

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: April 3, 2017
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2017

Background:

The Florida property insurance markets have continued with the trend of the last three years with abundant capacity resulting in lower insurance rates for 2017. The primary reasons for the decrease include mild US and global loss experience from mid-2013 through 2016 and an increase of capacity in the marketplace creating competitive rate reductions and broadened terms and conditions. Although rates are favorable for 2017, they appear to be leveling out when compared to the prior 12 month period.

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 limit of \$125 million. The continued rate reductions allowed for an enhancement of the program by increasing significant sub-limit improvements and policy wording as seen in Table 1-B. Although the rate decreased, the premium will increase due to the increase in the Insurable Values. Insurable Values increased due to the increase in the construction cost per square foot. The Property Insurance Program will continue to include a Stand-Alone Terrorism Policy with a rate reduction of 24.76%

TABLE 1-A

	2016-2017 Expiring Program	May 1, 2017 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.1687	\$0.15485	-.0139	-8.21%
Rate per \$100 of Loss Limit	\$1.8034	\$1.8877	.0843	4.67%
Insurable Values	\$1,336,327,157	\$1,523,787,342	\$187,460,185	14.03%
Policy Loss Limits	\$125,000,000	\$125,000,000	0.00	0.00%
Total Premium	\$2,254,255	\$2,359,586	\$105,331	4.67%
Total Premium with Stand-Alone Terrorism Policy	\$2,281,755	\$2,383,855	\$102,100	4.47%

The renewal premiums plus regulatory charges total \$2,396,451.08

TABLE 1-B

Coverage	Expiring Sublimit	Renewal Sublimit
Flood per occurrence at special flood hazard areas	\$15,000,000	\$25,000,000
Flood per occurrence non-special flood areas	\$25,000,000	\$35,000,000
Emergency Vacating Expenses	No Coverage	\$1,000,000
Lost Keys or Key Systems	No Coverage	\$250,000 with \$25,000 deductible
Interest Expense	No Coverage	\$1,000,000
Relocation Expense	No Coverage	\$1,000,000 (180 Days)
Named Storm 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	3% per Unit of Insurance at buildings included in loss subject to per occurrence minimum \$250,000 deductible and a maximum deductible of \$15,000,000

Recommendation:

The renewal has a total cost of \$2,396,451.08 (premium + regulatory charges + Stand-Alone Terrorism Policy). The renewal will allow the district to remain at the \$125 million policy limit, increase multiple policy sub-limits, lower the named storm maximum deductible and provide for terrorism coverage while realizing an 8.21% property rate reduction and a 24.76% terrorism rate reduction. The overall premium increase of \$102,000 is due to the increase in construction costs per square foot for the insured property.

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: 05/01/2017 - 05/01/2018

Item	2016-2017	2017-2018	% Change
Insurable Value	\$1,336,327,157	\$1,523,787,342	14.03%
Capacity	\$125,000,000	\$125,000,000	0.00%
Property	\$2,254,255	\$2,359,586	4.67%
Property Rate	\$0.16870	\$0.15485	-8.21%
Terrorism	\$27,500	\$24,269	-11.75%
Terrorism Rate	0.00206	0.00155	-24.76%

