

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

HUMAN RESOURCES / RISK MANAGEMENT DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Roy Sprinkle, Executive Director of Human Resources
FROM: Lynn Peterson, Risk Manager
DATE: March 20, 2018
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2018

Background:

The Florida property insurance market is currently experiencing a reversal of the positive “soft market” conditions of the prior several years. This is due to the extremely active 2017 hurricane season, with the industry reporting losses exceeding \$120 Billion from Hurricanes Harvey, Irma and Maria - the largest such industry loss since Hurricane Katrina in 2005. This has led to significant cost increases for most Florida property insurance programs.

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.

Despite the extremely challenging market environment, the District’s broker, Gallagher, negotiated a 4.6% rate reduction, which reduces premium paid as compared to 2017. Additionally, many program sub-limits were increased and deductibles decreased. The most significant changes are shown in Table 1-B (See Appendix A for a more detailed list sub-limit and deductible enhancements).

Insurable Values increased primarily due to the addition of a new location to the District’s property schedule. The Property Insurance Program will continue to include a Stand-Alone Terrorism Policy with a rate reduction of 3.25%.

TABLE 1-A

	2017-2018 Expiring Program	May 1, 2018 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.15485	\$0.1477	-0.72	-4.62%
Rate per \$100 of Loss Limit	\$1.8877	\$ 1.8841	-0.36	-0.19%
Insurable Values	\$1,523,787,342	\$1,594,963,074	\$71,175,732	4.67%
Policy Loss Limits	\$125,000,000	\$125,000,000	0.00	0.00%
Total Premium	\$2,359,586	\$2,355,128	-\$4,458	-0.19%
Total Premium with Stand-Alone Terrorism Policy	\$2,383,855	\$2,378,609	-\$5,246	-0.22%

The renewal premiums plus regulatory charges total \$2,378,681.00

TABLE 1-B

Coverage	Expiring Sublimit	Renewal Sublimit
Flood per occurrence at special flood hazard areas	\$25,000,000	\$125,000,000
Flood per occurrence non-special flood areas	\$35,000,000	\$125,000,000
Builders Risk	\$50,000,000	\$125,000,000
Errors & Omissions	\$10,000,000	\$25,000,000
Extra Expense	\$50,000,000	\$125,000,000
Misc. Unnamed Locations	\$5,000,000	\$10,000,000
Service Interruption	\$15,000,000	\$25,000,000
All Perils Deductible	\$250,000	\$100,000 \$10,000 Equipment Breakdown
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 \$15,000,000	3% per Unit of Insurance at buildings included in loss subject to per occurrence minimum \$100,000 deductible and a maximum deductible of \$10,000,000
Flood Deductible	\$250,000 except: \$500,000 building and \$500,000 contents per location	\$100,000 except: 3% per unit, \$100,000 minimum and \$10,000,000 maximum per occurrence

Recommendation:

The renewal has a total cost of \$2,378,681 (premium + regulatory charges + Stand-Alone Terrorism Policy). The renewal will allow the district to remain at the \$125 million policy limit, significantly increase multiple policy sub-limits, lower policy deductibles while realizing a -4.64% property rate reduction.

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

Attachments

School Board of Sarasota County Florida

Appendix A. Property Sublimit Summary

Coverage	Expiring Coverage	2018-19 Gallagher Renewal
Policy Limit	\$ 125,000,000	\$ 125,000,000
Deductibles		
All Other Perils	\$ 250,000	\$ 100,000
Named Windstorm (per occurrence)	3%, per unit, \$250K Min, \$10M Max	3%, per unit, \$100K Min, \$10M Max
Flood (per occurrence) - Special Flood Hazard Area (Zones A, V, or variations of such)	\$500K Building, per location \$500K Contents, per location	3%, per unit, \$100K Min, \$10M Max
Flood (per occurrence) - Any Other Flood	\$ 250,000	\$ 100,000
Sublimits (per occurrence, unless noted otherwise)		
Earthquake (per occurrence/annual aggregate) except: California Quake (excluded)	\$ 25,000,000	\$ 125,000,000
Flood (per occurrence/annual aggregate) except:	\$ 35,000,000	\$ 125,000,000
Flood (per occurrence/annual aggregate) occurring within 100 year flood plain as Per Locations Scheduled	\$ 25,000,000	\$ 125,000,000
Accounts Receivable	\$ 1,000,000	\$ 10,000,000
Asbestos Removal	Included	\$ 10,000,000
Builders Risk	\$ 50,000,000	Included
Business Interruption	Excluded	\$ 10,000,000
Civil or Military Authority	Included, 30 Days	\$ 1,000,000, 60 Days
Contingent Time Element	Not determined	\$ 1,000,000
Debris Removal	\$ 125,000,000	\$ 125,000,000
Decontamination and Cleanup Expense as a direct result of physical loss or damage insured	\$ 5,000,000	\$ 25,000,000
Emergency Vacating Expense	\$ 1,000,000	\$ 1,000,000
Errors and Omissions	\$ 10,000,000	\$ 25,000,000
Expediting Expense	Included	\$ 5,000,000
Extra Expense	\$ 50,000,000	Included
Fine Arts	Included	\$ 2,500,000
Fire Brigade Charges and Extinguishing Expenses	Included	\$ 1,000,000
Fungus, Mold, Wet or Dry Rot as a result of direct physical loss or damage insured	\$ 10,000,000	\$ 25,000,000
Impounded Water	Not determined	60 Days
Ingress/Egress	Included, 30 Days	\$ 5,000,000, 60 Days
Land Improvements	\$ 1,000,000	Included
Lessor's / Lessee's Leasehold Interest	Not determined	\$ 1,000,000
Loss Adjustment Expenses	\$ 5,000,000	\$ 5,000,000
Miscellaneous Unnamed Locations	\$ 5,000,000	\$ 10,000,000

