

**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 17, 2015  
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2015

**Background:**

The Florida property insurance markets have continued last year's trend of abundant capacity resulting in lower insurance rates for 2015. The primary reasons for the decrease include mild US and global loss experience from mid-2013 through all of 2014 and an increase of capacity in the marketplace creating highly aggressive and 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 \$100 million limit. In addition, significant sublimit improvements were made as seen in Table 1-B and a Stand-Alone Terrorism Policy will be added to the Property Insurance Program.

**TABLE 1-A**

	<b>2014-2015 Expiring Program</b>	<b>May 1, 2015 Renewal</b>	<b>Difference + / -</b>	<b>Percentage Change</b>
Rate per \$100 of Insurable Values	\$0.2323	\$0.1814	-.0509	-21.91%
Rate per \$100 of Loss Limit	\$3.0821	\$2.4189	-.6632	-21.52%
Insurable Values	\$1,326,909,718	\$1,333,150,184	\$6,240,466	.47%
Policy Loss Limits	\$100,000,000	\$100,000,000	0	0%
Total Premium	\$3,082,138	\$2,418,950	-\$663,188	-21.52%
Total Premium with Stand-Alone Terrorism Policy	\$3,082,138	\$2,451,450	-\$630,688	-20.46%

**The renewal premium plus regulatory charges total \$2,496,608.50.**

**TABLE 1-B**

<b>Coverage</b>	<b>Expiring Sublimit</b>	<b>Renewal Sublimit</b>
Extra Expense	\$25,000,000	\$50,000,000
Ordinance or Law including Demolition and Increased Cost of Construction	\$25,000,000	\$50,000,000
Errors and Omissions	\$5,000,000	\$10,000,000

Offsite Storage Locations	\$1,000,000	\$ 5,000,000
Claims Preparation Expense	\$1,000,000	\$ 2,500,000
Equipment Breakdown – Hazardous Substance	\$1,000,000	\$ 2,500,000
Equipment Breakdown – Data Storage	\$1,000,000	\$ 2,500,000

**Recommendation:**

The renewal has a total cost of \$ 2,496,608.50 (premium + regulatory charges + Stand-Alone Terrorism Policy). The renewal will allow the district to increase multiple policy sublimits and provide for terrorism coverage while realizing a 20.46% or \$630,688 decrease in annual premiums.

