

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: Bert Palmer, Risk Manager
DATE: February 25, 2008
SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2008

Background:

The district changed its policy year from a July 1 effective date to the May 1 effective date during the last renewal cycle. The change in policy effective date along with two back-to-back mild storm seasons has resulted in more insuring capacity and lower pricing. The Florida property insurance market continues to be volatile with premiums higher than the historical average.

Renewal:

Option #1 summarizes the expiring program and a renewal comparable to the expiring program. There will be a Citizens Surcharge equal to 1% of premium and an EMPA policy charge of \$36. The regulatory charges will add \$14,836 to the premium.

OPTION #1	2007-2008 Expiring Program	May 1, 2008 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.2059	\$0.1047	(\$0.1012)	-49.14%
Rate per \$100 of Loss Limit	\$5.8397	\$3.1158	(\$2.7239)	-46.64%
Insurable Values	\$1,347,147,537	\$1,413,174,862	\$66,027,325	4.90%
Policy Loss Limits	\$47,500,000	\$47,500,000	\$0	0.00%
Total Premium	\$2,773,859	\$1,480,000	(\$1,293,859)	-46.64%

The Option #1 premium plus regulatory charges total \$1,494,836.

Option #2 summarizes the expiring program and the renewal with the loss limit increased to \$100,000,000. There will be a Citizens Surcharge equal to 1% of premium and an EMPA policy charge of \$72. The regulatory charges will add \$35,072 to the premium.

OPTION #2	2007-2008 Expiring Program	May 1, 2008 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.2059	\$0.2477	\$0.0418	20.28%
Rate per \$100 of Loss Limit	\$5.8397	\$3.5000	(\$2.3397)	-40.07%
Insurable Values	\$1,347,147,537	\$1,413,174,862	\$66,027,325	4.90%
Policy Loss Limits	\$47,500,000	\$100,000,000	\$52,500,000	110.53%
Total Premium	\$2,773,859	\$3,500,000	\$726,141	26.18%

The Option #2 premium plus regulatory charges total \$3,535,072.

Option #3 summarizes the expiring program and the renewal with the loss limit increased to \$70,000,000. There will be a Citizens Surcharge equal to 1% of premium and an EMPA policy charge of \$60. The regulatory charges will add \$26,560 to the premium.

OPTION #3	2007-2008 Expiring Program	May 1, 2008 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.2059	\$0.1875	(\$0.0184)	-8.93%
Rate per \$100 of Loss Limit	\$5.8397	\$3.7857	(\$2.0540)	-35.17%
Insurable Values	\$1,347,147,537	\$1,413,174,862	\$66,027,325	4.90%
Policy Loss Limits	\$47,500,000	\$70,000,000	\$22,500,000	47.37%
Total Premium	\$2,773,859	\$2,650,000	(\$123,859)	-4.47%

The Option #3 premium plus regulatory charges total \$2,676,560.

Recommendation:

Option #3 with a total cost of \$2,676,560 [premium + regulatory charges] is the best compromise between expanded coverage and pricing that is within budget. The selection of Option #3 will allow the district to purchase 47.37% higher loss limits with a 4.47% reduction in premium. The district will no longer participate [self-fund] in the primary and secondary layers, which will result in lower cost in the event of a major property loss.