School Board of Sarasota County Florida

Appendix A. Property Sublimit Summary

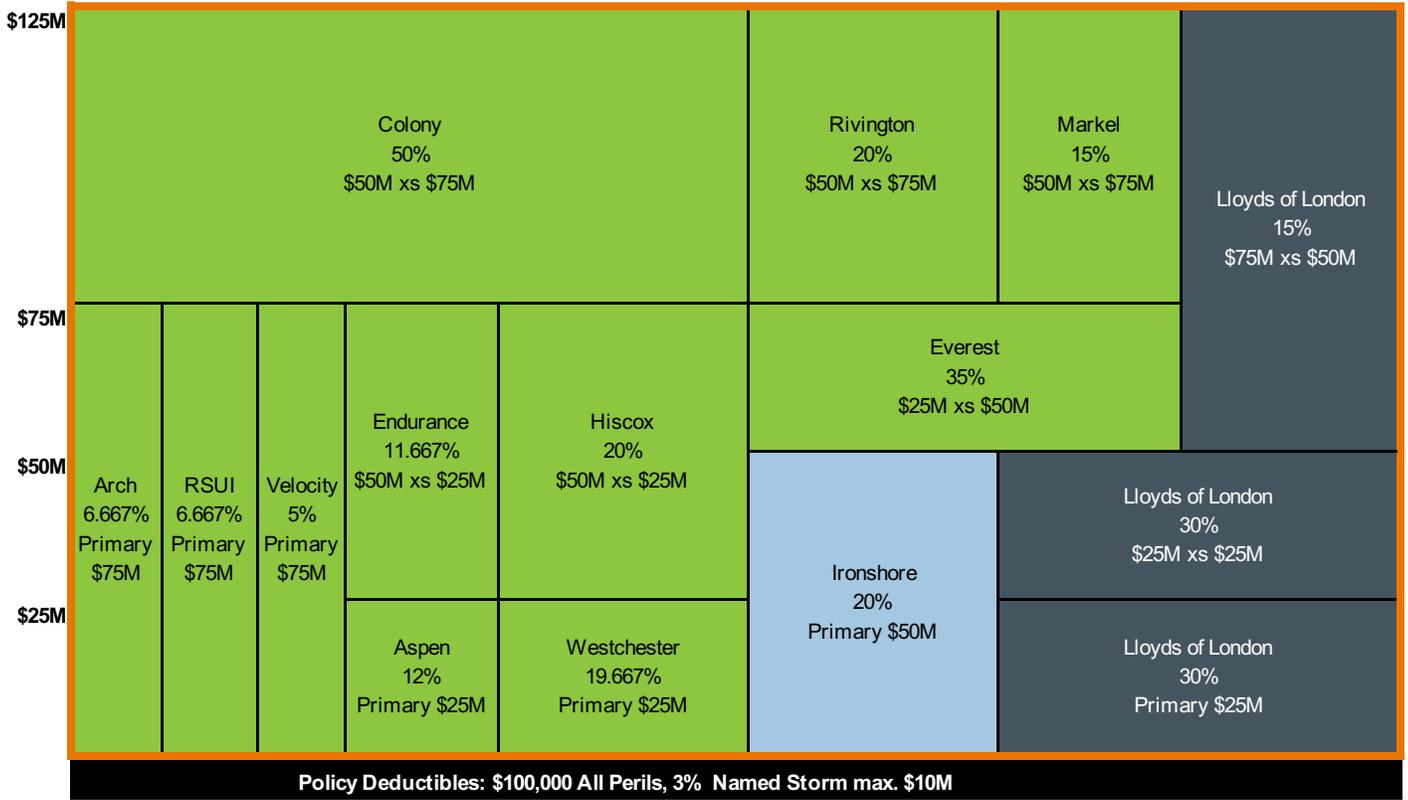
Coverage	Expiring Coverage	2018-19 Gallagher Renewal
Newly Acquired Locations	\$ 25,000,000 (90 Day Coverage)	\$ 25,000,000 (no 90 Day condition)
Offsite Storage Locations	\$ 5,000,000	Included
Ordinance or Law including Demolition and Increased Cost of Construction	\$ 50,000,000	Included- Undamaged \$25,000,000 Demo, ICC, Increased Time Element
Personal Property of the Insured's officers and employees while on the premises of the Insured.	\$ 1,000,000	\$ 1,000,000
Personal Property Outside the USA	Not determined	\$ 500,000
Property in Transit (all other)	\$ 2,500,000	\$ 5,000,000
Property in Transit (per vehicle)	\$ 1,000,000	\$ 5,000,000
Rental Value	Excluded	Included
Royalties	Not determined	\$ 10,000,000
Service Interruption – Property Damage and Time Element Combined (T&D lines within 1 mile of the insured premises; 24 hour waiting period applicable)	\$15,000,000 (T&D lines within 1 mile of insured premises, 24 hour waiting period)	\$ 25,000,000 (T&D lines within 5 miles of insured premises, 24hr waiting period)
Theft of Personal Property outside a building	Not determined	\$ 1,000,000
Valuable Papers	\$ 5,000,000	\$ 10,000,000
Vehicles at Unnamed Locations	Not determined	Included

