

Executive Summary

We are very pleased to present Indian River County BOCC with a comprehensive property and casualty insurance proposal effective May 1, 2024 – May 1, 2025. 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

The Big Picture

2024 PROPERTY MARKET OUTLOOK & GALLAGHER STRATEGY

Insurance Market Report — March 2024

At a glance

Property:

Property buyers are seeing continued increases, even after the severe constraints of the past two years. That said, creative solutions must be considered as not all renewals will be straightforward, and double-digit rate increases are set to continue.

Casualty:

A sensible market is emerging, with median rate increases largely stabilizing. Insurers are closely monitoring the impact of social inflation, nuclear verdicts, and rising medical costs. Against a backdrop of rising loss costs, commercial auto carriers are facing up to potential adverse prior-year reserve development.

Cyber:

The cyber insurance market continues to mature as claims activity has increased in frequency and severity. Hackers are leveraging AI as they wage more sophisticated and targeted attacks.

Foreword

While challenges within the commercial property market continue, many clients will be relieved to find a more stable property marketplace at this year’s renewal, but are likely to see continued rate increases.

We are not out of the woods yet and many of the challenges clients have faced in their renewals are likely to continue for the near future. Our brokers will continue to emphasize the importance of providing detailed risk submissions well ahead of renewal discussions.

The casualty market is currently stable. However, there are concerning claims trends with social inflation and nuclear verdicts that all are monitoring.

Within commercial auto, the rising cost of repairs and liability payouts is raising questions about the adequacy of carriers’ prior year reserves, an issue that could play out in pricing and coverage trends moving forward.

Cyber claims activity is picking up again, with malicious actors leveraging AI to carry out increasingly targeted and sophisticated attacks. Volatility of pricing is likely to remain a feature as the market continues to mature.

Insurance Market Report — March 2024

Key Trends

Property: Slight easing of capacity constraints, but no time for complacency

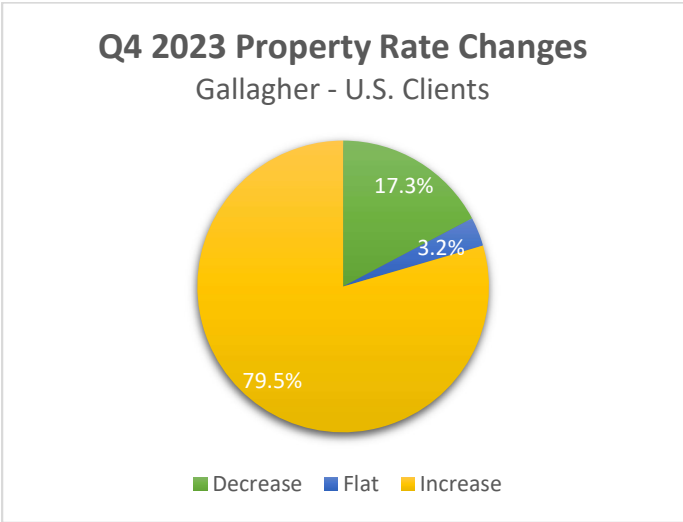
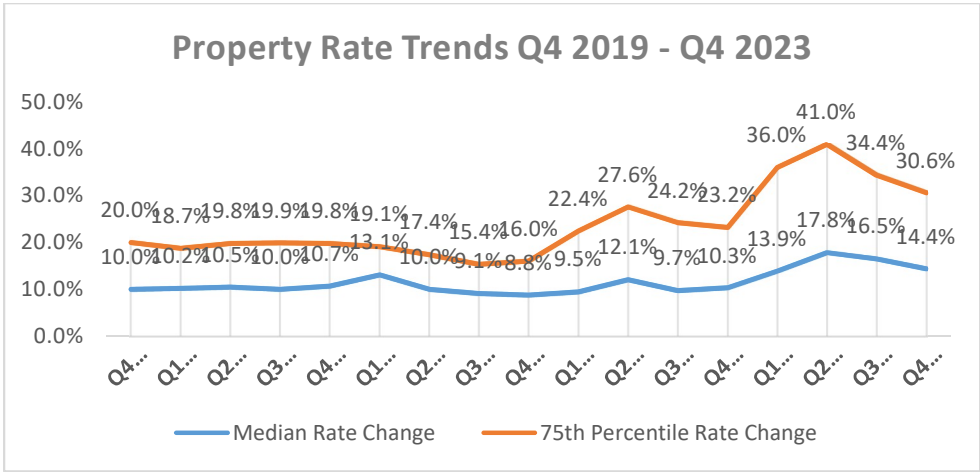
- Property premium rates hardened by an average of 14.4% in the fourth quarter, showing a slight moderation after rates hardened by a median of 16.5% in Q3 and 17.8% in Q2 2023.
- Year-on-year, Q4 rate increases remain higher than the same period of the previous year (10.3%).
- Close to 80% of clients experienced an increase on their renewal price in the fourth quarter of 2023.
- While the market is plateauing at mid-teen rate increases, it is important to continue to explore all the options. There will be tough renewals ahead, and clients should prepare for potential double-digit increases in premium rates.
- In Florida, the first quarter Public Entity renewals came in with rate increases between 2-12%; the average was 6%.

“A lot of our clients may hear the message that the market is moderating and the pace of rate increases has decelerated. But the expectation that you may get the same renewal as everyone else shouldn't be there.

We need to continue to deploy those harder market strategies because there will be some tough renewals out there. Not everyone is going to have the same result, and there's still some displacement with carriers. Some property carriers are still continuing to re-underwrite their book.”

Martha Bane, Executive VP, Managing Director, Property Practice, Gallagher

Insurance Market Report — March 2024



OUR METHODOLOGY

Gallagher Drive® is a premier data and analytics platform that uses both the change in premium and total insured values (TIVs) to calculate the rate change each month. The rate change is broken down by class of business and focused on the renewals within the mid-market and large account space.

The approach and methodology gives a representation of the actual rate change, not just the premium change.

