

Executive Summary

Arthur J. Gallagher Risk Management Services, Inc. appreciates the opportunity to present this proposal for your consideration.

We are very pleased to present Indian River County BOCC with a comprehensive property and casualty insurance proposal effective May 1, 2021 – May 1, 2022. This executive summary provides a high-level overview of our renewal accomplishments and alternatives for consideration. It is broken into the following components:

- Marketplace Analysis – current insurance industry conditions
- Property Program Analysis
- Casualty Program Renewal

MARKETPLACE ANALYSIS

As we enter 2021, a number of compounding factors are driving the current insurance marketplace. First, there has been a substantial increase in the number of large weather-related loss events. Second, interest rates remain near historical lows, and third, the industry is dealing with an increasing loss trend in liability lines. Each of these factors help drive up prices and reduce coverage availability. Add to all these factors a global pandemic and a tightening in the reinsurance marketplace—the market is experiencing a high sense of uncertainty. This uncertainty is contributing to the feeling that this is a time where the market has entered into a new phase of recalibration. Many would call this recalibration a hard market for certain lines of coverage and industries in the U.S.

This hardening market is an underwriting-driven marketplace. In a traditional hard market, capital (and consequently capacity) is reduced, thereby limiting the availability of insurance. This marketplace is driven by the need for underwriters to make a profit from underwriting versus relying on investment income. Carriers remain intensely focused on underwriting discipline, ensuring they secure the right terms and pricing on certain lines of coverage that have historically not performed from an underwriting standpoint.

The pace of the United States’ economic recovery and the outcome of the active hurricane season could alter some of the underlying fundamentals of the current marketplace. However, in all likelihood, the conditions that exist today are not changing anytime soon, and it will take carriers some time re-underwriting their books of business to overcome the challenges associated with the current marketplace. Accordingly, all market indications point to a continuation of premium increases for the balance of the year and throughout 2021.

Property Market

The pace of change in the property marketplace continues to accelerate beyond most other lines of coverage. Loss trends have continued to outpace pricing models and, as a result, we have seen underwriters accelerate pricing increases especially over the last year.”

- Three of Gallagher’s largest property carriers **reported average rate increases of 22%** on their national property book.
- Due to rising loss trends and inadequate pricing, the national account property space (TIV > \$125M) has been under distress for a large number of carriers.
- The changes in coverage terms and conditions in the property marketplace have been significant. Increasing deductibles, shrinking sublimits—especially in catastrophic exposed geographies (CAT)—and carriers’ conservative limit deployment can lead to less favorable terms and conditions for clients.
- The rise in non-catastrophic (convective) storm losses continues to impact the industry.
- Florida 2021 renewals – To date we have seen on average 5-20% rate increases on loss free accounts. Accounts that received an above average increase in 2020, have received a below average rate increase for 2021.

According to The National Oceanic and Atmospheric Administration, the 2020 Atlantic hurricane season saw the highest number of named storms on record with 30 named storms in total.

Hurricanes and typhoons are not the only weather-related events wreaking havoc on the market. In early August, the upper Midwest was impacted by a derecho weather event, which brought straight-line wind speeds in excess of 100 mph to portions of Illinois, Iowa, Minnesota and Wisconsin. There were numerous reports of widespread damage, especially across Iowa. In addition, ongoing wildfires impacted California, Washington and Oregon. On top of that insurer could suffer record first-quarter catastrophe losses after the historic winter storm in Texas. All in, the industry continues to experience significant catastrophic losses.

Workers' Compensation

Overall, workers' compensation rates increased slightly from prior quarters, which is noted in other public sources of information, including CIAB (+1.5%). We predicted that reduced exposures, negative rates and lower-than-expected claim frequency would lead to reduced premiums for insureds, and a better-than-expected combined ratio for carriers.