PROPERTY - \$125M Limit

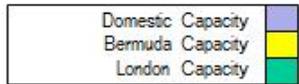
Carrier	Carrier, Wholesaler, MGA	Capacity	Participation	Layer Premium	Share Premium	Commission %	Commission \$	Taxes, Fees, Surcharges	Jurisdictional & Inspection Fees	Total Premium
Primary \$25M										
Aspen Specialty Insurance Company	AmWINS Brokerage of Florida, LLC	\$ 3,812,500	15.25%	\$ 1,053,289	\$ 160,627	8.305%	\$ 13,340	\$ 4.00	\$ -	\$ 160,631.00
Westchester Surplus Lines Insurance Company (ACE)	AmWINS Brokerage of Florida, LLC	\$ 5,000,000	20.00%	\$ 1,350,290	\$ 270,058	8.250%	\$ 22,280	\$ 4.00	\$ -	\$ 270,062.01
Primary \$50M										
Lloyd's of London	Willis Group Limited, London	\$ 1,125,000	2.25%	\$ 1,785,366	\$ 40,171	8.000%	\$ 3,214	\$ 4.00	\$ -	\$ 40,174.73
Primary \$100M										
Westport Insurance Corporation (Swiss Re)	Westport Insurance Corporation	\$ 10,000,000	10.00%	\$ 2,696,827	\$ 269,683	8.000%	\$ 21,575	\$ 4.00	\$ -	\$ 269,686.70
AmRisc Certain Underwriters at Lloyd's General Security Indemnity Company of America	AmRisc LP	\$ 10,000,000	10.00%	\$ 2,201,199	\$ 220,120	8.250%	\$ 18,160	\$ 12.00	\$ 2,500.00	\$ 222,631.89
Tokio Marine America Insurance Company	Tokio Marine America	\$ 5,000,000	5.00%	\$ 2,316,076	\$ 115,804	8.250%	\$ 9,554	\$ 4.00	N/A	\$ 115,807.81
Ironshore Specialty Insurance Company	Ironshore Insurancr Services, LLC	\$ 7,500,000	7.50%	\$ 2,039,399	\$ 152,955	8.120%	\$ 12,420	\$ 4.00	N/A	\$ 152,958.94
Axis Surplus Insurance Company	AmWINS Brokerage of Florida, LLC	\$ 5,000,000	5.00%	\$ 2,351,585	\$ 117,579	8.250%	\$ 9,700	\$ 4.00	N/A	\$ 117,583.25
Primary \$125M										
CV Starr Starr Surplus Lines Insurance Company Chubb Custom Insurance Company General Security Indemnity Company of Arizona	Starr Specialty Lines Insurance Agency, LLC	\$ 12,500,000	10.00%	\$ 2,250,000	\$ 225,000	8.000%	\$ 18,000	\$ 12.00	\$ 10,000.00	\$ 235,012.00
Velocity (includes \$1000 inspection fee) United Specialty Insurance Company Interstate Fire and Casualty Company Lloyds of London	AmWINS Brokerage of Florida, LLC	\$ 6,250,000	5.00%	\$ 2,448,071	\$ 123,404	8.250%	\$ 10,098	\$ 12.00	\$ -	\$ 123,415.56
Landmark American Insurance Company (RSUI)	AmWINS Brokerage of Florida, LLC	\$ 12,500,000	10.00%	\$ 2,350,148	\$ 235,015	8.250%	\$ 19,389	\$ 4.00	\$ -	\$ 235,018.84
\$25M x \$25M										
International Insurance Company of Hannover of SE Lloyd's of London - Syndicate 4472	AmWINS Brokerage of Florida, LLC	\$ 3,125,000	12.50%	\$ 465,134	\$ 58,142	8.250%	\$ 4,797	\$ 4.00	\$ -	\$ 58,145.69
Arch Specialty Insurance Company	AmWINS Brokerage of Florida, LLC	\$ 5,687,500	22.75%	\$ 453,061	\$ 103,071	8.250%	\$ 8,503	\$ 4.00	\$ -	\$ 103,075.43
\$75M x \$50M										
Liberty Surplus Insurance Corporation (LIU)	AmWINS Brokerage of Florida, LLC	\$ 10,000,000	13.33%	\$ 587,537	\$ 78,338	8.250%	\$ 6,463	\$ 4.00	\$ -	\$ 78,342.00
Evanston Insurance Company (Markel)	AmWINS Brokerage of Florida, LLC	\$ 7,812,500	10.42%	\$ 563,755	\$ 58,724	8.250%	\$ 4,845	\$ 4.00	\$ -	\$ 58,728.00
Arch Specialty Insurance Company	AmWINS Brokerage of Florida, LLC	\$ 2,812,500	3.75%	\$ 587,755	\$ 22,041	8.250%	\$ 1,818	\$ 4.00	\$ -	\$ 22,044.82
Lloyd's of London	Willis Group Limited, London	\$ 7,500,000	10.00%	\$ 556,098	\$ 55,610	8.000%	\$ 4,449	\$ 4.00	\$ -	\$ 55,613.76
\$25M x \$100M										
Colony Insurance Company	AmWINS Brokerage of Florida, LLC	\$ 9,375,000	37.50%	\$ 141,988	\$ 53,246	8.250%	\$ 4,393	\$ 4.00	\$ -	\$ 53,249.55
PROPERTY TOTALS		\$ 125,000,000			\$ 2,359,586		\$ 192,996	\$ 96.00	\$ 12,500.00	\$ 2,372,181.97