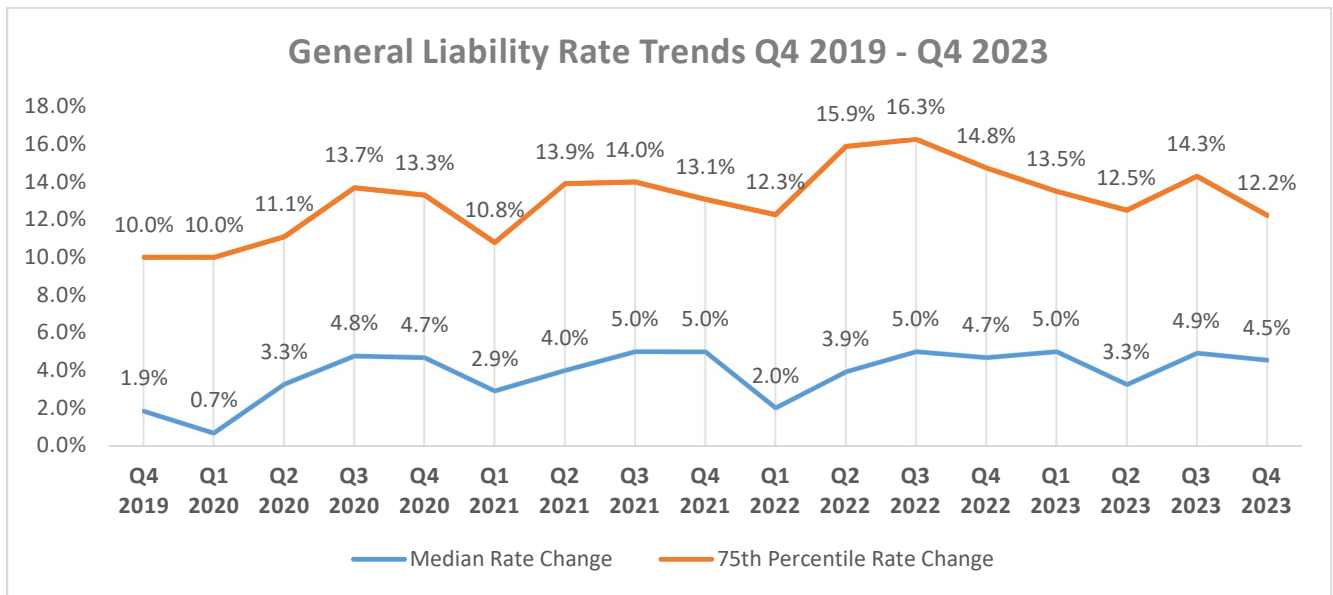
Insurance Market Report — March 2024

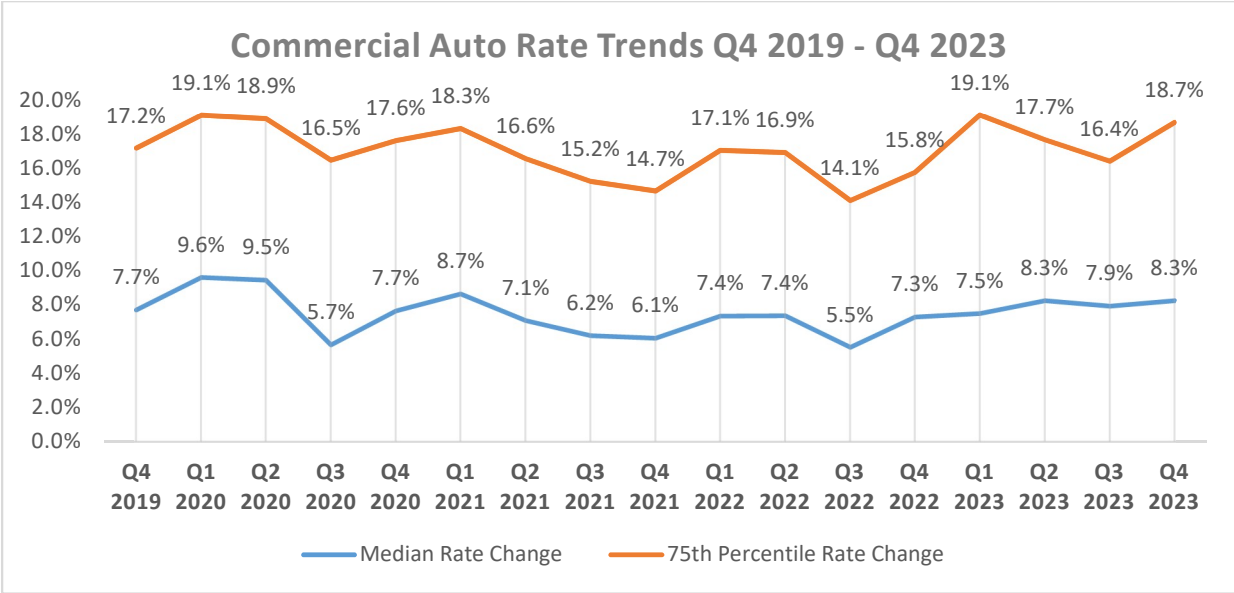
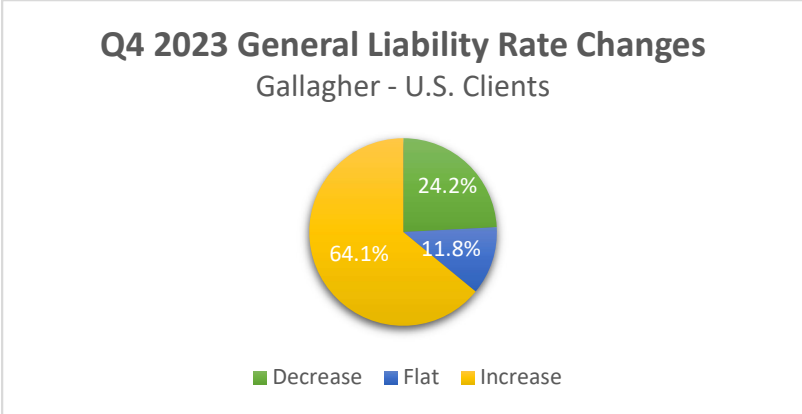
Casualty: Single-digit rate increases for now, exposures still up