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

Attachments

THE SCHOOL BOARD OF SARASOTA COUNTY FLORIDA

Property Insurance Premium Breakdown

Policy Term: 05/01/2015 - 05/01/2016

OPTION 2 - \$100M Limit - Per Expiring

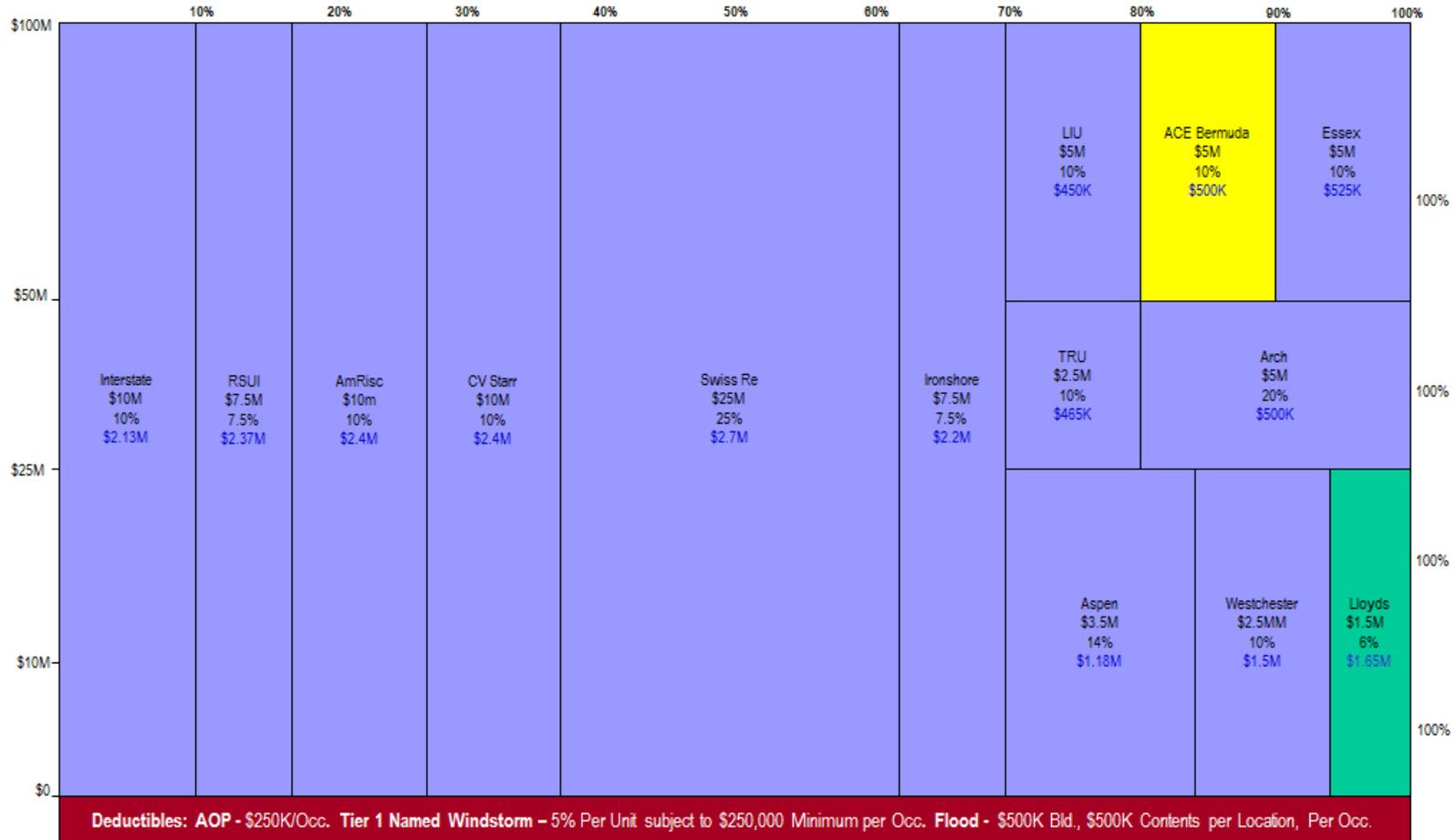
Carrier	Capacity	Participation	Layer Premium	Share Premium	Commission (%)	Commission (\$)	Citizen's Surcharge (1.0%)	EMPA \$4.00 Per Carrier	Jurisdictional & Inspection Fees	Jurisdictional & Inspection Citizens Surcharge (1.0%)	Admitted Carrier Taxes	Excise Taxes (4%)	Total Premium (Includes Fees & Surcharges)
<b>Primary \$25M</b>													
Lloyd's, London	\$1,500,000	6.00%	\$ 1,650,000.00	\$ 99,000.00	20%	\$ 19,800	\$ 990.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 99,994.00
Westchester Surplus Lines Insurance Company (ACE)	\$2,500,000	10.00%	\$ 1,500,000.00	\$ 150,000.00	10%	\$ 15,000	\$ 1,500.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 151,504.00
Aspen Specialty Insurance Company	\$3,500,000	14.00%	\$ 1,180,000.00	\$ 165,200.00	10%	\$ 16,520	\$ 1,652.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 166,856.00
	<b>\$7,500,000</b>		<b>\$ 4,330,000.00</b>	<b>\$ 414,200.00</b>		<b>\$ 51,320.00</b>	<b>\$ 4,142.00</b>	<b>\$ 12.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 418,354.00</b>
<b>Primary \$100M</b>													
<b>CV Starr</b>	\$10,000,000	10.00%	\$ 2,400,000.00	\$ 240,000.00	10%	\$ 24,000	\$ 2,400.00	\$ 12.00	\$ 12,500.00	N/A	N/A	N/A	\$ 254,912.00
Starr Surplus Lines Insurance Company			\$ 80,000.00	\$ 80,000.00		\$ 8,000.00	\$ 800.00	\$ 4.00	Incl Above	N/A	N/A	N/A	
Chubb Custom Insurance Company			\$ 80,000.00	\$ 80,000.00		\$ 8,000.00	\$ 800.00	\$ 4.00	Incl Above	N/A	N/A	N/A	
General Security Indemnity Company of Arizona			\$ 80,000.00	\$ 80,000.00		\$ 8,000.00	\$ 800.00	\$ 4.00	Incl Above	N/A	N/A	N/A	
Interstate Fire & Casualty Company	\$10,000,000	10.00%	\$ 2,130,000.00	\$ 213,000.00	10%	\$ 21,300	\$ 2,130.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 215,134.00
Westport Insurance Corporation (Swiss Re)	\$25,000,000	25.00%	\$ 2,700,000.00	\$ 675,000.00	10%	\$ 67,500	N/A	\$ 4.00	N/A	N/A	\$ 8,081.00	N/A	\$ 683,085.00
<b>AmRisc</b>	\$10,000,000	10.00%	\$ 2,400,000.00	\$ 240,000.00	10%	\$ 24,000	\$ 2,400.00	\$ 28.00	N/A	N/A	N/A	N/A	\$ 242,428.00
Certain Underwriters at Lloyd's			\$ 55,200.00	\$ 55,200.00		\$ 5,520.00	\$ 552.00	\$ 4.00	\$ 5,000.00	\$ 50.00	N/A	N/A	\$ 5,050.00
Indian Harbor Insurance Company			\$ 16,800.00	\$ 16,800.00		\$ 1,680.00	\$ 168.00	\$ 4.00	N/A	N/A	N/A	N/A	