TERRORISM - \$100,000,000 Limit

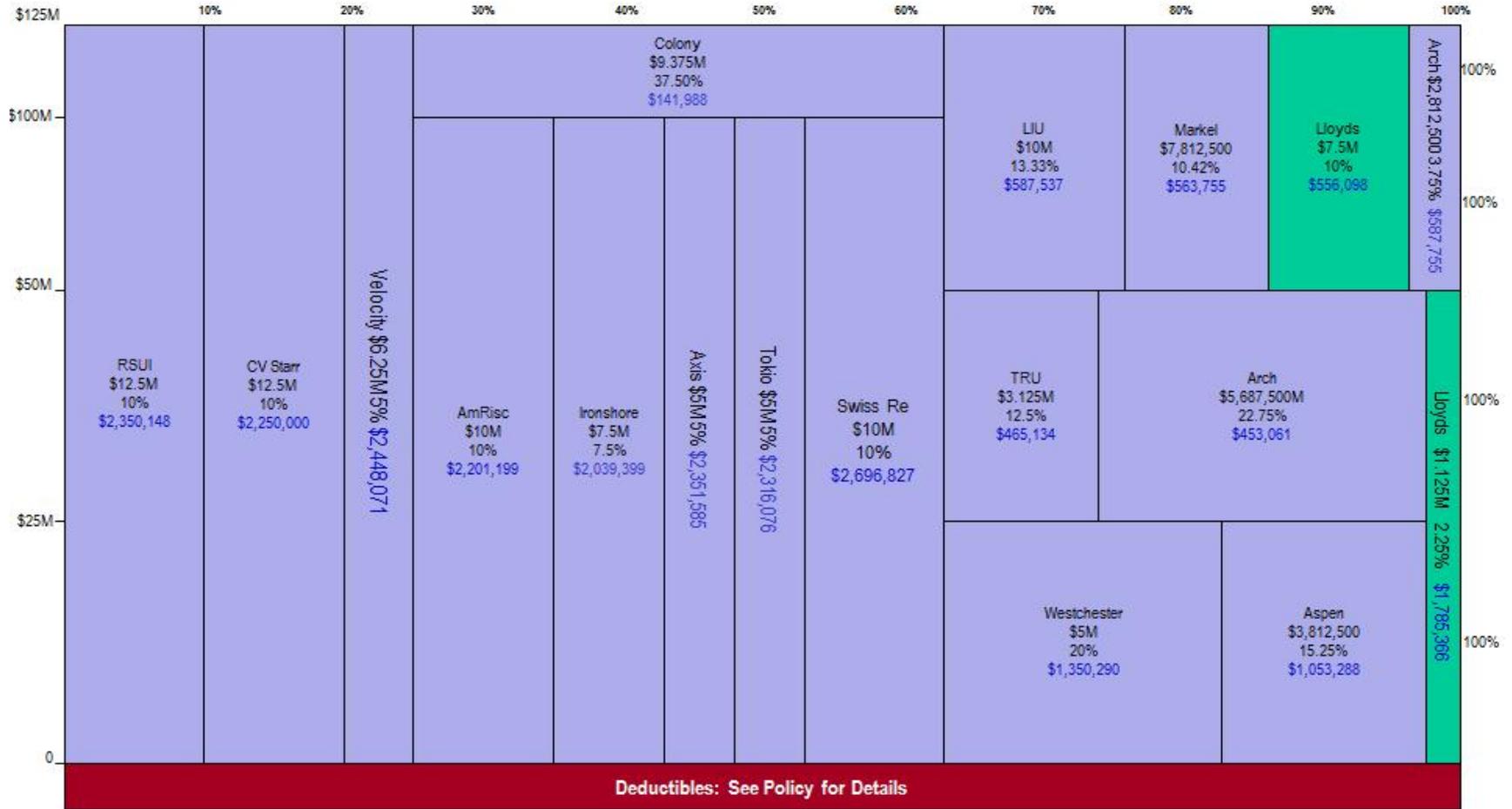
Carrier	Carrier, Wholesaler, MGA	Capacity	Participation	Layer Premium	Share Premium	Commission %	Commission \$	Taxes, Fees, Surcharges	Jurisdictional & Inspection Fees	Total Premium
Lloyd's, London (Validus)	WTW Terrorism Practice	\$ 100,000,000	100.00%	\$ 24,269	\$ 24,269	8.250%	\$ 2,002	\$ -	\$ -	\$ 24,269.00
TERRORISM TOTAL		\$ 100,000,000		\$ 24,269	\$ 24,269		\$ 2,002	\$ -	\$ -	\$ 24,269.00

GRAND TOTAL					\$ 2,383,855.00		\$ 194,999.00	\$ 96.00	\$ 12,500.00	\$ 2,396,450.97
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Recommended All Risk Structure Chart