- We continue to see single-digit increases within most casualty classes, with general liability rates up by a median average of 4.5% and by 8.1% for umbrella business and 8.3% for commercial auto in Q4 2023.
- Social inflation and nuclear verdicts should drive further rate increases going forward. However, there continues to be a greater choice of markets at renewal.
- Carriers are closely monitoring legal settlements relating to emerging risks, including those involving PFAS “forever chemicals” and biometric (BIPA) privacy breaches.
- Inflation continues to drive up the cost of auto repair and liability claims, and rating agencies are voicing concern over the potential for adverse reserve development!

“This marketplace is continuing to stabilize. January 2024 casualty treaty renewals were more favorable than originally anticipated. Carriers have benefited from moderate rate increases for the most part and high single-digit rate increases on auto umbrella excess business. The combination of moderate rate increase and exposure increases makes for a healthier marketplace, where premiums are still up near double-digits.”

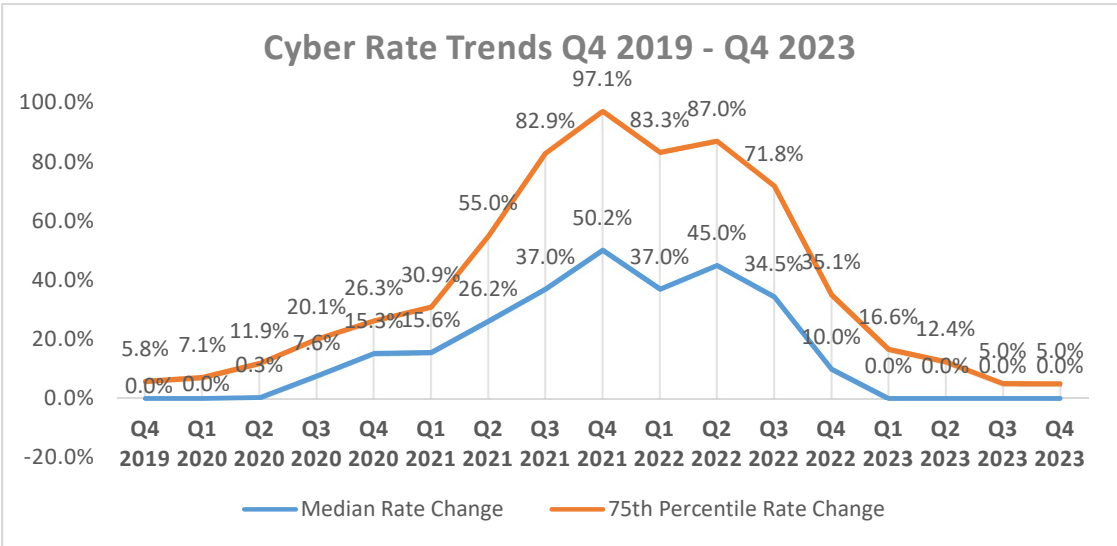
Bill Baker, Head of Sales and Gallagher, CORE360®





Cyber: Still a volatile class

- Median cyber insurance rates remained largely flat through 2023 after declines during 2022, reflecting an uptick in claims and underwriters’ evolving risk appetite.
- As a somewhat unpredictable class of business, the pricing cycle within cyber is more volatile than what we see in some more established classes of business.
- Cyber intrusions continue to grow in sophistication, with hackers targeting digital supply chains and increasingly leveraging AI to carry out social engineering, ransomware and phishing attacks.
- Insurance buyers with a sophisticated approach to cybersecurity will benefit from greater resilience, as well as access to more capacity and better terms and conditions.



Property Program Overview

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	<u>Including Utilities</u>	<u>Excluding Utilities</u>	<u>Excluding Utilities</u>
		<u>Program 2020</u>	<u>2023</u>	<u>2024</u>
		PML	PML v.22	PML v.23
0.10%	1,000			
0.20%	500	\$ 53,260,282	\$ 32,788,628	
0.40%	250	\$ 34,723,816	\$ 20,822,019	\$35,432,919
1.00%	100	\$ 15,563,417	\$ 8,916,423	\$15,104,883
AAL		\$ 555,558	\$ 330,512	\$599,489

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
03-04	\$152,645,263	\$474,116	\$0.31	\$152,645,263	\$152,645,263
04-05	\$161,495,446	\$475,474	\$0.29	\$161,495,446	\$161,495,446
10/1/05-4/1/07	\$222,607,714	\$994,076	\$0.45	222,607,714	222,607,714
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
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	\$381,676,150	\$1,221,337	\$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	\$533,312,836	\$1,794,080	\$0.34	225,000,000	70,000,000
21-22	\$538,208,775	\$2,002,133	\$0.37	225,000,000	70,000,000
22-23	\$561,325,462	\$2,232,956	\$0.40	225,000,000	70,000,000

	Exposure	Premium	Annual Rate	Limits Purchased	Named Storm Limit
23-24	\$597,789,068	\$2,971,897	\$0.50	160,000,000	45,000,000

Prior to 2008 the First Primary \$1,000,000 of Property Coverage provided in Package policy and not included in premium above. In 20-21 the program was split into two towers, above includes the combined overall results.

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

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.

2023 Non-Utility Property Renewal Overview

2023 was one of the hardest markets the insurance industry has experienced in over thirty years. Carrier’s started to use tools to determine if an account had valuation issues. If valuation is below their tools, they push for a margin clause, scheduled coverage or charge a rate increase over and above the market average. We also experienced many carriers reducing their capacity to much smaller line sizes and increasing their rates in conjunction.