Sarasota Schools 2018 PROPERTY PROGRAM

	2017-18	2018-19	% Change
Insurable Value	\$ 1,523,492,822	\$ 1,594,963,074	4.69%
Capacity	\$ 125,000,000	\$ 125,000,000	0.00%
Property Premium	\$ 2,359,586	\$ 2,355,128	-0.19%
Property Rate	\$ 0.15488	\$ 0.14766	-4.66%
Terrorism	\$ 24,269	\$ 23,481	-3.25%
Terrorism Rate	\$ 0.00159	\$ 0.00147	-7.58%

Sarasota Schools 2018-19 Property Insurance Program								
2018 Carrier	Broker		Layer	Layer Limit	Current Yr Layer %	Current Yr FINAL AUTH(\$)	AJG Cmsn	AJG Cmsn
Arch Specialty Insurance Company	AmWINS		\$75M Primary	\$ 75,000,000	6.67%	\$ 5,000,000	5%	\$ 6,417
Landmark American Insurance Company	AmWINS		\$75M Primary	\$ 75,000,000	6.67%	\$ 5,000,000	5%	\$ 7,000
Independent Specialty Insurance Company: (30%); Interstate Fire & Casualty Company: (35%); Certain Underwriters at Lloyd's: (35%)	AmWINS		\$75M Primary	\$ 75,000,000	5.00%	\$ 3,750,000	5%	\$ 5,351
Ironshore Specialty Insurance Co	Direct		\$50M Primary	\$ 50,000,000	10.00%	\$ 5,000,000	5%	\$ 8,188
Ironshore Specialty Insurance Co	AmWINS		\$50M Primary	\$ 50,000,000	10.00%	\$ 5,000,000	5%	\$ 8,642
Aspen Specialty Insurance Company	AmWINS		\$25M Primary	\$ 25,000,000	12.00%	\$ 3,000,000	5%	\$ 6,671
Underwriters at Lloyd's London	AJG UK		\$25M Primary	\$ 25,000,000	30.00%	\$ 7,500,000	5%	\$ 19,500
Westchester Surplus Lines Insurance Co	AmWINS		\$25M Primary	\$ 25,000,000	19.67%	\$ 4,916,667	5%	\$ 13,393
Underwriters at Lloyd's London	AJG UK		\$25M xs \$25M	\$ 25,000,000	30.00%	\$ 7,500,000	5%	\$ 6,750
Endurance American Specialty Ins Co	AmWINS		\$50M xs \$25M	\$ 50,000,000	11.67%	\$ 5,833,333	5%	\$ 4,545
Underwriters at Lloyd's London	AmWINS		\$50M xs \$25M	\$ 50,000,000	20.00%	\$ 10,000,000	5%	\$ 7,973
Everest Indemnity Insurance Company	AmWINS		\$25M xs of \$50M	\$ 25,000,000	35.00%	\$ 8,750,000	5%	\$ 4,725
Underwriters at Lloyd's London	AJG UK		\$75M xs \$50M	\$ 75,000,000	15.00%	\$ 11,250,000	5%	\$ 4,448
Evanston Insurance Company	AmWINS		\$50M xs of \$75M	\$ 50,000,000	15.00%	\$ 7,500,000	5%	\$ 2,172
Underwriters at Lloyd's London	AmWINS		\$50M xs of \$75M	\$ 50,000,000	20.00%	\$ 10,000,000	5%	\$ 3,176
Colony Insurance Company	AmWINS		\$50M xs of \$75M	\$ 50,000,000	50.00%	\$ 25,000,000	5%	\$ 8,000
Property Subtotal (excluding Equipment Breakdown)						\$ 125,000,000		\$ 116,951
XL Equipment Breakdown	RPS		\$150M Primary	\$ 150,000,000	100.00%	\$ 150,000,000	5%	\$ 806
Terrorism	AJG UK		\$100M Primary	\$ 100,000,000	100.00%	\$ 100,000,000	5%	\$ 1,174
TOTAL								\$ 118,931
Deductibles: \$100,000 Except 3% Named Storm & Flood						Prop / B&M Total		

School Board of Sarasota County
5/1/2018-2019 Property Program



DIRECT WHOLESALE INTERNATIONAL

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%
(13) 05/01/2018	\$2,355,128	\$1,594,963,074	\$125,000,000	\$100,000	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
- (13) the premium does not include fees and surcharges of \$72