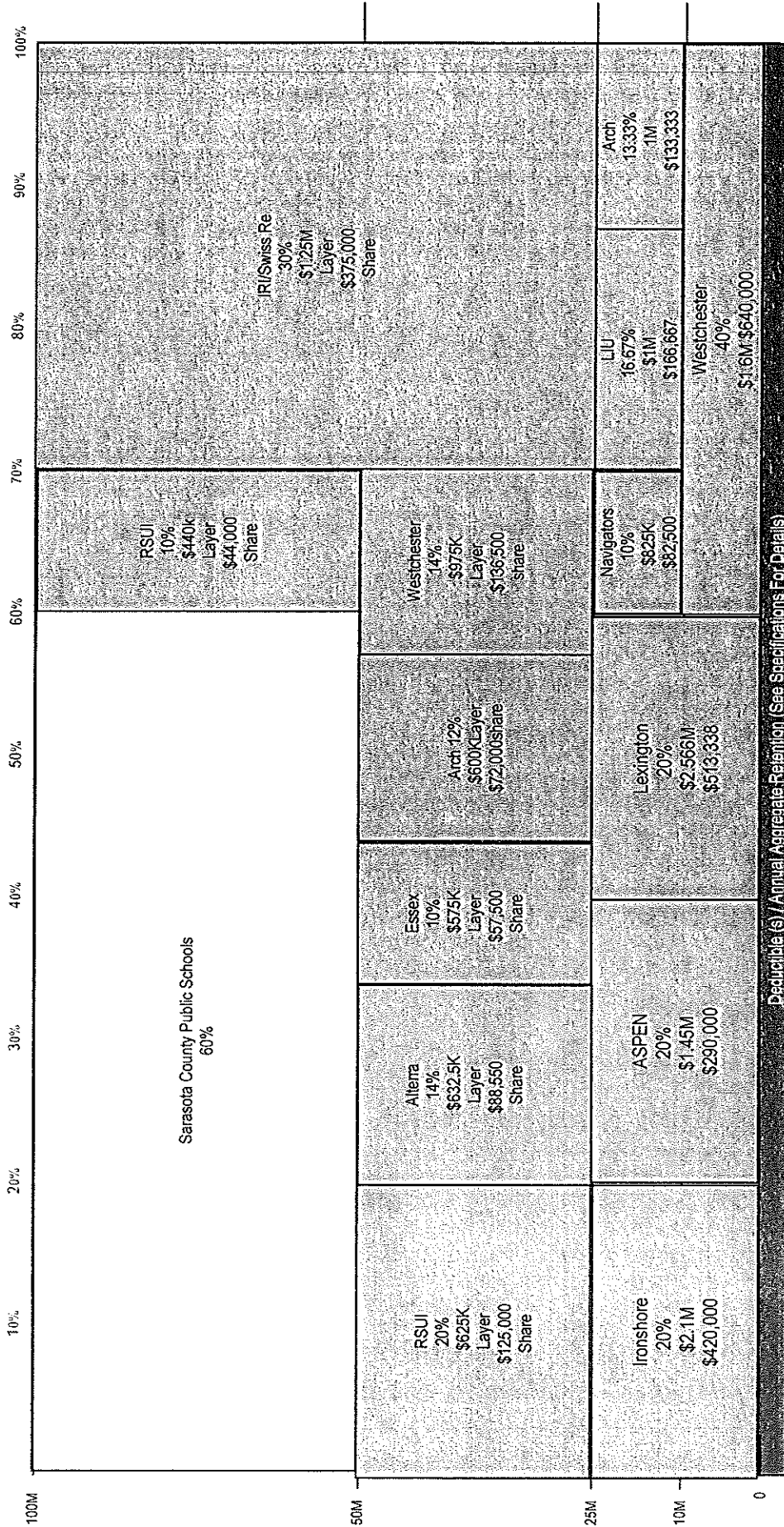
Attachments

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	
Alterra Excess & Surplus Ins. Company (Formally Max Specialty)	\$ 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			
<b>Premium Total:</b>		\$ 3,144,388.00	\$ 72,562.93			
<b>Hurricane Cat Fund &amp; EMPA</b>		\$ 72,562.93				
<b>Grand Total:</b>		\$ 3,216,950.93				
<b>Insured Loss Limit:</b>	\$70,000,000					
<b>Basis: Total Insured Values</b>	\$1,286,906,931					

The School Board of Sarasota County  
 Property Insurance Placement  
 May 1, 2012 to May 1, 2013  
 "All Risk" - Recommended

Premiums  
 Exclude  
 Terrorism,  
 Taxes and Fees

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



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

	2011	2012	Difference
TIV:	\$1,281,678,628	\$1,286,906,931	+41%
Total Premium:	\$2,315,325	\$3,144,388	+35.81%
Rate:	\$ .1806	\$ .2443	+35.29%
Total Loss Limit:	\$70M	\$70M	0%

**The School Board of Sarasota County, Florida**  
*Risk Management Office*

**Property Insurance Program**

May 1, 2011 to May 1, 2012

Policy Number	Carrier	Loss Limit	Premium	Citizens Surcharge 2.7%	EMPA Charge
017728058	Lexington Insurance Co.	\$12,500,000 part of \$25,000,000 Primary	\$754,909	\$20,382.54	\$4
PRA4BT11	Aspen Specialty Insurance	\$ 5,000,000 part of \$25,000,000 Primary	\$277,416	\$7,490.23	\$4
030543681A	Allied World Assurance Co (AWAC)	\$ 2,500,000 part of \$25,000,000 Primary	\$200,000	\$5,400.00	\$4
000251801	Ironshore Specialty Insurance Co.	\$ 5,000,000 part of \$25,000,000 Primary	\$343,000	\$9,261.00	\$4
31373758	Westport Insurance (Swiss Re/RI)	\$ 22,500,000 part of \$75M excess of \$25M	\$315,000	\$8,815.00	\$0
LHD371344	Landmark American Ins. Co.	\$5,000,000 part of \$25M excess of \$25M	\$110,000	\$2,970.00	\$4
MAX3XP0052288	Alterra Excess & Surplus Insurance	\$5,000,000 part of \$25M excess of \$25M	\$110,000	\$2,970.00	\$4
ESP004376800	Arch Specialty Insurance Co.	\$5,000,000 part of \$25M excess of \$25M	\$110,000	\$2,970.00	\$4
ESP7121	Essex Insurance Company	\$2,500,000 part of \$25M excess of \$25M	\$55,000	\$1,485.00	\$4
LHD371345	Landmark American Ins. Co.	\$5,000,000 part of \$50M excess of \$50M	\$40,000	\$1,080.00	\$4
NA	Sarasota County Public Schools	\$30,000,000 part of \$50M excess of \$50M	\$0	\$0.00	\$0
			\$2,315,325	\$62,823.77	\$36

**Insured Loss Limit: \$70,000,000**

**Total Insured Values: \$1,281,678,625**

Premium Total: \$2,315,325.00  
Hurricane Cat Fund & EMPA \$62,859.77  
Grand Total: \$2,378,184.77

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%

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.