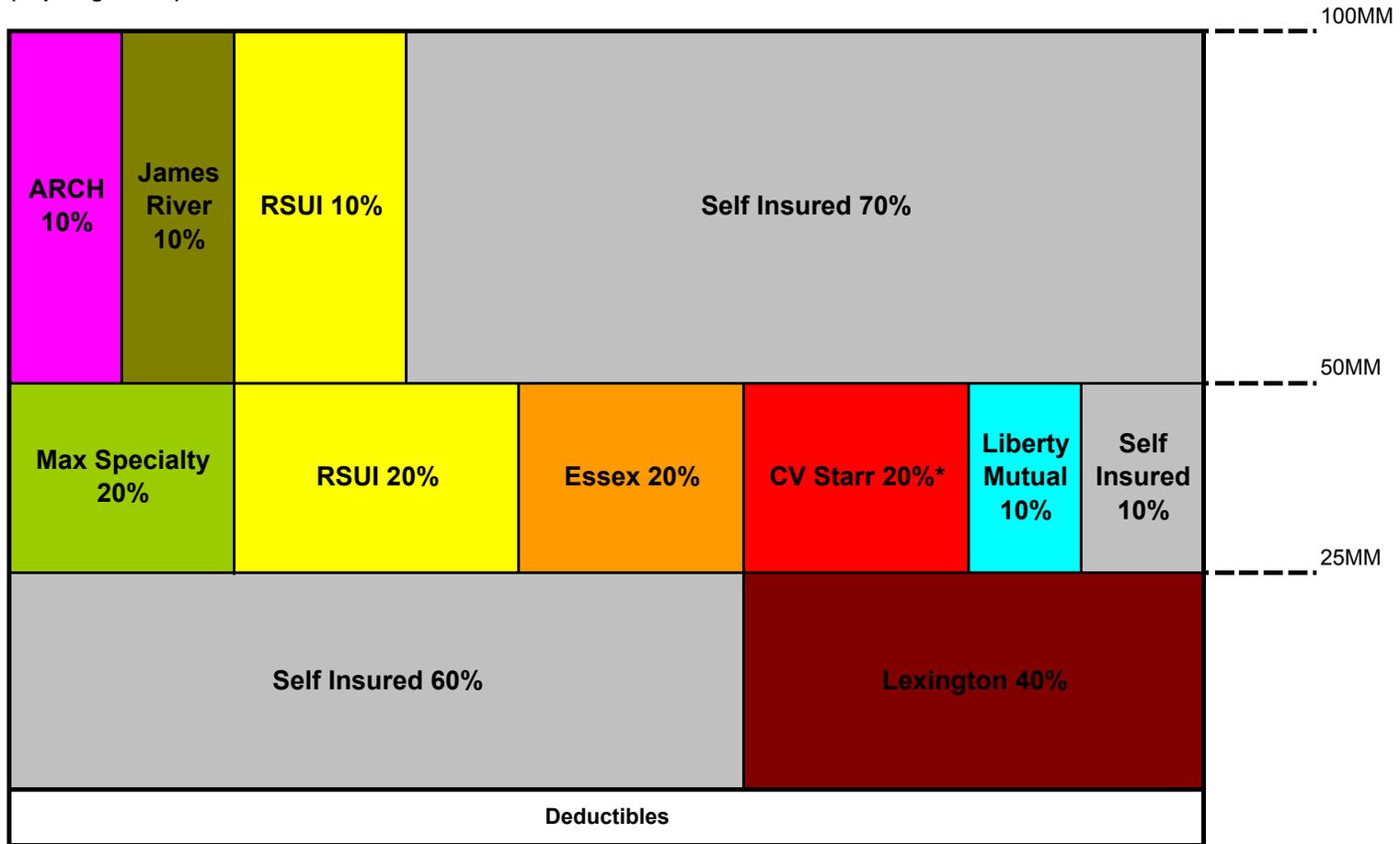
The district incumbent property insurance broker, Hilb Rogal & Hobbs of Sarasota, provided all of the renewal options.

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

Attachments

	OPTION #1 - Expiring Limits		2/20/2008	
	THE SCHOOL BOARD OF SARASOTA COUNTY			
	Property Insurance Proposal 2008-2009			
			Citizens	EMPA
Carrier	Loss Limit	Premium	Surcharge 1%	Charge
Lexington Insurance Co.	\$10,000,000 part of \$25,000,000 Primary	\$ 700,000	\$ 7,000	\$ 4
Sarasota County Public Schools	\$15,000,000 part of \$25,000,000 Primary			
Max Specialty	\$5,000,000 part of \$25M excess of \$25M	\$ 140,000	\$ 1,400	\$ 4
RSUI	\$5,000,000 part of \$25M excess of \$25M	\$ 140,000	\$ 1,400	\$ 4
Essex	\$5,000,000 part of \$25M excess of \$25M	\$ 140,000	\$ 1,400	\$ 4
CV Starr	\$5,000,000 part of \$25M excess of \$25M	\$ 140,000	\$ 1,400	\$ 4
Liberty Mutual	\$2,500,000 part of \$25M excess of \$25M	\$ 70,000	\$ 700	\$ 4
Sarasota County Public Schools	\$2,500,000 part of \$25M excess of \$25M			
Arch	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
James River	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
RSUI	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
Sarasota County Public Schools	\$35,000,000 part of \$50M excess of \$50M			
		\$ 1,480,000	\$ 14,800	\$ 36
Premium Total:	\$1,480,000			
Hurricane Cat Fund & EMPA	\$14,836			
Grand Total:	\$1,494,836			
Basis: Total Insured Values	Property, Computers and Vehicles \$1,413,174,862			

