

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

HUMAN RESOURCES / RISK MANAGEMENT DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Allison Foster, Executive Director of Human Resources

FROM: Lynn Peterson, Risk Manager

DATE: March 23, 2022

SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2022

Background:

The 2022 property market continues to have challenges with providers continuing to push for rate increases due to continued catastrophic losses that have taken place over the last several years. This year, there has also been disruption within the excess and surplus lines marketplace, causing several carriers to deploy less capacity then expiring and requiring them move to different positions throughout the District's property tower. Fortunately, there is still new capacity in the marketplace providing the District with options to replace some of the carriers on the program that either could not provide capacity or were providing higher priced capacity.

Renewal:

Table 1-A below summarizes the expiring program and the renewal program. This year's renewal program provided similar results to last year, with the continued elimination of the District's co-participation in the \$25M excess \$50M layer but increased the District's co-participation in the \$50M excess of \$75M layer from 46.5% to 51.83%. The District's Total Insurable Values (TIV) also increased by 5.55%

The renewal program will provide full coverage for the first \$75 million of losses. The District will be self-insuring for a portion of losses for all perils (including fire, tornado, named storm, wind, flood etc.) for those exceeding \$75M. Self-insuring helps mitigate the District's overall premium costs in the layers where pricing is still significantly higher.

The deductible remains at \$100,000 and the wind deductible remains at 3% with a \$10 million cap. This was a great success, as this is a term many insurance carriers tried to remove. In addition, most of the District's coverages and terms remain as expiring, with some terms still being negotiated.

The Property Insurance Program will continue to include a Stand-Alone Terrorism Policy with a small increase in premium (\$25,000 up from \$24,500). The Terrorism deductible remains at \$10,000 with broader coverage and enhancements to claims preparation, denial of access, utilities, attraction and threat. The Equipment Breakdown policy will also renew as expiring, with a 14.5% increase in premium on a year over year basis.

Due to recent FEMA Map changes, Woodland Middle School (2700 Panacea Blvd) is now located in Flood Zone AE and considered a Special Flood Hazard Area (SFHA). We have obtained quotes through the National Flood Insurance Program (NFIP), which will provide coverage for both building and contents, and will assist in satisfying the deductible on our Property Policy that is required for locations in SFHAs. The total Flood premium for these additional policies will be \$24,278.

TABLE 1-A

	May 1, 2021 Expiring Program	May 1, 2022 Renewal Program	Difference + / -	Percentage Change
Rate per \$100 of TIV	\$0.2083	\$0.2238	+ \$0.0156	+ 7.47%
Rate per \$100 of Loss Limit	\$3.007	\$3.411	+ \$0.404	+ 13.44%
Insurable Values	\$1,805,098,991	\$ 1,905,309,404	+ \$100,210,413	+ 5.55%
Policy Loss Limits				
Note: District Self-Insurance Below	\$125,000,000 Limit	\$125,000,000 Limit**	0.00**	0.00%**
**District Self-Insurance (AOP, Named Storm, Flood)	46.5% \$50M xs \$75M Layer* *Self-Insurance Applies to All Perils	51.83% of \$50M xs \$75M Layer* *Self-Insurance Applies to All Perils	+ \$2,666,667 Increased Self-Insurance	+ 5.33% Increased Self-Insurance
Total Premium	\$3,758,530	\$4,263,630	+ \$505,100	+ 13.44%
Total Premium with Terrorism Policy, Equipment Breakdown, and Flood Policies	\$3,801,770* <i>No Flood Policies*</i>	\$4,334,365	+ \$532,595	+ 14.01%

The renewal premiums plus regulatory charges total: \$4,334,365

Recommendation:

The renewal has a total cost of \$4,334,365 (premium + regulatory charges + Stand-Alone Terrorism Policy, Equipment Breakdown Policy, and new Flood Policies). The renewal will allow the district to remain at the \$125 Million Policy Limit (\$99,083,333 for All Perils, Named Storm, Flood, Earthquake and the District Co-Participating 51.83% in the Top Excess Layer) and maintain the same deductibles as expiring, with some terms being finalized and negotiated.

