

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

HUMAN RESOURCES / RISK MANAGEMENT DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Jody Dumas, Assistant Superintendent, Chief Operations Officer

FROM: Lynn Peterson, Director of Risk Management

DATE: April 5, 2023

SUBJECT: PROPERTY INSURANCE RENEWAL, Effective 05/01/2023

Background:

The 2023 property market continues to have significant challenges from multiple factors including market hardening with higher demand than supply, unprofitable carrier books, interest rates, reinsurance correction, inflation, and climate change. Reduced capacity in the property market is resulting in large rate increases ranging from 40% -70%, as well as coverage reductions and term changes.

Renewal:

Table 1-A below summarizes the expiring program and the renewal program. This year's renewal program will reduce the limit from \$125M to \$75M with the district's 50% co-participation in the \$25M excess \$50M. The District's Total Insurable Values (TIV) also increased by 7.35%.

The renewal program will provide full coverage for the first \$50 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 \$50M. 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 for AOP and the wind and flood deductibles will increase from 3% with a \$10 million cap to 5% with no cap. 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 17.6% rate increase and a 26% increase in premium (\$31,500 up from \$25,000). 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 12.9% increase in premium on a year over year basis.

TABLE 1-A

	2022-2023 Expiring Program	May 1, 2023 Renewal	Difference + / -	Percentage Change
Rate per \$100 of Insurable Values	\$0.2238	\$.2860	+ \$.0622	+ 27.82%
Rate per \$100 of Loss Limit	\$4.303 <i>(based on true limit purchased)</i>	\$9.360 <i>(based on true limit purchased)</i>	+ \$5.057	+ 117.52%
Insurable Values	\$1,905,309,404	\$2,045,283,410	+ \$139,974,006	+ 7.35%
Policy Loss Limits				
Note: District Self- Insurance Below	\$125,000,000 Limit	\$75,000,000 Limit**	- \$50,000,000	- 40.00%
**District Self-Insurance (AOP, Named Storm, Flood)	51.83% \$50M xs \$75M Layer* *Self-Insurance Applies to All Perils **Attaches Higher in Tower	50.00% of \$25M xs \$50M Layer* *Self-Insurance Applies to All Perils **Attaches Lower in Tower	- \$13,416,666 Decreased Self-Insurance	- 51.77% Decreased Self-Insurance
Total Premium	\$4,263,630	\$5,850,000	+ \$1,586,370	+ 37.21%
Total Premium with Terrorism Policy, Equipment Breakdown and Flood	\$4,334,365	\$5,929,367	+ \$1,595,002	+ 36.8%

The renewal premiums plus regulatory charges total: \$5,850,000

Recommendation:

The renewal has a total cost of **\$5,929,367** (premium + regulatory charges + Stand-Alone Terrorism Policy, Equipment Breakdown Policy and Flood). The renewal will reduce from the \$125M to the \$75 Million Policy Limit (\$ for All Perils, Named Storm, Flood, Earthquake and the District Co-Participating 50% in the Top Excess Layer) with remaining \$100,000 deductible and a 5% wind and flood deductible with no cap and some other terms being finalized and negotiated.

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

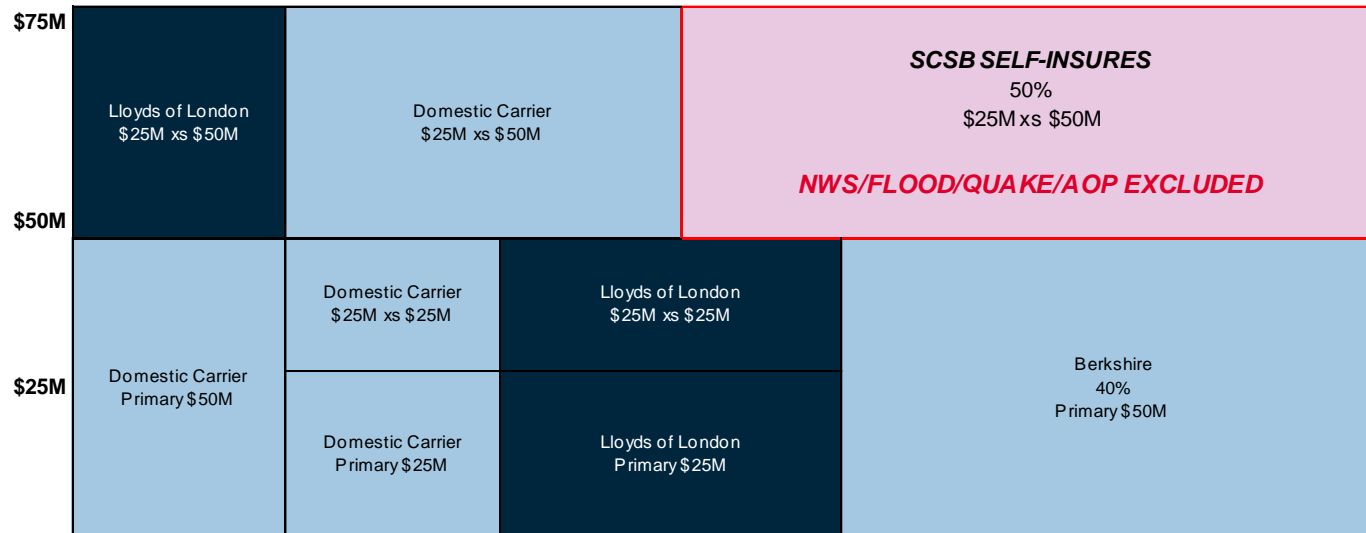
Attachments

	2022-23	2023-234	% Change
Insurable Value	\$1,905,309,404	\$2,045,283,410	+ 7.35%
Capacity	\$125,000,000	\$75,000,000	- 40.00%
Property Premium	\$4,263,630	\$5,850,000	+ 37.21%
Property Rate	\$0.22378	\$0.28358	+ 27.82%
Terrorism	\$25,000	\$31,500	+ 26.00%
Terrorism Rate	\$0.00131	\$0.00154	+ 17.38%

Current program schematic, final updates to fo

School Board of Sarasota County, FL
Option #2B - \$75M Limit - Quota-Shared by District (\$25m xs \$50m)

Anticipated Premium = \$5,850,000



Policy Deductibles: \$100,000 All Perils, 5% Named Storm, NO MAX; 5% Flood, NO MAX

DOMESTIC INTERNATIONAL SCSB SELF-INSURES (NO NWS/FLOOD/QUAKE/AOP)

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%
(18)	05/01/2023	\$5,850,000	\$2,045,283,410	\$75,000,000*	\$100,000	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.
- (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
- (18) the premium does not include fees and surcharges and the policy limit is \$62,500,000 for all perils and named storm, flood and earthquake.