School Board of Sarasota County
 All Risk Property Renewal
 May 1, 2008 to May 1, 2009
 Option #1 (Expiring Limits)



PROJECTED PREMIUMS = \$ 1,480,000**

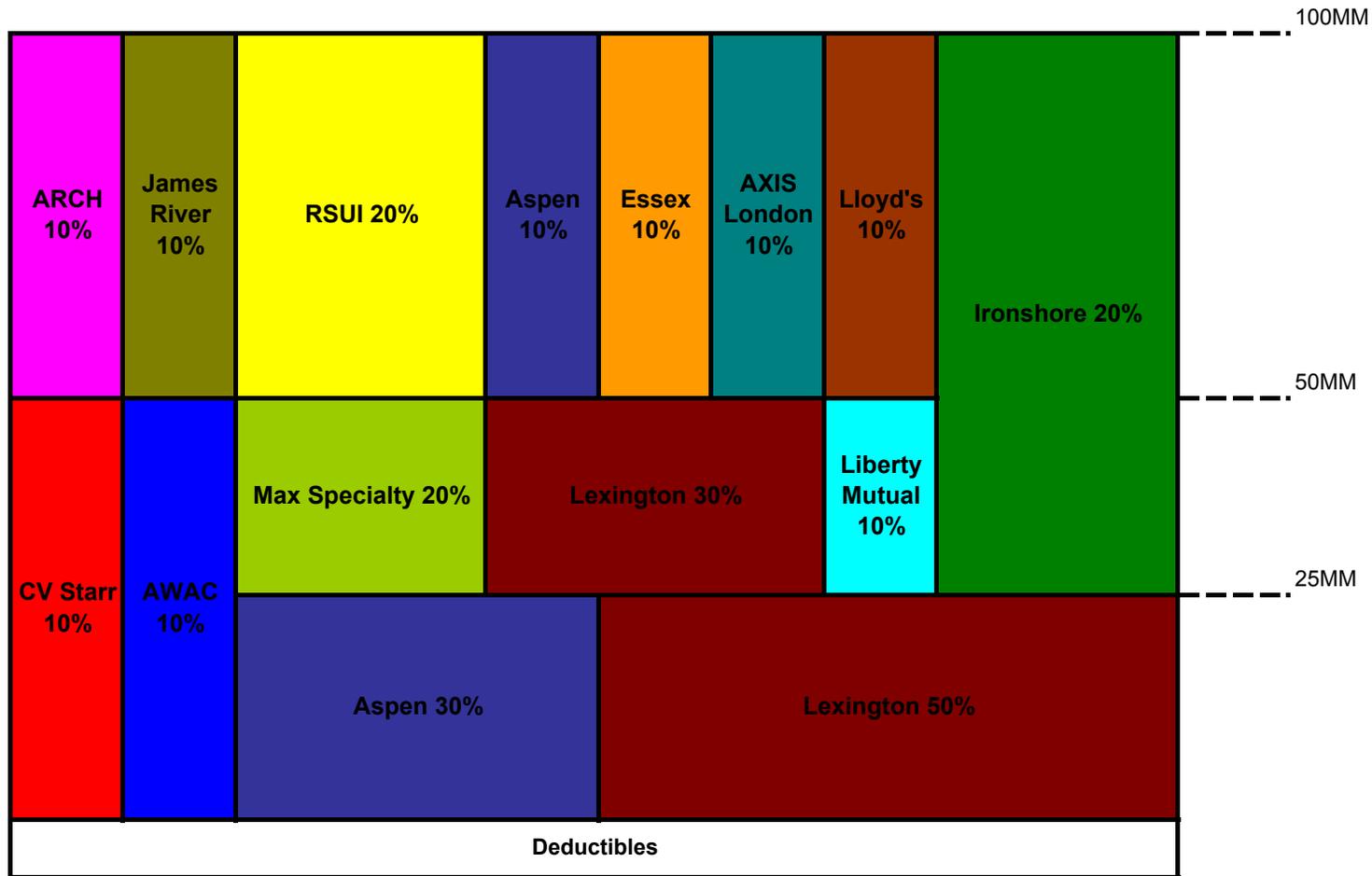
***excludes additional taxes, fees, and terrorism premiums*