- **Multiple carriers noted positive rate increases on workers' compensation renewals in the second half of 2020.** Reserve development trends are the driving force behind major changes in the workers' compensation marketplace, and they have remained favorable. As a result, we do not expect the workers' compensation marketplace to start behaving like the property or excess markets anytime soon; however, we believe we are at the beginning of a turning point in the workers' compensation marketplace. We think this turn will be more gradual—moving from its current state of slightly negative to slightly positive in the coming quarters.
- Certain industries tied to the COVID-19 crisis, such as Construction, Healthcare, Food and Agriculture, etc., face an increased risk of exposure.
- There are many scenarios and prognostications about COVID-19, and the possibility that presumption of compensability may be extended to all employees could impact the workers' compensation industry.
- More than 20 states have now proposed or enacted COVID-19-related workers' compensation bills.

Casualty Market

Primary General Liability, Law Enforcement and Errors & Omissions

General liability loss costs continued to rise in the fourth quarter as the overall legal landscape continues to shift in the U.S.

- The frequency of large judgments, increases in litigation financing and an empowered plaintiff bar continue to challenge the industry.
- The median average verdict for the top 50 cases in the U.S. has doubled in the past four years.*
- One area worth watching in the coming months is whether there is a liability exposure for companies failing to adequately follow and communicate public health guidelines. For example, a company not providing appropriate personal protective equipment (PPE).
- Governments with poor loss experience may find it difficult to purchase expiring coverage limits at a reasonable price.
- Many insureds that have had to cut limits while paying even higher premiums.
- Sexual molestation and traumatic brain injury claims continue to be the hardest hit; limits are restricted, with higher limits almost unavailable at any price. Strong risk management policies and procedures must be in place to purchase this coverage; your claims history will be an important factor. This trend is rolling across the country.
- In addition to communicable disease exclusions, underwriters have added a host of others, including sexual abuse and misconduct (SAM), and traumatic brain injury (TBI),

- Law Enforcement markets pushing for 20% rate increases at a minimum based on current environment for police officers and police departments due to civil unrest

Commercial Auto Liability

Despite several years of price increases in commercial auto liability, rates continued to increase in the fourth quarter despite a drop in claim frequency due to the COVID-19 pandemic.

- Loss costs are rising as new technologies make vehicles more expensive to repair. We expect carriers to continue to push rate increases across the board in commercial auto liability.

Accordingly, we do not anticipate much change in the casualty environment in 2021. The fact of the matter is that rates still have a long way to catch up to loss-cost trends. General liability and commercial auto costs will continue to climb modestly, and the industry will keep a careful watch on the impact of COVID-19 on the workers' compensation marketplace.

CYBER

The Market Hardens

- The cyber insurance market hit an inflection point in 2020. All signs indicate that we have moved from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are regularly seeking substantial rate increases for the public space. This trend cuts across most industry sectors.

Cyber Claim Trends

- The hardening cyber market has been driven mostly by an increase in frequency and severity of ransomware claims that manifested in 2019 and continue to occur in 2020. According to their 2020 Beazley Breach Briefing * Beazley reported a 131% increase in ransomware attacks compared to the previous year. To make matters worse, reports of seven and eight figure ransom demands are becoming common. Many of these attacks targeted IT managed service providers which often allow criminals to impact hundreds of their customers downstream.
- Cyber claim trends also were driven by significant social engineering attacks. In February the FBI released their 2019 Internet Crime Report ** revealing \$3.5 billion in losses due to cyber-crime in 2019, with \$1.7 billion directly attributed to Business Email Compromise attacks.

Heightened Cyber Risk: COVID-19 and the Remote Workforce

- With the sudden onset of COVID-19 in March, the majority of the global workforce was moved to remote locations in an effort to stop the spread of the Coronavirus. In doing so, it became apparent for many organizations that their staff may be operating in an environment that is inherently less secure than their normal office space. Questions were raised regarding insecure Wi-Fi networks, the usage of personal devices, video conferencing platforms potentially being open to cyberattacks, and whether or not the increased strain on IT networks could lead to business interruption losses.
- We have seen an increase in frequency in cyber claims directly attributed to employees working outside their normal environments. Several COVID-19 themed criminal phishing campaigns are being aimed directly at the remote workforce.
- In light of these circumstances, it would be prudent to review cyber policies to evaluate the scope of the policy coverage and how it may cover cyber losses related to the use of employee-owned devices and remote networks. Specific focus should be on how a policy might define "computer networks", "computer systems" and other key terms. In addition, policyholders should be aware that cyber claims costs for business interruption losses are almost always impacted by waiting periods before coverage will apply and limited to a specific period of restoration. In addition, while some policies expand coverage for system failure, coverage for these losses could be limited to outages stemming from only specific outsourced providers. Finally, if faced with a social engineering loss it is possible that lost funds may not be covered in the cyber policy and that other policies, such as crime policies, may apply. Review these policies carefully to see whether any portion of the loss may be covered.
- SOURCE:

- * https://www.beazley.com/news/2020/beazley_breach_briefing_2020.html
- ** https://pdf.ic3.gov/2019_IC3Report.pdf

Challenging Risk Profile Characteristics

While the hardening market is not as severe as compared with the market of the early 2000s, pockets of the marketplace certainly resemble that of a traditional hard market. Due to the variability that we’re seeing in this market and specific account characteristics, individual rates may vary from the ranges noted at the beginning of this report.

Property Program Analysis

Catastrophe Model Results Non-Utility Program

In order to assist in selection of an appropriate named windstorm limit of insurance, we have included the windstorm catastrophe model.

Critical Prob.	Return Period	Full Total Insured Value Non-Utility Program 2020	Total Insured Value Excluding Utilities 2021	Utility Estimate
		PML	PML	PML
		Ground Up	Ground Up	Ground Up
0.10%	1,000	\$ 79,836,524	\$ 45,158,477	\$ 34,678,047
0.20%	500	\$ 58,235,760	\$ 31,970,828	\$ 26,264,932
0.40%	250	\$ 39,311,035	\$ 20,830,566	\$ 18,480,469
1.00%	100	\$ 19,318,828	\$ 9,576,425	\$ 9,742,403
AAL		\$ 742,301	\$ 387,152	\$ 377,894

2017 Property Overview

In 2016 the County has submitted a claim for Hurricane Mathew which exceeded the 40% loss ratio the rate agreement was subject to. The claim was still in its early stages during renewal negotiations and the adjuster was still collecting data to properly value the claim and evaluating coverage. As a result, we approached your incumbent markets early and they all agreed to the rate agreement in place. We also negotiated to extend the flat rate agreement to 2018 renewal subject to the 40% loss ratio. However the rate agreement was not applicable to the 2018 renewal due to 2017 and 2018 losses.

Historical Results

The chart below shows the annual changes in limits, values, premiums, rates and named storm limit back to 2007.

	Exposure	Premium	Annual Rate	Limits Purchased	Named Storm Limit
07-08	\$342,013,377	\$2,387,500	\$0.70	150,000,000	50,000,000
08-09	\$414,241,373	\$1,950,350	\$0.47	150,000,000	50,000,000
4/1/09-5/1/10	\$426,623,770	\$1,412,500	\$0.33	175,000,000	25,000,000
10-11	\$301,589,497	\$1,350,000	\$0.45	200,000,000	50,000,000
11-12	\$347,436,734	\$1,049,302	\$0.30	200,000,000	50,000,000
12-13	\$332,426,422	\$1,316,000	\$0.40	200,000,000	25,000,000
13-14	\$333,657,066	\$1,264,537	\$0.38	200,000,000	25,000,000
14-15	\$342,345,764	\$1,205,000	\$0.35	200,000,000	35,000,000
15-16	\$343,203,562	\$994,238	\$0.29	200,000,000	35,000,000

	Exposure	Premium	Annual Rate	Limits Purchased	Named Storm Limit
16-17	\$352,048,567	\$948,446	\$0.27	200,000,000	40,000,000
17-18	\$365,509,174	\$984,710	\$0.27	200,000,000	40,000,000
18-19	\$381,605,432	\$1,221,289	\$0.32	200,000,000	40,000,000
19-20	\$372,933,092	\$1,324,438	\$0.36	200,000,000	40,000,000
20-21	\$548,820,748	\$1,876,307	\$0.34	225,000,000	70,000,000

In 20-21 we recommended spitting the program into two towers (utility and non-utility), the above includes the combined results.

Hurricane Mathew & Irma Losses

The County’s renewal continues to be challenging due to the paid Mathew claim and the Irma claim. Below goes over the County’s submitted claims in the last two policy years.