QBE Specialty Insurance Company			\$ 60,000.00	\$ 60,000.00		\$ 6,000.00	\$ 600.00	\$ 4.00	N/A	N/A	N/A	N/A	
Steadfast Insurance Company			\$ 60,000.00	\$ 60,000.00		\$ 6,000.00	\$ 600.00	\$ 4.00	N/A	N/A	N/A	N/A	
United Specialty Insurance Company			\$ 20,400.00	\$ 20,400.00		\$ 2,040.00	\$ 204.00	\$ 4.00	N/A	N/A	N/A	N/A	
Lexington Insurance Company			\$ 18,000.00	\$ 18,000.00		\$ 1,800.00	\$ 180.00	\$ 4.00	N/A	N/A	N/A	N/A	
Princeton Excess and Surplus Insurance Company			\$ 9,600.00	\$ 9,600.00		\$ 960.00	\$ 96.00	\$ 4.00	N/A	N/A	N/A	N/A	
Landmark American Insurance Company (RSUI)	\$7,500,000	7.50%	\$ 2,370,000.00	\$ 177,750.00	10%	\$ 17,775	\$ 1,777.50	\$ 4.00	N/A	N/A	N/A	N/A	\$ 179,531.50
Ironshore Specialty Insurance Company	\$7,500,000	7.50%	\$ 2,200,000.00	\$ 165,000.00	10%	\$ 16,500	\$ 1,650.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 166,654.00
	<b>\$70,000,000</b>		<b>\$ 14,200,000.00</b>	<b>\$ 1,710,750.00</b>		<b>\$ 171,075.00</b>	<b>\$ 10,357.50</b>	<b>\$ 56.00</b>	<b>\$ 17,500.00</b>	<b>\$ 50.00</b>	<b>\$ 8,081.00</b>	<b>\$ -</b>	<b>\$ 1,746,794.50</b>
<b>\$25M x \$25M</b>													
International Insurance Company of Hannover (TRU)	\$2,500,000	10.00%	\$ 465,000.00	\$ 46,500.00	10%	\$ 4,650	\$ 465.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 46,969.00
Arch Specialty Insurance Company	\$5,000,000	20.00%	\$ 500,000.00	\$ 100,000.00	10%	\$ 10,000	\$ 1,000.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 101,004.00
	<b>\$7,500,000</b>		<b>\$ 965,000.00</b>	<b>\$ 146,500.00</b>		<b>\$ 14,650.00</b>	<b>\$ 1,465.00</b>	<b>\$ 8.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 147,973.00</b>
<b>\$50M x \$50M</b>													
Liberty Surplus Insurance Corporation	\$5,000,000	10.00%	\$ 450,000.00	\$ 45,000.00	10%	\$ 4,500	\$ 450.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 45,454.00
ACE Bermuda Insurance Ltd.	\$5,000,000	10.00%	\$ 500,000.00	\$ 50,000.00	20%	\$ 10,000	\$ 500.00	\$ 4.00	N/A	N/A	N/A	\$ 2,000.00	\$ 52,504.00
Essex Insurance Company	\$5,000,000	10.00%	\$ 525,000.00	\$ 52,500.00	10%	\$ 5,250	\$ 525.00	\$ 4.00	N/A	N/A	N/A	N/A	\$ 53,029.00
	<b>\$15,000,000</b>		<b>\$ 1,475,000.00</b>	<b>\$ 147,500.00</b>		<b>\$ 19,750.00</b>	<b>\$ 1,475.00</b>	<b>\$ 12.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000.00</b>	<b>\$ 150,987.00</b>
<b>TOTALS</b>	<b>\$100,000,000</b>		<b>\$ 20,970,000.00</b>	<b>\$ 2,418,950.00</b>		<b>\$ 256,795.00</b>	<b>\$ 17,439.50</b>	<b>\$ 88.00</b>	<b>\$ 17,500.00</b>	<b>\$ 50.00</b>	<b>\$ 8,081.00</b>	<b>\$ 2,000.00</b>	<b>\$ 2,464,108.50</b>