**Subject to agreement to signing*

Note: Capacity is subject to carrier agreement to signing participations shown. In some instances, carriers may have provided additional capacity within participating layer shown or additional layers

	OPTION #2		2/20/2008	
	THE SCHOOL BOARD OF SARASOTA COUNTY			
	Property Insurance Proposal 2008-2009			
Carrier	Loss Limit	Premium	Citizens Surcharge 1%	EMPA Charge
Lexington Insurance Co.	\$12,500,000 part of \$25,000,000 Primary	\$ 875,000	\$ 8,750	\$ 4
Aspen	\$ 7,500,000 part of \$25,000,000 Primary	\$ 525,000	\$ 5,250	\$ 4
CV Starr	\$ 2,500,000 part of \$25,000,000 Primary	\$ 175,000	\$ 1,750	\$ 4
Allied World Assurance Co (AWAC)	\$ 2,500,000 part of \$25,000,000 Primary	\$ 175,000	\$ 1,750	\$ 4
Lexington Insurance Co.	\$7,500,000 part of \$25M excess of \$25M	\$ 262,500	\$ 2,625	\$ 4
Max Specialty	\$5,000,000 part of \$25M excess of \$25M	\$ 175,000	\$ 1,750	\$ 4
Allied World Assurance co (AWAC)	\$2,500,000 part of \$25M excess of \$25M	\$ 87,500	\$ 875	\$ 4
Liberty Mutual Fire Ins Co	\$2,500,000 part of \$25M excess of \$25M	\$ 87,500	\$ 875	\$ 4
CV Starr	\$2,500,000 part of \$25M excess of \$25M	\$ 87,500	\$ 875	\$ 4
Ironshore	\$5,000,000 part of \$25M excess of \$25M	\$ 175,000	\$ 1,750	\$ 4
RSUI	\$10,000,000 part of \$50M excess of \$50M	\$ 175,000	\$ 1,750	\$ 4
Aspen	\$5,000,000 part of \$50M excess of \$50M	\$ 87,500	\$ 875	\$ 4
James River	\$5,000,000 part of \$50M excess of \$50M	\$ 87,500	\$ 875	\$ 4
Essex	\$5,000,000 part of \$50M excess of \$50M	\$ 87,500	\$ 875	\$ 4
Arch	\$5,000,000 part of \$50M excess of \$50M	\$ 87,500	\$ 875	\$ 4
Ironshore	\$10,000,000 part of \$50M excess of \$50M	\$ 175,000	\$ 1,750	\$ 4
Axis London	\$5,000,000 part of \$50M excess of \$50M	\$ 87,500	\$ 875	\$ 4
Lloyds	\$5,000,000 part of \$50M excess of \$50M	\$ 87,500	\$ 875	\$ 4
		\$ 3,500,000	\$ 35,000	\$ 72
Premium Total:		\$3,500,000		
Hurricane Cat Fund & EMPA		\$35,072		
Grand Total:		\$3,535,072		
Basis: Total Insured Values	Property, Computers and Vehicles	\$1,413,174,862		

School Board of Sarasota County
 All Risk Property Renewal
 May 1, 2008 to May 1, 2009
 Option #2



