

**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 23, 2016  
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2016

**Background:**

The Florida property insurance markets have continued with the trend of the last two years with abundant capacity resulting in lower insurance rates for 2016. The primary reasons for the decrease include mild US and global loss experience from mid-2013 through 2015 and an increase of capacity in the marketplace creating competitive rate reductions and broadened terms and conditions.

**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 new increased limit of \$125 million. The continued rate reductions allowed for an enhancement of the program by increasing the limit without increasing the premium. In addition, significant sub-limit improvements were made as seen in Table 1-B. The Property Insurance Program will continue to include a Stand-Alone Terrorism Policy with a rate reduction of 15.38%

**TABLE 1-A**

	<b>2015-2016 Expiring Program</b>	<b>May 1, 2016 Renewal</b>	<b>Difference + / -</b>	<b>Percentage Change</b>
Rate per \$100 of Insurable Values	\$0.1814	\$0.1687	-.0127	-7.00%
Rate per \$100 of Loss Limit	\$2.4189	\$1.8034	-.6155	-25.45%
Insurable Values	\$1,333,150,184	\$1,336,327,157	\$3,176,973	.24%
Policy Loss Limits	\$100,000,000	\$125,000,000	\$25,000,000	25.00%
Total Premium	\$2,418,950	\$2,254,255	-\$164,695	-6.80%
Total Premium with Stand-Alone Terrorism Policy	\$2,451,450	\$2,281,755	-\$169,695	-6.92%

**The renewal premiums plus regulatory charges total \$2,299,975.00**

**TABLE 1-B**

<b>Coverage</b>	<b>Expiring Sublimit</b>	<b>Renewal Sublimit</b>
Flood per occurrence at special flood hazard areas	\$10,000,000	\$15,000,000
Transit per occurrence	\$1,000,000	\$2,500,000
Newly Acquired Locations	\$25,000,000 ( 60 days to report)	\$25,000,000 (90 days to report )
Claims Preparation Expense	\$2,500,000	\$5,000,000
Downzoning (PD only)	No Coverage Provided	\$5,000,000
Named Storm	5% per Unit of Insurance at locations subject to a loss and subject to a minimum \$250,000 deductible and no cap on this deductible.	3% per Unit of Insurance at buildings included in loss subject to per occurrence minimum \$250,000 deductible and a maximum deductible of \$25,000,000

**Recommendation:**

The renewal has a total cost of \$2,299,975 (premium + regulatory charges + Stand-Alone Terrorism Policy). The renewal will allow the district to increase the policy limit to \$125 million, increase multiple policy sub-limits, decrease the named storm deductible and provide for terrorism coverage while realizing a 6.92% or \$169,695 decrease in annual premiums.

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

Attachments

THE SCHOOL BOARD OF SARASOTA COUNTY FLORIDA  
 Property & Terrorism Insurance Premium Breakdown  
 Policy Term: 05/01/2016 - 05/01/2017

	2015 - 2016	2016 - 2017	DIFFERENCE
TIV	\$ 1,333,150,184	\$ 1,336,327,157	0.24%
POLICY LIMIT	\$ 100,000,000	\$ 125,000,000	25.00%
PROPERTY PREMIUM	\$ 2,418,950.00	\$ 2,254,255.00	-6.809%
PROPERTY RATE	\$ 0.1814	\$ 0.1687	-7.030%
TERRORISM PREMIUM	\$ 32,500.00	\$ 27,500.00	-15.385%
TERRORISM RATE	\$ 0.0025	\$ 0.0021	-16.000%