Based on conversations with the County, we agreed to explored \$25 million Named Storm limit and various All peril limits. The county bound the below:

All Other Perils Per Occurrence	Named Storm Per Occurrence	Flood & Earthquake Aggregate	Premium	Premium %	Rate %
\$165,000,000	\$25,000,000	\$25,000,000 Each except SFHA \$10,000,000	\$2,255,000	49.14%	37.58%

Program Term Changes

Below are the material changes and additional terms may change once the program is final:

1. County has decided to consider reducing Named Storm coverage from \$40 million to \$25 million based on rate increases
2. Hurricane Deductible changed to Named Storm – The previous Named Hurricane deductible only applied if wind speeds exceeded 74 mph or greater and was declared by NOAA to be a Hurricane. A Named Storm deductible includes tropical depressions (max sustained winds 38 mph or less) and tropical storm (max sustained winds 39 to 73 mph).
3. Maximum Deductible Cap for Named Storm or Special Flood Hazard Area removed

4. Scheduled coverage or a Margin Clause – Coverage will be limited to value reported in your statement of value for each item or 110% of the reported value
5. \$10,000,000 Debris Removal sublimit added or 25% of the loss, whichever is lesser
6. Dedicated \$5,000,000 Expediting Expense sublimit removed and now included with the \$5,000,000 sublimit for all Time Element Coverages (Business Income, Extra Expense and Expediting)
7. Added \$10,000,000 sublimit for Protection and Property
8. Special Flood Hazard Area deductible to be applied to locations partially within zone vs. “wholly”
9. Unintentional Errors and Omission – Reduced from \$10 million to \$2.5 million
10. Swing Clause – reduced from 5% to 2.5%

2024

This year we approached five markets direct, thirty-one markets via Risk Placement Services and forty-three syndicates between London and Bermuda markets via Gallagher UK.

The County’s total insured value went up 9.07% this was based on a combination of the County increasing the values for specific locations mainly for property in the open or contents. All buildings the County did not increase values a 5% trend was applied to the building. This year we are oversubscribed and we have leveraged new capacity against expiring incumbents to drive down the year over year premium. The renewal premium including surcharges is \$2,125,422. The expired total premium was \$2,108,479.01. This is a \$16,942.99 increase in premium. The renewal rate is a 7.78% decrease over expiring. We do recommend the County consider increasing the Named Wind Storm limit and obtained the following options:

Option	All Other Perils Per Occurrence	Named Storm Per Occurrence	Flood & Earthquake Aggregate	Premium	AP
1 - As Is	\$100,000,000	\$25,000,000	\$25,000,000 Each except SFHA \$10,000,000	\$2,125,422	
2	\$100,000,000	\$27,500,000	\$25,000,000 Each except SFHA \$10,000,000	\$2,166,356	\$40,934
3	\$100,000,000	\$32,500,000	\$25,000,000 Each except SFHA \$10,000,000	\$2,253,860	\$128,438

We’re still pending the majority of the quotes however to date were aware of the following material changes from expiring:

1. The Primary \$25 million all carriers have agreed to blanket. The expired program had one carrier that provided a 110% margin clause.
2. The carriers above \$25,000,000 will continue to provide a 110% margin clause
3. Berkshire
 - a. Has requested to add a sublimit of \$5,000,000 for Riots, Strikes, Malicious Damage and/or Civil Commotion. We will leverage being oversubscribed to get this increased and/or removed.
 - b. Loss Adjustment Provisions Applicable to Insured’s Retention – This form includes a drop down clause, priority of payments and explains how the deductible applies. This form isn’t necessary and we will ask if they can remove the form or we can amend the lead form to address any concerns they may have.
 - c. They want to add the following to additional property not covered: walkways, footpaths, causeways, boardwalks, decks and other similar structures whether elevated or not; bridges, footbridges, slipways, harbors, marinas, roadways and other similar structures whether elevated or not. We will need to work through which items we currently report

value within the Statement of Values and which location. We will ask them to agree to provide coverage for the locations where the values are being reported.

4. Specific Carrier Non-Concurrencies – While most markets require additional forms/endorsement on their specific policies, a full list of non-concurrent endorsements/form will be included in the final proposal. To date, we have only received three quotes.

Currently were using 7% of capacity from Argo Bermuda. They are considered an “alien” insured.. As a result, you we will be billing and collecting FET tax of 4% with the Federal Government.

Utility Historical Overview

	Exposure	Premium & Fees	Annual Rate Excludes Fees	Limits Purchased	Named Storm Limit
2020	\$240,987,448	\$579,247	\$.2348	\$60,000,000	\$30,000,000
2021	\$242,955,795	\$650,004	\$.2634	\$60,000,000	\$30,000,000
2022	\$248,919,888	\$736,424	\$.2890	\$60,000,000	\$30,000,000
2023	\$259,128,905	\$873,422	\$.3332	\$60,000,000	\$20,000,000
2024	\$261,286,540	\$963,319	\$.3649	\$60,000,000	\$20,000,000

Description	2022	2023
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	\$10,000,000
Special Flood Hazard Area – Aggregate	\$1,000,000	\$1,000,000
Named Windstorm – Any One Occurrence	\$30,000,000	\$20,000,000

2024 Utility Renewal Overview

The County’s renewal is based on a total insured value of \$261,286,540; a .83% increase in values. Starr’s premium increase is 10.29%. The rate is approximately 35% less than the Non-Utility Tower. As Starr continues to push the rate, we will have to consider in the future rolling the values back into the Non-Utility Tower and increase the Named Windstorm and Flood limits.

In 2023, the carrier mandated schedule coverage therefore, recoveries will not exceed the amount reported on your statement of values for the asset or item damaged. We recommend spot appraisals and/or full appraisals to obtain blanket coverage in the future.