PROJECTED PREMIUMS* = \$3,500,000

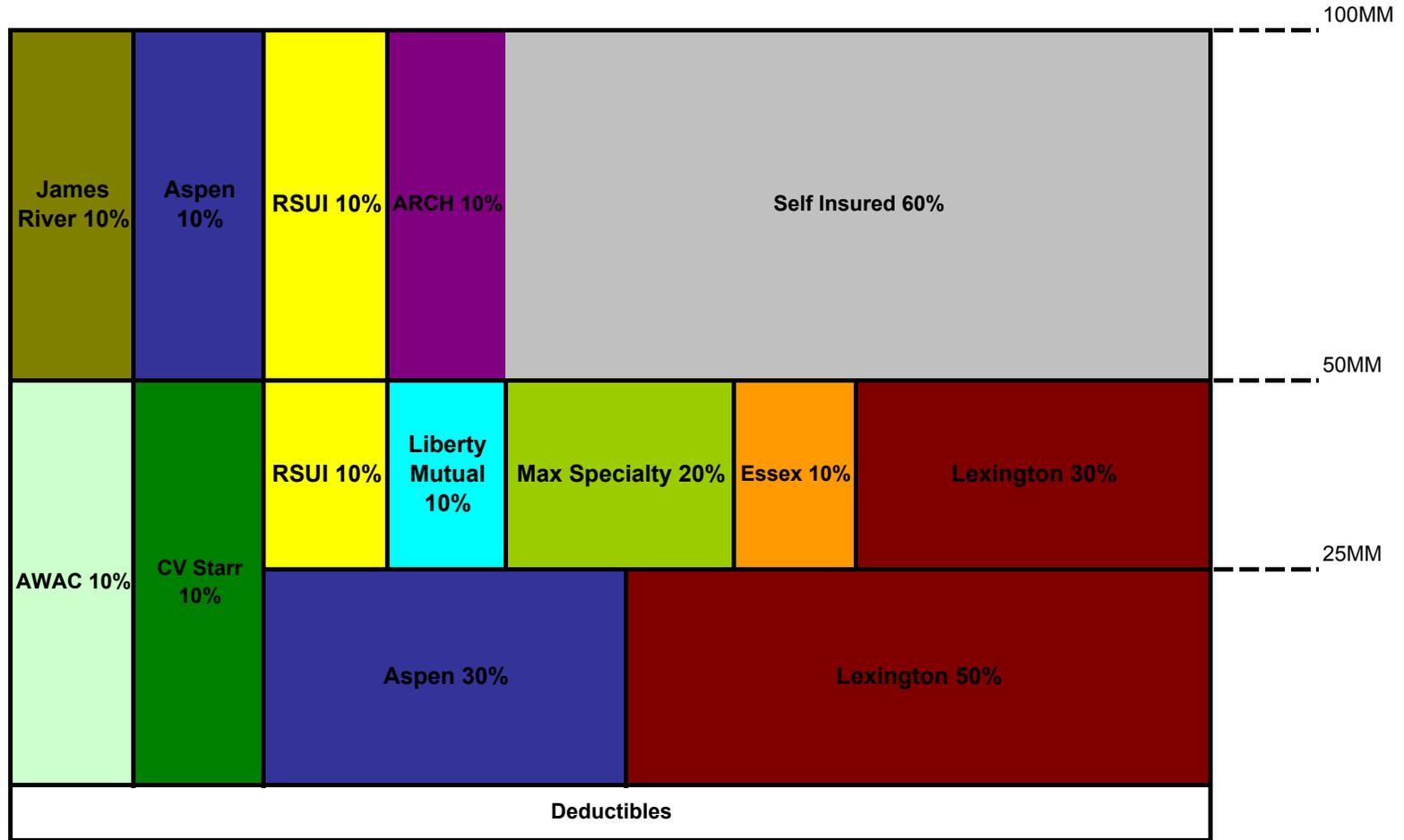
**excludes additional taxes, fees, and terrorism premiums*

Note: HRH and assigned intermediaries have secured quotations for 100MM of coverage excess of deductibles.

At the request of Sarasota County, additional limits will be sought in addition to the 100MM of coverage provided at additional premiums.