	Mathew		IRMA	
	Loss	Claim Payment	Loss	Claim Payment*
	*Estimate			
Schedule Locations	\$1,371,986	\$688,375	\$2,009,443	\$935,183
MUL - Beaches	\$13,129,096	\$2,500,000	\$3,761,160	\$2,500,000
Property in the Open	\$3,171,072	\$2,500,000	\$55,135	\$-
TOTAL	\$17,672,153	\$5,688,375	\$5,825,738	\$3,435,183
	Estimate Paid out Claims			\$9,123,558
	Total Premium last 5 years			\$6,355,238
	Loss Ratio for last 5 Years			144%

2020 Property Overview

The County’s total insurable values for the 20-21 renewal increased from \$381,605,432 to \$548,820,748, a total increase of 47%. The increase was due to an appraisal the County completed in 2019. The appraisal allowed us to identify the County had enough Utility assets to carve out and approach Star Tech, an MGA that specializes in Utility programs.

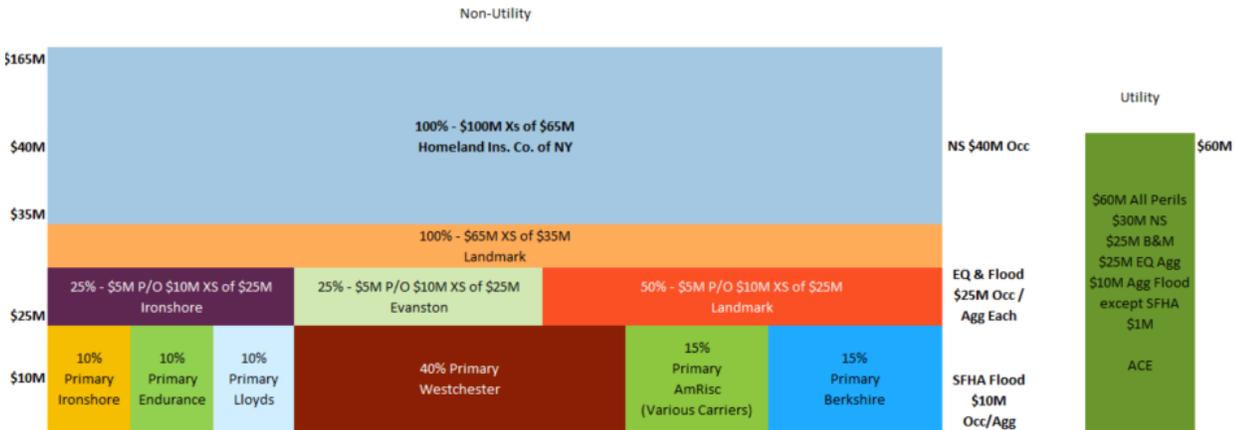
We offered several program options and the County decided to go with the two separate program towers:

- **Standalone Layered Program (Non-Utility Assets) with Star Tech (Utility Assets)**
 - Total Premium excluding Fees \$1,876,307,
 - Additional premium of \$549,313 expiring, a 3.92% decrease in rate.

Two major advantages gained by providing coverage for the Utility assets on a separate policy are a cost savings as well as an increase in the total overall limits and Named Storm limits available in catastrophic loss.

The Starr Tech Utility program includes a \$30,000,000 limit for Named Storm that is separate from the coverage provided on the non-utility assets, which will provides the County coverage levels on both programs which are in excess of a 500 year probable maximum loss.

2021 Non-Utility Renewal Overview



Non - Utility Deductibles
All Perils \$100,000 Per Occurrence *except*
Flood - Special Flood Hazard Area 5% of the value per unit of insurance, minimum \$100,000 and a max \$5M Per Occurrence
All Other Flood - \$100,000
Named Hurricane - 5% of the value per unit of insurance, minimum \$100,000 and a max \$5M Per Occurrence
Installation : \$10,000 Per Occurrence

Utility Deductibles
All Perils \$100,000 Per Occurrence *except*
Flood - Special Flood Hazard Area 5% of TIV, minimum \$250,000 Per Occurrence (excess of NFIP, whether purchased or not)
Named Windstorm - 5% of TIV, minimum \$250,000 Per Occurrence