Flood

The Starr Tech Utility Property program includes \$1,000,000 Aggregate in Special Flood Hazard Area (SFHA). The County Utility schedule has \$35,133,145 in SFHA. In 2020, we recommended the County purchase a blanket flood coverage for four specified buildings at South Central WWTP the renewal premium is \$10,220. This is an 3.83% increase. This policy is primary and provides an additional \$1,250,500 in additional flood limit, and includes a \$25,000 Per Building Deductible. Two buildings under this policy do not carry the maximum limit available under the Flood program. We recommend amending the two buildings under the maximum limit to match the values CBIZ submitted. This would increase the value by \$74,000. We estimate the cost to be an additional \$1,200.00, please confirm we have permission to proceed with the building changes.

Equipment Breakdown

This year we marketed the renewal to four carriers. To date we received two quotes, we recommend the incumbent renewal:

The Equipment Breakdown policy with Travelers includes a \$100 million limit is for the non-utility assets as presented in our Property section with a total insured value of \$369,376,077; a 9.07% increase in values. The renewal premium is \$14,248 plus \$142 FIGA surcharge. This is a \$1,940 increase, which is a 15.6% premium increase. The carrier has updated several forms and/or edition dates. Below we go over the material changes:

1. Equipment Breakdown Protection - EB T1 00 02 19
 - a. Errors and Omissions Extension – provides coverage to a location that the description is inaccurate or failure to report a location. E&O must be reported and corrected when discovered; may result in an additional premium.
 - b. The Green Coverage Enhancement and the Ingress/Egress Coverage Extension no longer have separate endorsements and are embedded into the form
 - c. New Exclusion: Capsizing, Collapse, collision, impact, overturning, sinking, or upset of transportable covered equipment or the vehicle, vessel, platform, or any other structure on which the covered equipment is mounted or transported.
 - d. Water exclusion broadened, expired form excluded Mudflow or mudslides; and backup of sewers, drains, or drainage piping; all whether naturally occurring or due to man-made or artificial causes

On the Renewal:

 - c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment, except as provided in the Sump Overflow Coverage Extension
 - d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not;
 - or
 - (3) Doors, windows or other openings:
 all whether naturally occurring or due to man-made or other artificial causes.
 - e. Sump Overflow Coverage Extension – will provide coverage up to \$5,000 if the overflow is a result of breakdown to covered equipment that is a sump pump or any other covered equipment that operates the sump pump. The expired form was silent.
2. Specified Perils Exclusion - EB T3 18 02 19 - The perils listed within this form were excluded within the expired policy coverage form.
3. Unnamed Locations Coverage - EB T3 34 02 19
 - a. Does not apply to locations acquired after policy inception
4. FL Coinsurance, Loss – EB T9 27 02 19 – Added an exclusion for Windstorm or Hail
5. Notice – IMP Shiploader Exclusion Policyholder Notice – PN EB 10 10 22 – Excludes coverage to shiploader or barge loader or ship unloader or barge unloader including any similar constructed or similarly utilized devices and machinery, any conveyor or crane or hoist or leg used solely with any of the previously listed items.
6. Digital Assets Exclusion – Will not apply for any loss caused by or resulting from digital currency or non-fungible token (crypto, etc.)
7. Electronic Vandalism – The current policy excluded hacking events. The new exclusion broadens the intent further to include destruction of programs, data, unauthorized computer code or programming, viruses, denial of service attacks, etc.

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

In 2021, we fully marketed the program on your behalf and received various declinations stating they could not compete with your current program or provide coverage requested. Auto Physical Damage continues to be difficult to place due to concentration of vehicles or equipment and/or the Hail or Named Storm exposure. Your carrier added a \$2,500,000 sublimit for each peril of Named Wind Storm and Flood. The 2020 program included Named Windstorm and Flood up to the \$20,000,000 policy limit. We did offer alternatives with purchasing excess Named Windstorm and Flood, which would add an additional \$100,000 in premium to the program to increase limits to \$20 million.

This year we approached four markets direct and seven through a wholesaler. The renewal exposure is up 5.68% and the renewal premium is \$131,743. The carrier has changed the deductible structure: The expired policy had a \$100,000 deductible except for Flood it was \$250,000 per occurrence. On renewal the Flood deductible will now also include Named Windstorm. All other terms and conditions per expiring.

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
21-22	\$35,439,055	\$94,513	\$0.2667
22-23	\$39,594,962	\$106,048	\$0.2719
23-24	\$43,275,554	\$119,651	\$0.2772
24-25	\$44,517,725	\$131,743	\$0.2960
% Change	5.68%	10.11%	8.83%

The County will need to continue the audit the current policy and the County will need to provide the rental expenditure for leased equipment. The underwriter has estimated the audit to be around \$6,800 and has agreed to waive the additional premium if the County renews.

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 \$675,180,339, a 5.34% exposure increase. The renewal premium is \$60,610; a 13.29% increase. The increase is due to market conditions specifically war or conflicts across the globe. We did also request a quote from Liberty however to date they have not provided an alternative.

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. The Total Property Damage is limit \$100 million and 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 deductible is \$10,000 and also includes a Liability limit of \$3,000,000.

The NCBR Property Damage and Liability coverage form was updated in 2021 and remains unchanged in 2024. The Property Damage limit is \$10 million and the Liability limit is \$3,000,000 and is subject to a \$65,000 deductible. 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 2021 we marketed your policy as the County was coming off a three year policy with Hanover and they had paid a \$288,200 loss during the multi-year term. The County remained with Hanover and opted for a three year term with annual installments. The 2022 installment premium is \$6,616.. They also increased the County’s Employee Dishonesty deductible from \$5,000 to \$25,000.

This year the County is coming off a three year annual installment term with Hanover. We approached three markets and received two quotes. Your incumbent, Hanover added two new forms Telephone Fraud and Clients’ Property and an Exclusion for Cyber Extortion. They also updated the edition date on the Computer and Funds Transfer fraud insuring agreement.