	OPTION #3		2/20/2008	
	THE SCHOOL BOARD OF SARASOTA COUNTY			
	Property Insurance Proposal 2008-2009			
Carrier	Loss Limit	Premium	Citizens Surcharge 1%	EMPA Charge
Lexington Insurance Co.	\$12,500,000 part of \$25,000,000 Primary	\$ 875,000	\$ 8,750	\$ 4
Aspen	\$ 7,500,000 part of \$25,000,000 Primary	\$ 525,000	\$ 5,250	\$ 4
CV Starr	\$ 2,500,000 part of \$25,000,000 Primary	\$ 175,000	\$ 1,750	\$ 4
Allied World Assurance Co (AWAC)	\$ 2,500,000 part of \$25,000,000 Primary	\$ 175,000	\$ 1,750	\$ 4
Lexington Insurance Co.	\$7,500,000 part of \$25M excess of \$25M	\$ 210,000	\$ 2,100	\$ 4
Max Specialty	\$5,000,000 part of \$25M excess of \$25M	\$ 140,000	\$ 1,400	\$ 4
Allied World Assurance co (AWAC)	\$2,500,000 part of \$25M excess of \$25M	\$ 70,000	\$ 700	\$ 4
Liberty Mutual Fire Ins Co	\$2,500,000 part of \$25M excess of \$25M	\$ 70,000	\$ 700	\$ 4
Essex	\$2,500,000 part of \$25M excess of \$25M	\$ 70,000	\$ 700	\$ 4
RSUI	\$2,500,000 part of \$25M excess of \$25M	\$ 70,000	\$ 700	\$ 4
CV Starr	\$2,500,000 part of \$25M excess of \$25M	\$ 70,000	\$ 700	\$ 4
James River	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
Aspen	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
RSUI	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
Arch	\$5,000,000 part of \$50M excess of \$50M	\$ 50,000	\$ 500	\$ 4
Sarasota County Public Schools	\$30,000,000 part of \$50M excess of \$50M			
		\$ 2,650,000	\$ 26,500	\$ 60
Premium Total:	\$2,650,000			
Hurricane Cat Fund & EMPA	\$26,560			
Grand Total:	\$2,676,560			
Basis: Total Insured Values	Property, Computers and Vehicles \$1,413,174,862			

School Board of Sarasota County
 All Risk Property Renewal
 May 1, 2008 to May 1, 2009
 Option #3



PROJECTED PREMIUMS* = \$ 2,650,000

*excludes additional taxes, fees, and terrorism premiums

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

Risk Management Office

Property Insurance Policies

Policy Year 05/01/2007 - 04/30/2008

<u>Policy Number</u>	<u>Carrier</u>	<u>Policy Limit</u>	<u>Policy Limit Explanation</u>	<u>Annual Premium</u>	<u>1% Assessment</u>
0992494	Lexington Insurance Co.	\$10,000,000	\$10 M Part of \$25 M Primary	\$1,273,859	\$12,738.59
None	Sarasota County Public Schools	\$15,000,000	\$15 M Part of \$25 M Primary	\$0	\$0.00
K000456S002	Ironshore	\$5,000,000	\$5 M Part of \$25 M Excess of \$25 M	\$250,000	\$2,500.00
BK00456S002	Lloyd's	\$15,000,000	\$15 M Part of \$25 M Excess of \$25 M	\$750,000	\$7,500.00
MQ2L9L441812017	Liberty Mutual Fire Insurance Co.	\$2,500,000	\$2.5 M Part of \$25 M Excess of \$25 M	\$125,000	\$1,250.00
None	Sarasota County Public Schools	\$2,500,000	\$2.5 M Part of \$25 M Excess of \$25 M	\$0	\$0.00
K000456S002	Ironshore	\$10,000,000	\$10 M Part of \$50 M Excess of \$50 M	\$250,000	\$2,500.00
BK000457S002	AXIS Capitol (London)	\$5,000,000	\$5 M Part of \$50 M Excess of \$50 M	\$125,000	\$1,250.00
	Sub Total	\$65,000,000	Sub Total	\$2,773,859	
	Minus District Participation	<u>(\$17,500,000)</u>	Plus 1% Assessment	<u>\$27,738.59</u>	<u>\$27,738.59</u>
Totals	Insured Loss Limit	<u><u>\$47,500,000</u></u>	Premium + Assessment	<u><u>\$2,801,597.59</u></u>	