PROPERTY - \$125M Limit - Option 2

Carrier	Capacity	Participation	Layer Premium	Share Premium	Commission (%)	Commission (\$)	EMPA \$4.00 Per Carrier	Jurisdictional & Inspection Fees	Excise Taxes (4%)	Total Premium (Includes Fees & Surcharges)
<b>Primary \$25M</b>										
Westchester Surplus Lines Insurance Company (ACE)	\$4,000,000	16.00%	\$ 1,325,000.00	\$ 212,000.00	10%	\$ 21,200.00	\$ 4.00	N/A	N/A	\$ 212,004.00
Aspen Specialty Insurance Company	\$3,500,000	14.00%	\$ 1,062,000.00	\$ 148,680.00	10%	\$ 14,868.00	\$ 4.00	N/A	N/A	\$ 148,684.00
	<b>\$7,500,000</b>		<b>\$ 2,387,000.00</b>	<b>\$ 360,680.00</b>		<b>\$ 36,068.00</b>	<b>\$ 8.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 360,688.00</b>
<b>Primary \$100M</b>										
<b>CV Starr</b>	\$10,000,000	10.00%	\$ 2,045,000.00	\$ 204,500.00	10%	\$ 20,450.00	\$ 12.00	\$ 15,000.00	N/A	\$ 219,512.00
Starr Surplus Lines Insurance Company							\$ 4.00			
Chubb Custom Insurance Company							\$ 4.00			
General Security Indemnity Company of Arizona							\$ 4.00			
Interstate Fire & Casualty Company	\$10,000,000	10.00%	\$ 1,917,000.00	\$ 191,700.00	10%	\$ 19,170.00	\$ 4.00	N/A	N/A	\$ 191,704.00
Westport Insurance Corporation (Swiss Re)	\$15,000,000	15.00%	\$ 2,430,000.00	\$ 364,500.00	10%	\$ 36,450.00	\$ 4.00	N/A	N/A	\$ 364,504.00
<b>AmRisc</b>	\$10,000,000	10.00%	\$ 2,125,000.00	\$ 212,500.00	10%	\$ 21,250.00	\$ 28.00	N/A	N/A	\$ 212,528.00
Certain Underwriters at Lloyd's							\$ 4.00			
Indian Harbor Insurance Company							\$ 4.00			
QBE Specialty Insurance Company							\$ 4.00			
Steadfast Insurance Company							\$ 4.00			
United Specialty Insurance Company							\$ 4.00			
Lexington Insurance Company							\$ 4.00			
Princeton Excess and Surplus Insurance Company							\$ 4.00			
Landmark American Insurance Company (RSUI)	\$7,500,000	7.50%	\$ 2,020,000.00	\$ 151,500.00	10%	\$ 15,150.00	\$ 4.00	N/A	N/A	\$ 151,504.00
Tokio Marine America Insurance Company	\$5,000,000	5.00%	\$ 2,200,000.00	\$ 110,000.00	15%	\$ 16,500.00	\$ 4.00	N/A	N/A	\$ 110,004.00
Ironshore Specialty Insurance Company	\$7,500,000	7.50%	\$ 1,985,000.00	\$ 148,875.00	10%	\$ 14,887.50	\$ 4.00	N/A	N/A	\$ 148,879.00
Axis Surplus Insurance Company	\$5,000,000	5.00%	\$ 2,020,000.00	\$ 101,000.00	10%	\$ 10,100.00	\$ 4.00	N/A	N/A	\$ 101,004.00