	Expiring	Allmerica Financial Benefit Company Renewal Quote (Option 1)	Allmerica Financial Benefit Company Renewal Quote (Option 2)	Allmerica Financial Benefit Company Renewal Quote (Option 3)	Allmerica Financial Benefit Company Renewal Quote (Option 4)	Allmerica Financial Benefit Company Renewal Quote (Option 5)	Travelers Casualty and Surety Company of America Renewal Quote
Policy Overview							
Annual Premium	\$ 6,616.00	\$7,009.40	\$8,232.51	\$8,054.75	\$6,923.55	\$6,745.79	\$5,254.77
FIGA	Included						Included
Total Premium, Taxes & Fees	\$ 6,616.00	\$7,009.40	\$8,232.51	\$8,054.75	\$6,923.55	\$6,745.79	\$5,268.54
Policy Term	5/01/2021-5/01/2024	05/01/24 - 05/01/27	05/01/24 - 05/01/27	05/01/24 - 05/01/27	05/01/24 - 05/01/27	05/01/24 - 05/01/27	05/01/24 - 05/01/27
Core Crime Coverages							
Form	Discovery - 60 days from cancellation or 1 year with respect to employee benefit plans	Discovery - 60 days from cancellation or 1 year with respect to employee benefit plans	Discovery - 60 days from cancellation or 1 year with respect to employee benefit plans	Discovery - 60 days from cancellation or 1 year with respect to employee benefit plans	Discovery - 60 days from cancellation or 1 year with respect to employee benefit plans	Discovery - 60 days from cancellation or 1 year with respect to employee benefit plans	Discovery - 90 days from cancellation or 1 year with respect to employee benefit plans
Basis	Per Loss	Per Loss	Per Loss	Per Loss	Per Loss	Per Loss	Per Loss
Employee Dishonesty	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Faithful Performance	Included	Included	Included	Included	Included	Included	Included

	Expiring	Allmerica Financial Benefit Company Renewal Quote (Option 1)	Allmerica Financial Benefit Company Renewal Quote (Option 2)	Allmerica Financial Benefit Company Renewal Quote (Option 3)	Allmerica Financial Benefit Company Renewal Quote (Option 4)	Allmerica Financial Benefit Company Renewal Quote (Option 5)	Travelers Casualty and Surety Company of America Renewal Quote
On-Premises Coverage (T,D&D)	1) \$50,000 - Theft Of Money And Securities 2) \$50,000 - Robbery Or Safe Burglary Of Other Property	1) \$50,000 - Theft Of Money And Securities 2) \$50,000 - Robbery Or Safe Burglary Of Other Property	1) \$500,000 - Theft Of Money And Securities 2) \$500,000 - Robbery Or Safe Burglary Of Other Property	1) \$500,000 - Theft Of Money And Securities 2) \$500,000 - Robbery Or Safe Burglary Of Other Property	1) \$500,000 - Theft Of Money And Securities 2) \$500,000 - Robbery Or Safe Burglary Of Other Property	1) \$500,000 - Theft Of Money And Securities 2) \$500,000 - Robbery Or Safe Burglary Of Other Property	\$1,000,000
Off-Premises Coverage (T,D&D)	\$50,000	\$50,000	\$500,000	\$500,000	\$500,000	\$500,000	\$1,000,000
Depositors Forgery	\$100,000	\$100,000	\$500,000	\$500,000	\$500,000	\$500,000	\$1,000,000
Computer Theft and Funds Transfer Fraud	\$250,000	\$250,000	\$500,000	\$500,000	\$500,000	\$500,000	1) Computer Crime: a) \$1,000,000 - Computer Fraud b) \$100,000 - Computer Program and Electronic Data Restoration Expense 2) \$1,000,000 - Funds Transfer Fraud
Money Orders & Counterfeit Currency	\$50,000	\$50,000	\$500,000	\$500,000	\$500,000	\$500,000	\$1,000,000
Credit Card Forgery or Alteration	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	Included in Employee Dishonesty, Computer Crime, Funds Transfer
Additional Crime Coverages							
Clients' Property - Blanket	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	Not Provided
False Pretenses	\$50,000	\$50,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Destruction of Electronic Data	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	Not Provided
Telephone Toll Fraud	Not Covered	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$100,000
Claim Expense	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$5,000 - Single Loss Limit
Crime Deductibles							
Employee dishonesty	\$25,000 - Per Loss	\$25,000 - Per Loss	\$25,000 - Per Loss	\$25,000 - Per Loss	\$50,000 - Per Loss	\$50,000 - Per Loss	\$25,000 - Per Loss



	Expiring	Allmerica Financial Benefit Company Renewal Quote (Option 1)	Allmerica Financial Benefit Company Renewal Quote (Option 2)	Allmerica Financial Benefit Company Renewal Quote (Option 3)	Allmerica Financial Benefit Company Renewal Quote (Option 4)	Allmerica Financial Benefit Company Renewal Quote (Option 5)	Travelers Casualty and Surety Company of America Renewal Quote
On-Premises Coverage (T,D&D)	1) \$5,000 - Theft Of Money And Securities 2) \$5,000 - Robbery Or Safe Burglary Of Other Property	1) \$5,000 - Theft Of Money And Securities 2) \$5,000 - Robbery Or Safe Burglary Of Other Property	1) \$5,000 - Theft Of Money And Securities 2) \$5,000 - Robbery Or Safe Burglary Of Other Property	1) \$5,000 - Theft Of Money And Securities 2) \$5,000 - Robbery Or Safe Burglary Of Other Property	1) \$25,000 - Theft Of Money And Securities 2) \$25,000 - Robbery Or Safe Burglary Of Other Property	1) \$25,000 - Theft Of Money And Securities 2) \$25,000 - Robbery Or Safe Burglary Of Other Property	\$25,000
Off-Premises Coverage (T,D&D)	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$25,000	\$25,000
Depositors Forgery	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$25,000	\$25,000
Computer Theft and Funds Transfer Fraud	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$25,000	1) Computer Crime: a) \$25,000 - Computer Fraud b) \$25,000 - Computer Program and Electronic Data Restoration Expense 2) \$25,000 - Funds Transfer Fraud
Money Orders & Counterfeit Currency	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$25,000	\$25,000
Credit Card Forgery or Alteration	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	Included in Employee Dishonesty, Computer Crime, Funds Transfer
Clients' Property - Blanket	Not Covered	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	Not Provided
False Pretenses	\$10,000	\$10,000	\$25,000	\$50,000	\$25,000	\$50,000	\$25,000
Destruction of Electronic Data	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	Not Provided
Telephone Toll Fraud	Not Covered	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Exclusions (But not limited to)							
Exclude Designated Persons Or Classes Of Persons As Employees	Yes - Sheriff	Yes - Sheriff	Yes - Sheriff	Yes - Sheriff	Yes - Sheriff	Yes - Sheriff	Yes - Sheriff