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

Attachments

	2021-22	2022-23	% Change
Insurable Value	\$ 1,805,098,991	\$ 1,905,309,404	5.55%
Capacity	\$ 125,000,000	\$ 125,000,000	0.00%
Property Premium	\$ 3,758,530	\$ 4,263,630	13.44%
Property Rate	\$ 0.20822	\$ 0.22378	7.47%
Terrorism	\$ 24,500	\$ 25,000	2.04%
Terrorism Rate	\$ 0.00136	\$ 0.00131	-3.33%

Sarasota Schools 2022-2023 Property Insurance Program

2022 Carrier	Broker	Layer	Layer Limit	Current Yr UTILIZED Layer %	Current Yr FINAL AUTH(\$)
Layer 1 - Primary \$25M					
Lloyds of London - HCC	AJG UK	Primary \$25M	\$ 25,000,000	28.00%	\$ 7,000,000
Everest: Everest Indemnity Insurance Company	AmWINS	Primary \$25M	\$ 25,000,000	10.00%	\$ 2,500,000
Axis Surplus Insurance Company	AmWINS	Primary \$25M	\$ 25,000,000	5.00%	\$ 1,250,000
Lloyds of London - HCC	AJG UK	\$25M xs of \$25M	\$ 25,000,000	21.00%	\$ 5,250,000
Lloyds of London - Argo Bermuda	AJG UK	\$25M xs of \$25M	\$ 25,000,000	7.00%	\$ 1,750,000
Lloyds of London - QBE 2.5% and Alcor 7.5%	AJG UK	\$25M xs of \$50M	\$ 25,000,000	20.00%	\$ 5,000,000
Axa XL (Indian Harbor Insurance Company)	AmWINS	\$25M xs of \$50M	\$ 25,000,000	25.00%	\$ 6,250,000
Westfield (Colony Insurance Company)	AmWINS	\$25M xs of \$50M	\$ 25,000,000	9.17%	\$ 2,291,667
Markel; Evanston Insurance Company	AmWINS	\$50M xs of \$75M	\$ 50,000,000	15.00%	\$ 7,500,000
SRU (Princeton E&S)	AmWINS	\$50M xs of \$75M	\$ 50,000,000	6.00%	\$ 3,000,000
Hallmark Specialty Insurance Company	AmWINS	\$50M xs of \$75M	\$ 50,000,000	10.00%	\$ 5,000,000
LEAD - Berkshire: National Fire & Marine Ins. Co.	Direct	Primary \$50M	\$ 50,000,000	43.33%	\$ 21,666,667
RSUI: Landmark American Insurance Co.	AmWINS	\$75M Primary	\$ 75,000,000	7.00%	\$ 5,250,000
Westchester Surplus Lines Insurance Company	AmWINS	\$75M Primary	\$ 75,000,000	6.67%	\$ 5,000,000
Arch Specialty Insurance Company	AmWINS	\$50M xs of \$25M	\$ 50,000,000	10.00%	\$ 5,000,000
Sompo: Endurance American Specialty Insurance Company	AmWINS	\$50M xs of \$25M	\$ 50,000,000	5.00%	\$ 2,500,000
Lloyds of London - Atrium - AUW (3%) + Ki (1.33%)	AJG UK	\$75M xs of \$50M	\$ 75,000,000	4.33%	\$ 3,250,000
Lloyds of London - Landcashire	AJG UK	\$75M xs of \$50M	\$ 75,000,000	7.50%	\$ 5,625,000
Aspen	AmWINS	\$75M xs of \$50M	\$ 75,000,000	3.33%	\$ 2,500,000
Lloyds of London - Axis	AJG UK	\$75M xs of \$50M	\$ 75,000,000	2.00%	\$ 1,500,000