	<b>\$70,000,000</b>		<b>\$ 16,742,000.00</b>	<b>\$ 1,484,575.00</b>		<b>\$ 153,957.50</b>	<b>\$ 64.00</b>	<b>\$ 15,000.00</b>	<b>\$ -</b>	<b>\$ 1,499,639.00</b>
<b>\$25M x \$25M</b>										
International Insurance Company of Hannover (TRU)	\$2,500,000	10.00%	\$ 450,000.00	\$ 45,000.00	10%	\$ 4,500.00	\$ 4.00	N/A	N/A	\$ 45,004.00
Arch Specialty Insurance Company	\$5,000,000	20.00%	\$ 440,000.00	\$ 88,000.00	10%	\$ 8,800.00	\$ 4.00	N/A	N/A	\$ 88,004.00
	<b>\$7,500,000</b>		<b>\$ 890,000.00</b>	<b>\$ 133,000.00</b>		<b>\$ 13,300.00</b>	<b>\$ 8.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 133,008.00</b>
<b>\$50M x \$50M</b>										
ACE Bermuda Insurance Ltd.	\$5,000,000	10.00%	\$ 450,000.00	\$ 45,000.00	20%	\$ 9,000.00	\$ 4.00	N/A	\$ 1,800.00	\$ 46,804.00
Liberty Surplus Insurance Corporation	\$5,000,000	10.00%	\$ 415,000.00	\$ 41,500.00	10%	\$ 4,150.00	\$ 4.00	N/A	N/A	\$ 41,504.00
Essex Insurance Company	\$5,000,000	10.00%	\$ 425,000.00	\$ 42,500.00	10%	\$ 4,250.00	\$ 4.00	N/A	N/A	\$ 42,504.00
	<b>\$15,000,000</b>		<b>\$ 1,290,000.00</b>	<b>\$ 129,000.00</b>		<b>\$ 17,400.00</b>	<b>\$ 12.00</b>	<b>\$ -</b>	<b>\$ 1,800.00</b>	<b>\$ 84,008.00</b>
<b>\$25M x \$100M</b>										
ACE Bermuda Insurance Ltd.	\$5,000,000	20.00%	\$ 162,500.00	\$ 32,500.00	20%	\$ 6,500.00	\$ 4.00	N/A	\$ 1,300.00	\$ 33,804.00
Lloyd's of London	\$5,000,000	20.00%	\$ 170,000.00	\$ 34,000.00	20%	\$ 6,800.00	\$ 4.00	N/A	N/A	\$ 34,004.00
<b>CV Starr</b>	\$2,500,000	10.00%	\$ 55,000.00	\$ 5,500.00	10%	\$ 550.00	\$ 12.00	N/A	N/A	\$ 5,512.00
Starr Surplus Lines Insurance Company							\$ 4.00			
Chubb Custom Insurance Company							\$ 4.00			
General Security Indemnity Company of Arizona							\$ 4.00			
Colony Insurance Company	\$10,000,000	40.00%	\$ 150,000.00	\$ 60,000.00	10%	\$ 6,000.00	\$ 4.00	N/A	N/A	\$ 60,004.00
Interstate Fire & Casualty Company	\$2,500,000	10.00%	\$ 150,000.00	\$ 15,000.00	10%	\$ 1,500.00	\$ 4.00	N/A	N/A	\$ 15,004.00
	<b>\$25,000,000</b>		<b>\$ 687,500.00</b>	<b>\$ 147,000.00</b>		<b>\$ 21,350.00</b>	<b>\$ 28.00</b>	<b>\$ -</b>	<b>\$ 1,300.00</b>	<b>\$ 148,328.00</b>
<b>PROPERTY TOTALS</b>	<b>\$125,000,000</b>		<b>\$ 21,996,500.00</b>	<b>\$ 2,254,255.00</b>		<b>\$ 242,075.50</b>	<b>\$ 120.00</b>	<b>\$ 15,000.00</b>	<b>\$ 3,100.00</b>	<b>\$ 2,272,475.00</b>