School Board of Sarasota County
Global Property/B&M Insurance Placement
May 1, 2017 to May 1, 2018

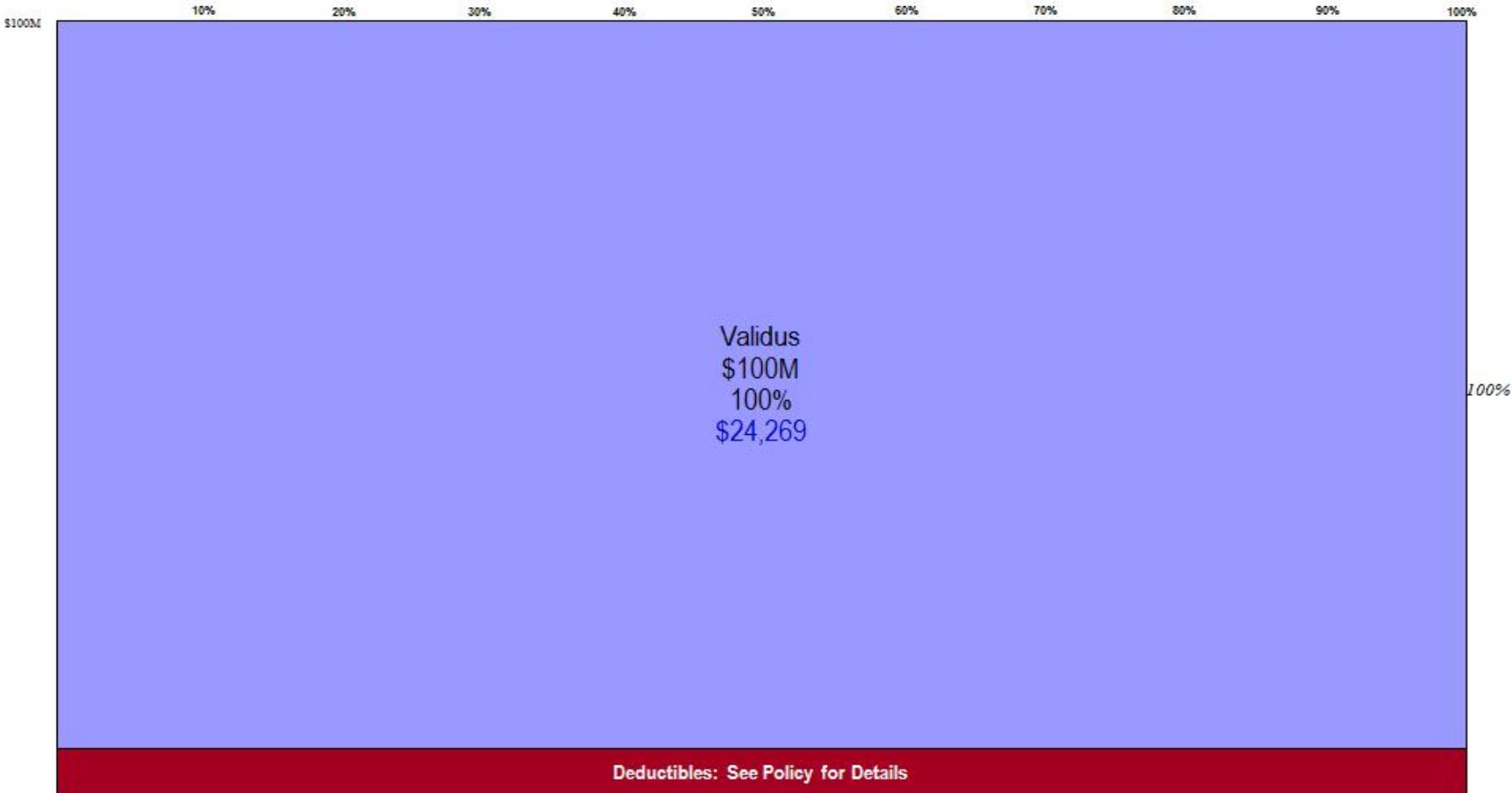


Total Premium = \$2,359,586

Terrorism Structure Chart

Domestic Capacity	
Bermuda Capacity	
London Capacity	

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%
(12) 05/01/2017	\$2,359,586	\$1,523,787,342	\$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
- (12) The premium does not include the 1.0% State of Florida Hurricane Assessment, EMPA charges , inspection fees and Admitted total \$12,596