This year we fully marketed Indian River’s property program to 36 markets to ensure the best possible outcome. Indian River County’s property insurance renewal program is based on total insurable values of \$295,252,980 and provides a program limit of \$165 million with \$40 million for Named Storm Coverage, \$25 million each for Flood and Earthquake Aggregate Annually except \$10 million for Special Flood Hazard Area. The policy deductible is \$100,000 with a 5% Named Hurricane with a maximum per occurrence of \$5 million. We have received rate increases between 8% and 14%. The final renewal premium is \$1,351,104 which is an 8.74% rate increase. Below you will find the material changes for the renewal:

1. Remove \$250,000 sublimit for Personal Property Outside the U.S.A
2. Communicable Disease Exclusions
3. Add an aggregate to the Mold sublimit of \$2,000,000
4. Post Loss Assignment Exclusion – The insurance will not apply to any expenses submitted that the County assigned their rights or interests to the vendor used to make repairs as a result of a covered claim
5. Updated edition dates for Exclusions related to virus, bacteria and/or microorganism

2021 Utility Renewal Overview

The County’s renewal based on a total insured value of \$242,955,795. Star has offered two options this year and we recommend you keep limits per expiring:

Description	2021 – Option 1 (Expiring Limits)	2021 – Option 2 (Reduced Limits)
Policy Limit – Any One Occurrence	\$60,000,000	\$60,000,000
Earth Movement – Aggregate	\$25,000,000	\$25,000,000
Flood (including storm surge) - Aggregate	\$10,000,000	\$5,000,000
Special Flood Hazard Area – Aggregate	\$1,000,000	\$1,000,000
Named Windstorm – Any One Occurrence	\$30,000,000	\$10,000,000
Premium and Fees	\$650,004	\$580,063
Difference from expiring	\$70,757 / 12.22% increase	\$816 increase / .14%

Flood

The Starr Tech Utility Property program includes \$1,000,000 Aggregate in Special Flood Hazard Area (SFHA). The County Utility schedule has \$34,330,128 in SFHA. Last year we recommended the County purchase NFIP blanket flood coverage for four specified buildings at South Central WWTP the renewal premium is \$8,637. This coverage would be primary and provides an additional \$1,250,500 in additional flood limit and includes a \$25,000 Per Building Deductible.

Equipment Breakdown

In 2020 the County’s Equipment Breakdown policy came off a three year rate agreement. We received two quotes and we recommend the County remain with the Incumbent, Travelers. Travelers has included the following material changes on renewal:

1. Added Water Damage sublimit of \$100,000, expiring policy provided up to policy limit.
2. Removed Deductible Waiver – This waived your deductible if the claim also triggered your Property policy and exceeded your property deductible.
3. Removed Underground Pressure Vessel and Piping coverage – This exclusion was removed as the exposure no longer applies to the assets being covered. This exclusion was carried forward last year from 2019 when the program included Utility assets.

The Equipment Breakdown policy with Travelers is for the non-utility assets as presented in our Property section with a total insured value of \$295,252,980. The renewal premium with Travelers is \$9,827. This is a \$985 which is an 11% increase.

The Utility Assets Equipment Breakdown coverage is included in Star Tech / ACE American Ins. Co.

Inland Marine – Vehicles over \$100,000, Contractors Equipment, Rented & Leased Equipment and Golf Carts

We approached fifteen markets on your behalf and received various declinations stating they could not compete with your current program or provide coverage requested. The last several years Auto Physical Damage has become more difficult to place. Carriers are concerned with concentration of vehicles or equipment. Your renewal carrier has added a \$2,500,000 sublimit for each peril of Named Wind Storm and Flood. The expiring program included Named Windstorm and Flood up to the \$20,000,000 policy limit.

We received the following:

1. Allianz - \$20,000,000 Policy limit with \$5,000,000 for Named Wind Storm and Flood = \$160,000 (indication)
2. Colony – Provide Excess Coverage over \$2,500,000 Named Wind Storm and Flood sublimits

	Limit	Premium	Annual Rate	Rate Increase
Markel	\$20,000,000 except \$2.5M for Flood and NS	\$94,513	\$0.2667	22.28%
Markel / Colony	\$10,000,000	\$182,810	\$0.5158	143%
Markel/Colony	\$20,000,000	\$197,081	\$0.5561	161%

The County has a high concentration of vehicles and equipment located at 41st Street. The departments have items stored on 41st Street includes Road and Bridge, Utility Operations and Water & Sewer for approximately \$8 million.