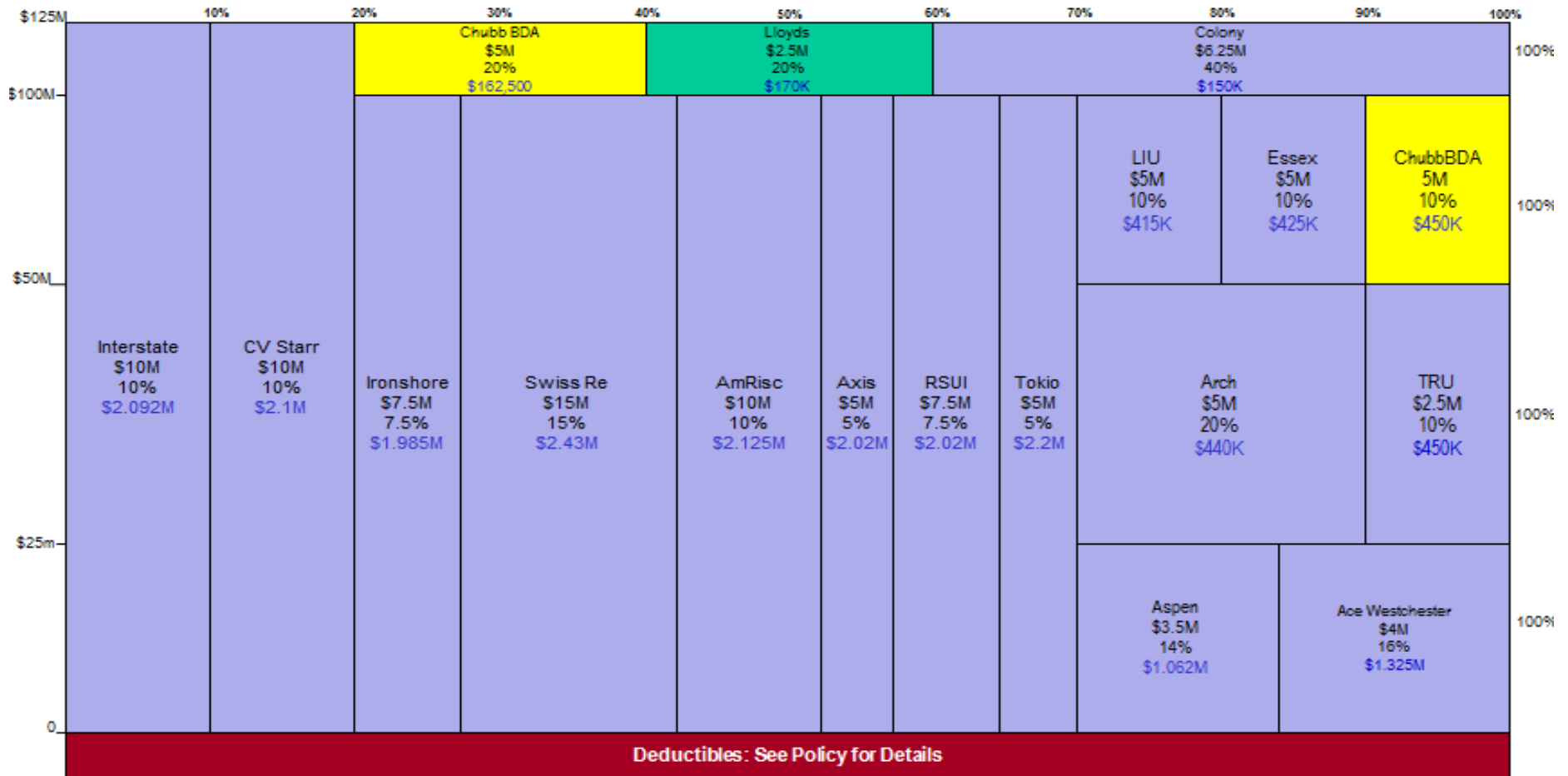
TERRORISM

Carrier	Capacity	Participation	Layer Premium	Share Premium	Commission (%)	Commission (\$)	EMPA \$4.00	Jurisdictional & Inspection	Excise Taxes	Total Premium (Includes Fees)
<b>\$100,000,000</b>										
Lloyd's, London (Validus)	\$100,000,000	100.00%	\$ 27,500.00	\$ 27,500.00	20%	\$ 5,500.00	N/A	N/A	N/A	\$ 27,500.00
<b>TERRORISM TOTAL</b>			<b>\$ 27,500.00</b>	<b>\$ 27,500.00</b>		<b>\$ 5,500.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,500.00</b>
<b>GRAND TOTAL</b>			<b>\$ 22,024,000.00</b>	<b>\$ 2,281,755.00</b>		<b>\$ 247,575.50</b>	<b>\$ 120.00</b>	<b>\$ 15,000.00</b>	<b>\$ 3,100.00</b>	<b>\$ 2,299,975.00</b>

**Recommended Limits - \$125M**

Domestic Capacity – Blue	
Bermuda Capacity – Orange	
London Capacity – Green	

**School Board of Sarasota County**  
Global Property/B&M Insurance Placement  
May 1, 2016 to May 1, 2017



Note: Layer Premiums are shown

**Total Premium: \$2,254,255**  
**ALL FIGURES EXCLUDE: TERRORISM, FEES, SURCHARGES, TAXES,**  
**AND JURISTIDICTIONAL BOILER SURVEYS**

Terrorism Structure Chart



School Board of Sarasota County  
Terrorism Insurance Placement  
May 1, 2016 to May 1, 2017



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%
(10) 05/01/2015	\$2,418,950	\$1,333,150,184	\$100,000,000	\$250,000	5%
(11) 05/01/2016	\$2,254,255	\$1,336,327,157	\$125,000,000	\$250,000	3%

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 , EMPA charges , inspection fees, Admitted and Excise Taxes that total \$101,913.17.
- (10) The premium does not include the 1.0% State of Florida Hurricane Assessment, EMPA charges , inspection fees, Admitted and Excise Taxes that total \$45,158.50.
- (11) The premium does not include the 1.0% State of Florida Hurricane Assessment, EMPA charges , inspection fees, Admitted and Excise Taxes that total \$18,220