	Expiring	Allmerica Financial Benefit Company Renewal Quote (Option 1)	Allmerica Financial Benefit Company Renewal Quote (Option 2)	Allmerica Financial Benefit Company Renewal Quote (Option 3)	Allmerica Financial Benefit Company Renewal Quote (Option 4)	Allmerica Financial Benefit Company Renewal Quote (Option 5)	Travelers Casualty and Surety Company of America Renewal Quote
Government Entity Crime Coverage Without Individual Exclusion	Deleted exclusion for bonded employees, Treasurers or Tax Collectors	Deleted exclusion for bonded employees, Treasurers or Tax Collectors	Deleted exclusion for bonded employees, Treasurers or Tax Collectors	Deleted exclusion for bonded employees, Treasurers or Tax Collectors	Deleted exclusion for bonded employees, Treasurers or Tax Collectors	Deleted exclusion for bonded employees, Treasurers or Tax Collectors	Yes
Endorsements							
Include Designated Person Required to Have Knowledge of Loss (Discovery Form)	Yes	Yes	Yes	Yes	Yes	Yes	No - Assume we can negotiate
Omnibus Erisa Joint Insured	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Notes							
Payment Terms & Conditions	1) 3 Year - Term with Annual Installments	1) 3 Year - Term with Annual Installments	1) 3 Year - Term with Annual Installments	1) 3 Year - Term with Annual Installments	1) 3 Year - Term with Annual Installments	1) 3 Year - Term with Annual Installments	1) 3 Year - Term with Annual Installments
Subjectivities	Not Applicable	See Coverage Details	See Coverage Details	See Coverage Details	See Coverage Details	See Coverage Details	See Coverage Details

Public Entity Excess Liability

In 2020, the County was coming off a rate agreement with Brit (now Ambridge). We marketed your program to five markets and coverage remained with Brit for a 6% rate increase. In 2021 based on expiring marketing, we approached Safety National. Safety declined to quote based on current premium.

In 2021, Ambridge moved to a new coverage form and below were 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

In 2022, Ambridge had two new material changes:

1. Added an endorsement clarifying that their limit is subject to the County paying the total loss and they would reimburse the County.
2. Named Insured – Per my email on March 8, Ambridge is trying to get away with each policy have different “manuscript” named insured endorsements. As a result, the below language will be removed in 2022

It is here by noted and agreed that the NAMED ASSURED is Indian River County Board of County Commissioners and all persons who were, now are or shall be lawfully elected or appointed officials or employees while acting for or on behalf of the Public Entity; Current or former Boards, Commissions, Councils Authorities, Agencies, or other entities of the County, even if newly created and current or former elected or appointed officials, members of Boards, Commissions, Councils, Authorities or Agencies, etc. and employees of the County, even if newly elected, appointed, hired, etc. and Volunteers acting for or on behalf of, and at the direction of, the Public Entity, not including any person working on a retainer or as an independent contractor; Officials and employees of the Public Entity appointed at the request of the Public Entity to serve with an outside tax exempt entity.

Other entities or persons, to the extent required by agreement, contract or lease with the County or Boards, Commissions, Councils, Authorities, Agencies, etc. of the County.

Other entities, persons or organizations providing service to you under any mutual aid or similar agreement.

In 2023, the renewal included three material changes:

1. EMS Operations SIR will be increased from \$25,000 to \$50,000
2. New Exclusion – PFAS and Chemicals Exclusion New form outlining that the Policy does not insure against any loss arising out of or in any way attributed to **PFAS** (Per- and Polyfluorinated Substances) or the **PFAS** content of any substance or product.
3. General Policy Condition 7 Claims, Occurrences or Suits Amendment - This updated form outlines the County’s responsibilities to provide timely reporting of losses and what happens if the carrier rights to assume control of the investigation, defense or settlement.

Underwriters shall have the right, but not the obligation, to be associated with the **INSURED** in, and/or assume control of, the investigation, handling, defense or settlement of any **CLAIMS, SUITS** or proceedings relative to an **OCCURRENCE** or **CLAIM** where in the sole opinion of the Underwriters, Underwriters’ liability under this Policy is likely to be involved. In the event Underwriters assume control of the investigation, handling, defense or settlement of any **CLAIMS, SUITS** or proceedings relative to an **OCCURRENCE** or **CLAIM**, then **DEFENSE COSTS** incurred are part of, and not in addition to, the **ULTIMATE NET LOSS** and the **INSURED’S** obligation to pay the **SELF INSURED RETENTION**, and any applicable **MAINTENANCE DEDUCTIBLE** or any other applicable deductible or deduction under this Policy, will remain unchanged.