	2014-2015	2015-2016	Difference
TIV	\$ 1,326,909,718	\$ 1,333,150,184	0.47%
Limit	\$ 100,000,000	\$ 100,000,000	0.00%
PREMIUM	\$ 3,082,137.86	\$ 2,418,950.00	-21.517%
RATE	\$ 0.2323	\$ 0.1814	-21.885%

Option II - Expiring \$100M Limit



**School Board of Sarasota County**  
Global Property/B&M Insurance Placement  
May 1, 2015 to May 1, 2016



Insurer
\$ Participation
% Participation
Layer Premium

Note: Layer Premiums are shown

**Total Premium: \$2,418,950**  
**Total Rate Reduction: -21.885%**  
Excludes Taxes, Fees, Terrorism and B&M



**School Board of Sarasota County, Florida  
Stand-Alone Terrorism Quote Proposal Comparison  
5/1/2015 - 5/1/2016**

	<b><u>VALIDUS</u></b>
<b>Values:</b>	
<b>PD - Building, Machinery &amp; Equipment:</b>	\$ 1,220,401,176
<b>PD - Stock, Inventory, Other:</b>	\$ 112,749,008
<b>Business Interruption:</b>	\$ -
<b>Total Sum Insured:</b>	<b>\$ 1,333,150,184</b>
<b>Terrorism Property Limit (each occ / agg):</b>	\$ 100,000,000
<b>Property Terr. Deductible (each occ):</b>	\$ 250,000
<b>Terrorism Combined Liability Limit: (each claim/agg):</b>	\$ -
<b>Liability Terr. Deductible (each occ):</b>	\$ -
<b>Perils Insured:</b>	Terrorism & Sabotage
<b>Territory:</b>	Continental US
<b>Restricted Areas:</b>	
<b>Property Terrorism Sublimits of Liability:</b>	
<b>Miscellaneous Unnamed Locations:</b>	\$5,000,000 (Excludes Tier 1)
<b>New Buildings and additions under construction:</b>	
<b>Accounts Receivable:</b>	\$ 1,000,000
<b>Automatic Coverage:</b>	
<b>Debris Removal Expenses:</b>	
<b>Decontamination Costs (Excluding NBCR):</b>	
<b>Demolition and Increased Cost of Constrcuton:</b>	
<b>Errors and Omissions:</b>	\$ 10,000,000
<b>Fine Art:</b>	
<b>Professional Fees:</b>	
<b>Service Interruption:</b>	\$ 15,000,000
<b>Transportation:</b>	
<b>Valuable Papers:</b>	\$ 5,000,000
<b>Earthquake:</b>	\$ 25,000,000
<b>Earthquake in CA:</b>	Excluded
<b>Flood:</b>	\$ 25,000,000
<b>Flood (100 Yr. Flood Plain):</b>	\$ 10,000,000
<b>Builders Risk:</b>	\$ 50,000,000
<b>Extra Expense:</b>	\$ 50,000,000
<b>Rental Value:</b>	Excluded
<b>Ordinance or Law (incl. D&amp;ICOC):</b>	\$ 50,000,000
<b>Property in Transit (per veh/per occ):</b>	\$ 1,000,000
<b>EDP Equipment:</b>	Included
<b>EDP Media:</b>	Included

<b>Newly Acquired Locations (90 Days):</b>	\$25,000,000 (Excludes Tier 1)
<b>Offside Storage Locations:</b>	\$ 5,000,000
<b>Personal Prop. (Off. &amp; Emp. - On Prem):</b>	\$ 1,000,000
<b>Claims Preparation:</b>	\$ 2,500,000
<b>Mold (From Covered Cause of Loss):</b>	\$ 10,000,000
<b>Land Improvements:</b>	\$ 1,000,000
<b>Equipment Breakdown:</b>	
<b>A. Hazardous Substances</b>	\$2,500,000 (Excludes anything NBCR related)
<b>B. Spoilage</b>	\$ 1,000,000
<b>C. Data Restoration</b>	\$ 2,500,000
<b>D. CFC Refrigerants</b>	\$ -
<b>Premium (100% Per Annum):</b>	\$ 32,500
<b>Line:</b>	\$ 100,000,000
<b>Form:</b>	Follow Form, but with certain exclusions
<b>Commission:</b>	20%

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%

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.