TOTAL- PROGRAM LIMIT (WITH 51.83% CO-PARTICIPATION)

\$ 125,000,000

TOTAL- PROPERTY LIMIT (AOP/NWS/FLOOD/QUAKE)

\$ 99,083,333

\$ 123,269

Equipment Breakdown & Terrorism- Updated 2022

XL Insurance America, Inc.	RPS	\$150M Primary	\$ 150,000,000	100.00%	\$ 150,000,000
Terrorism - Underwriters at Lloyd's London	AJG UK	\$100M Primary	\$ 100,000,000	100.00%	\$ 100,000,000

TOTAL COMMISSION - (ALL LINES)

\$ 124,519

Deductibles: \$100,000 Except 3% Named Storm // NFIP Flood

COMMISSION

AJG Cmsn %	AJG Cmsn \$
5.0%	\$ 32,900
3.2%	\$ 7,664
0.0%	\$ -
5.0%	\$ 8,400
5.0%	\$ 3,308
5.0%	\$ 6,650
5.0%	\$ 8,938
5.0%	\$ 3,621
5.0%	\$ 4,500
5.0%	\$ 2,118
2.0%	\$ 1,395
1.0%	\$ 14,733
0.0%	\$ -
3.0%	\$ 7,800
5.0%	\$ 6,328
5.0%	\$ 4,168
5.0%	\$ 2,622
5.0%	\$ 4,125
5.0%	\$ 2,500
5.0%	\$ 1,500

**School Board of Sarasota County, FL - 2022 Renewal
District Self-Insures Excess - Named Storm, Flood, Earthquake & AOP in Top Excess**

OPTION 1 - AS-IS PROGRAM

PREMIUM = \$4,263,630

\$125M	Markel 15% \$50M xs \$75M		SRU 6% \$50M xs \$75M	Hallmark 10% \$50M xs \$75M	Aspen 3.33% \$75M xs \$50M	Lloyds of London 13.83% \$75M xs \$50M	SCSB SELF-INSURES 51.83% \$50M xs \$75M NWS/FLOOD/QUAKE/AOP EXCLUDED		
\$75M	Landmark 7% \$75M Primary	Westchester 6.67% Primary \$75M	Endurance 5% \$50M xs \$25M	Arch 10% \$50M xs \$25M			Lloyds of London 20% \$25M xs \$50M	Westfield 9.17% \$50M xs \$25M	Axa XL 25% \$25M xs \$50M
\$50M			Axis 5% Primary \$25M	Everest 10% Primary \$25M	Lloyds of London 28% \$25M xs \$25M	Berkshire 43.33% Primary \$50M			
\$25M					Lloyds of London 28% Primary \$25M				

Policy Deductibles: \$100,000 All Perils, 3% Named Storm max. \$10M, 3% Flood max.\$10M

DOMESTIC	INTERNATIONAL	SCSB SELF-INSURES (NO NWS/FLOOD/QUAKE/AOP)
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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	\$2,354,929	\$1,594,963,074	\$125,000,000	\$100,000	3%
(14)	05/01/2019	\$2,966,579	\$1,709,837,051	\$125,000,000	\$100,000	3%
(15)	05/01/2020	\$3,462,697	\$1,798,918,485	\$125,000,000*	\$100,000	3%
(16)	05/01/2021	\$3,759,034	\$1,805,098,991	\$125,000,000*	\$100,000	3%
(17)	05/01/2022	\$4,263,630	\$1,905,309,404	\$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
- (14) the premium does not include fees and surcharges of \$2,605
- (15) the premium does not include fees and surcharges of \$394 and the * policy limit is \$94,437,500 for named storm, flood and earthquake
- (16) the premium does not include fees and surcharges of \$834 and the * policy limit is \$ 101,750,000 for all perils and named storm, flood and earthquake
- (17) the premium does not include fees and surcharges of \$830 and the * policy limit is \$ 99,083,333 for all perils and named storm, flood and earthquake