Historical Overview

	Exposure	Premium	Annual Rate
14-15	\$14,816,005	\$45,854	\$0.3095
15-16	\$19,531,041	\$53,032	\$0.2715
16-17	\$21,970,630	\$53,606	\$0.2440
17-18	\$22,973,220	\$51,771	\$0.2254
18-19	\$25,088,873	\$59,790	\$0.2383
19-20	\$29,592,882	\$67,193	\$0.2271
20-21	\$34,365,792	\$74,954	\$0.2181
% Change	3.12%	26%	22.28%

The County will need to continue the audit the current policy and the County will need to provide the rental expenditure for leased equipment.

Terrorism Property, NCBR Property & Terrorism Liability including NCBR

The County's Terrorism & NCBR policy covers all locations currently reported on your Property program, and inland marine schedule. The total insured value for this renewal is \$573,397,830; a .71% exposure increase. The renewal premium is \$24,950. The Terrorism Property Damage policy renewal premium is \$11,750. We recommend the County purchase the Liability coverage being offered. The County has two choices:

1. Add Liability and share the \$10 million limit for \$2,500
2. Add Liability for dedicated limit of \$3,000,000 Any One Occurrence / \$6,00,000 Aggregate for \$5,000

The combined Terrorism premium is \$41,700; a 20% increase from expiring.

The Terrorism policy will remain on the Vehicle A form which follows your all risk placement with sublimits that override the all-risk in respect to terrorism only. These sublimits include Claims Preparation, Transit, Seepage Contamination and Pollution / Clean-up, etc. The policy provides financial loss as a result of a threat, loss of attraction including non-damage to the insured out to a 2.5 mile radius from an insured location and denial of access including non-damage out of 2.5 mile radius from an insured location.

The NCBR Property Damage and Liability coverage form has been updated. The prior policy only provided coverage if the chemical, biological, nuclear or radiological weapons were result of terrorism or sabotage. The new form provides coverage to scheduled property as long as the damage is a result of chemical, biological, biochemical, radiological or nuclear material.

Crime

In 2018 we marketed your policy and the County remained with Hanover and opted for a three year term with annual installments. The County suffered a Crime loss during the three year term for \$288,220. This year we marketed your program and received competitive option from Travelers and Hanover.

Hanover has updated their Government form from an ISO 2006 to the latest 2015 edition.

SUBJECT OF INSURANCE	18-20 Hanover	21-23 Hanover	21-23 Travelers
Form	Discovery	Discovery	Discovery
Limits			
Employee Dishonesty	\$1,000,000	\$1,000,000	\$1,000,000
Forgery or Alteration	\$100,000	\$100,000	\$1,000,000
Inside Premises- Theft of Money & Securities	\$50,000	\$50,000	\$100,000
Inside Premises-Robbery or Safe Burglary of Other Property	\$50,000	\$50,000	\$100,000

SUBJECT OF INSURANCE	18-20 Hanover	21-23 Hanover	21-23 Travelers
Outside Premises	\$50,000	\$50,000	Not Provided
Computer Fraud	\$250,000	\$250,000	Not Provided
Funds Transfer Fraud	\$250,000	\$250,000	Not Provided
Money Orders & Counterfeit Currency	\$50,000	\$50,000	\$50,000
Credit Card Forgery or Alteration	\$1,000,000	\$1,000,000	Included in Forgery or Alteration
Destruction of Electronic Data or Computer Programs	\$10,000	\$10,000	\$50,000
Faithful Performance of Duty Coverage – Per Loss	\$1,000,000	\$1,000,000	Included in Employee Dishonesty
Prior Theft or Dishonesty	\$25,000	\$25,000	Not Applicable
False Pretense/ Social Engineering Fraud	\$50,000	\$50,000	Not Covered
Claim Expense	Not Applicable	Not Applicable	\$5,000
Deductibles			
Per Loss except	\$5,000	\$5,000	\$5,000
Employee Dishonesty	\$5,000	\$25,000	\$5,000
Destruction of Electronic Data or Computer Programs	\$10,000	\$10,000	\$5,000
False Pretense/ Social Engineering Fraud	\$5,000	\$10,000	Not Covered
Deductibles			
Per Loss except	\$5,000	\$5,000	\$5,000
Employee Dishonesty	\$5,000	\$25,000	\$5,000
Destruction of Electronic Data or Computer Programs	\$10,000	\$10,000	\$5,000
False Pretense/ Social Engineering Fraud	\$5,000	\$10,000	Not Covered
Premium			
<i>Three Year Annual Installment</i>	\$5,005	\$6,597 except Year 3 - \$6,616	\$6,914
<i>% Change</i>		31.81%	38%

Public Entity Excess Liability

In 2020 the County was coming off a rate agreement with Brit. We marketed your program to five markets and coverage remained with Brit for a 6% rate increase. This year based on expiring marketing we approached Safety National. Safety declined to quote based on current premium. Brit has offered a renewal premium of \$182,100 which is a \$21,100 increase from expiring. This is a 13% premium increase. Based on the current Casualty market conditions, the rate increase is in line.

This year Brit has moved to a new coverage form and here are the material changes:

1. Our current policy has nine coverage sections. The new form has ten coverage sections.
2. The intent is liability limits cannot be stacked, loss is recoverable under ONE coverage section
3. Added exclusion for: Any liability arising out of the flooding, cracking, seepage, accidental discharge, partial or complete structural failure or over-topping of a DAM for which the INSURED is legally liable. A DAM is defined as: DAM means any artificial barrier, including, but not limited to, spillways, berms or reservoirs that have the ability to impound water for the purpose of storage and/or control of water that is greater than 25 feet in height with storage capacity of more than 15 acre-feet or greater than 6 feet in height with storage capacity of more than 50 acre-feet. DAM also means levees and any dam classified as high hazard.
4. The Law Enforcement Liability now includes an exclusion for Auto Liability. This ensures Auto Liability claims addressed within Auto Liability coverage section.
5. Your expiring Errors & Omissions, Law Enforcement and General Liability sections included coverage for Sexual Abuse and Sexual Harassment. Sexual Abuse now has its own claims made coverage form and dedicated limit. The new coverage form requires potential claims be reported within 180 days after initial discovery of any actual, attempted or pending allegation. Many insured historically had Occurrence coverage within their General Liability and this is a trend we are seeing across the industry. The retro date for this section is May1, 2021. Prior Sexual Abuse coverage for the County was written on an Occurrence form.

- 6. Extended Reporting Period changed from 100% max annual premium to 200% max annual premium
- 7. Added Exclusion for Communicable Disease

Brit will continue to offer loss control funds, this is a cost sharing arrangement and they will reimburse you 50% of the total cost up to \$3,000. The services have to be pre-approved in order for the County to receive a refund.

Brit continues to require Johns Eastern to follow their TPA guidelines to address how they expect them to manage and communicate claims.

Excess Workers Compensation

The Excess Workers Compensation market continues to be limited in Florida for entities that have Police and/or Fire exposures which are subject to presumption laws. As a result many entities our forced to take spit retentions with Police/Fire retentions of \$750,000 to \$1 million. In 2015, we were successful in negotiating \$650,000 retention for all classifications except \$1 million for USL&H and Jones Act.

In 2016 we negotiated on your behalf a flat rate with Safety as well as a rate agreement for 2017, 2018, 2019 and 2020.

The renewal premium is \$229,137; a 12.27% rate increase at expiring retentions.

Renewal Options		
SIR	Premium	Rate
\$650,000 except \$1M for USL&H / Jones Act	\$229,137	\$.247
\$750,000 except \$1M for USL&H / Jones Act	\$202,234	\$.218

Based on our review of losses from 2010 to present the divisions with the largest total incurred:

- 1. Fire Rescue - \$5,245,429
- 2. Sheriff - \$4,746,568
- 3. Road & Bridge - \$2,112,500

We did approach Arch as well for a quote however they declined based on the current rate.

Cyber / Excess Cyber Liability

The County obtained its first Cyber Liability policy in 2014. The carrier was AIG and they provided a \$1,000,000 limit with a \$25,000 Deductible. Last year, coverage was moved to Travelers for a savings of \$7,035. In 2020, the County suffered a security incident and used True Digital to respond to the event. True Digital is not an approved vendor under Traveler’s policy.

We approached six markets and received one renewal quote and two indications, three declinations.

- 1. Star – Indicated \$40k to \$50k premium with a \$250k minimum retention and 25% coinsurance for all coverages triggered from a ransom event
- 2. Ascent – Indicated \$38k with \$100k in retention and cannot offer any Cyber Crime coverage
- 3. Tokio – Indicated a minimum of \$30k range with a \$50k in retention

Travelers has offered a renewal quote of \$30,368; a \$6,067 premium increase with the expiring limit of \$1,000,000 and a \$25,000 Deductible. This is a 25% rate increase. We requested True Digital be approved as the County’s Forensic Vendor for future incidents. However based on the volatility of the market, the carrier does not want to approve prior to an event. Therefore if the County was to have another incident, they should approach the claims adjuster for approval to use True Digital prior to County incurring any expenses.

We expect this coverage line to continue to evolve in the next couple of years. We recommend anticipating your deductible be increased in future renewals along with the premium.

Ancillary Policies

Watercraft Protection & Indemnity / Hull

The renewal premium offered by Great America is \$7,761; a 5% increase.

Church General Liability

The renewal premium is \$2,087; a 16% increase. Several forms have been updated with new edition dates.

Statutory AD&D (Firefighters & Sheriff)

The renewal annual premium is \$6,166; a Flat renewal. The County can agree to a two year term with annual installment for \$5,953 (\$213) or a two-year pre-paid for \$11,906.

County overview of expiring vs. renewal program for all coverages

The following table provides an overall snapshot of the 2020 vs. 2021

		Premium & Fees		% Change
		Expired	2021 Renewal	
1	Non-Utility Property	\$579,247	\$650,004	12.22%
2	Utility Property	\$1,231,397	\$1,351,104	9.72%
3	Flood	\$8,637	\$8,637	0.00%
4	Equipment Breakdown	\$8,842	\$9,827	11.14%
5	Terrorism Property Damage	\$11,686	\$16,750	43.33%
6	NCBR Property Damage / Terrorism Liability	\$23,095	\$24,950	8.03%
7	Inland Marine	\$76,528	\$94,513	23.50%
8	Crime	\$5,005	\$6,597	31.81%
9	Parking lot GL	\$1,790	\$2,087	16.59%
10	Excess General Liability, Excess Public Officials & Employment Practice, Excess Auto Liability	\$161,000	\$182,100	13.11%
11	Excess Workers Compensation	\$198,202	\$229,137	15.61%
12	Privacy & Network Security Liability	\$24,301	\$30,368	24.97%
13	Watercraft Hull & P&I	\$7,390	\$7,761	5.02%
14	Statutory AD&D	\$6,192	\$6,166	-0.42%
15	Gallagher Fee	\$175,000	\$175,000	0.00%
		\$2,518,312	\$2,795,001	
<i>Difference from Expiring</i>			\$276,689	10.99%
OPTIONS			Premium (Additional or Credit)	
Utility Property – Reduce Named Storm and Flood sublimits			(\$69,941)	
Terrorism Liability – Share limit with \$10M Property Damage			(\$2,500)	

	Premium & Fees		% Change
	Expired	2021 Renewal	
Inland Marine - \$10M Limit (including Windstorm and Flood)		\$88,297	
Inland Marine - \$20M Limit (including Windstorm & Flood)		\$102,568	
Excess Workers Comp - \$750k SIR including Sheriff		(\$26,903)	
Accidental Death & Dismemberment (Two Year Term with Annual Installment)		(\$213)	

Conclusion

We look forward to reviewing this proposal with you in detail and truly appreciate your business. In the following pages we will review the results, changes, enhancements and options by each line of coverage:

Michael Gillon
Area President

Erica Connick, ARM-P
Area Senior Vice President