This year we approached Ambridge, Safety, Chubb, Travelers, Euclid and Berkley. We received feedback from Berkley they could not compete. Safety was not able to offer claims made coverage for EMS Liability or Sexual Abuse and Molestation and they were above the expiring premium. As a result, we instructed them to close their file. Travelers has not been a viable market in Florida for years. The main driver was they would not approve your third party administrator. Now that Johns Eastern has been bought out by Davies, Davies is an approved administrator. However, they came back with a list of items that would be need prior to quoting: carrier applications, driver lists with MVRs, risk control survey conducted at least 60 days prior to quote due date, and require the County to agree to Travelers claim service agreement which requires a loss fund deposit. This would be a cash deposit held by Travelers. They also require the TPA to handle claims from cradle to grave. We have seen this become an issue with clients change TPAs, the old claims that applied to Traveler’s policy terms had to remain with the prior TPA.

We also approached 14 markets for a traditional Auto program. We received 11 declinations which ranged from Coastal exposure, Florida, can’t offer a self-insured retention for Liability, fleet size, etc. One carrier confirmed that their minimum premium would be \$1,000,000, we instructed them to close their file. We’re pending a response from GMI Insurance and Egis Insurance Risk Advisors. Egis is the administrator of Florida Insurance Alliance, a public entity trust in Florida.

Ambridge has offered a renewal premium of \$243,043 a 9.5% premium increase. Below you will find the exposure changes year over year:

	2023	2024	
Employees	1,721	1,809	5.11%
Vehicles	493	502	1.83%
Payroll	\$101,302,483	\$105,354,582	4%

Brit continues to require Davies (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 are forced to take split 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. The County was on a rate agreement with Safety from 2016 through 2020.

2021, Safety pushed for a 12.3% rate increase. At that time, the County had one large with a total incurred of \$820,000, which involved an employee airlifted to the hospital.

In 2022, we anticipated a tough renewal based on four open claims. We approached your incumbent, Arch and Midwest. Arch indicated a minimum SIR for Fire and Police at \$2 million and \$1 million all other classes. Midwest indicated the lowest SIR they would consider is \$1.5 million and the premium would be \$350,000. The carrier pushed the County's SIR from \$650,000 to \$850,000 to mitigate the premium increase. We also offered a SIR buy down however the County opted not to purchase.

The County's payroll reported for the 2024 term is a 4% increase. The carrier offered two options on renewal

Renewal Options					
Option	SIR	Premium	% Premium Change	Rate	% Rate Change
A	\$850,000 except \$1M for USL&H / Jones Act	\$359,259	9.12%	\$.341	4.92%
B	\$1,000,000	\$297,627	2.5%	\$.286	-13.08%

We also approached Arch and Midwest, Arch declined to quote as they couldn't compete with current terms. Midwest provided a quote with a \$1 million retention for \$449,000. This option did include a stop loss of \$5,462,708. Therefore in this term, your losses within the retention would not exceed that amount.

Data and Privacy Liability

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

We started to see rates increase in 2021 and markets pull away from offering coverage to Public Entities. The County received one of the lowest increases at 25% and was able to maintain its \$25,000 deductible. 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. By October, Travelers started requiring a multi-factor authentication attestation form. As soon as we saw this change, we communicated to the County to expect a 2022 challenging renewal. In 2022, we split up the submission into two submissions based on lack of controls. The County's overall premium increase in 2022 was 41%.

In 2023, we marketed your coverage to 11 markets and received three quotes. The County elected to remain with Travelers as they offered the lowest retention.

Watercraft Protection & Indemnity / Hull

In 2022, we marketed the program to three carriers and received one competing quote. The County remained with the incumbent. The 2023 premium was \$5,951 and the renewal is \$6,273 with a 5.4% increase.

Statutory AD&D (Firefighters & Sheriff)

In 2021, this policy paid out a statutory benefit of \$75,000 and the total written premium for the last five years was \$55,464. . In 2022, we marketed your program to AIG (incumbent), Chubb, Hartford and Zurich. Zurich declined, as they were not able to offer the Florida Statutory Benefits, Chubb indicated over \$25,000 and Hartford indicated \$50,000. The best alternative quote came with a \$50,000 retention vs. \$25,000

This year your two-year rate guarantee has expired. AIG has offered the following options, the County in 2022 opted for the two year term with annual installments. The expired premium was \$12,362.

Annual Premium	\$13,726	
Two Year Term with Annual Installment	\$13,040	5.485%
Two Year Prepaid	\$26,080	

New Coverage for Consideration

Active Assailant:

We obtained an Active Assailant quote which is defined as a premediated physical attack involving the use of a “weapon” and committed by an individual or group actively engaged in killing or attempting to kill or cause bodily injury to any other individual group

	Active Assailant
Form	Pay on Behalf of excess of deductible
Liability Coverage	Included
Limit Policy Aggregate	\$1,000,000
	1: Response Consultant Coverage 2: Victim Compensation Fund and Extra Expense 3: Legal Liability 4: Property 5: Business Interruption
First Party Property Damage up to policy limits	Included for repair or rebuild your premises including contents, including costs to remove debris or professional services
Business Interruption	Reimbursement for your actual loss sustained indemnity period, which is either 120 days (B, E & F) or 365 (A, C & D) A: Business Interruption B: Prevention or Restriction of Access to Premises C: Rental Income D: Newly Acquired or Constructed Property E: Loss of Attraction
Scheduled Owned Coverage	Yes
Off-Site	No, if off-site premises coverage desired it would be an additional premium
Threat Coverage	Reimburse you for your actual loss sustained during the indemnity period as a direct result of an interruption to your business activities caused directly by any specific threat first made during the period of the policy to carry out an active assailant event at your premises.
Victim Compensation & Extra Expense	Can cover a) Relocation of employee b) Medical or psychiatric treatment for employee or 3 rd party c) Funeral costs of an employee or 3 rd party

Active Assailant	
	d) Employee retraining due to injury e) Recruitment to replace any employee f) All other costs approved in advance by carrier
Victim Per Sublimit	\$50,000 100% Death or Permanent Total Disablement 100% Loss of limb, sight, hearing, smell or taste 50% Any bodily injury requiring hospitalization other than a. or b above
Event Responders (Vendors)	Access to the services of a panel of Event Responders: US based risk management entity that operates in safety and security, emergency preparedness, disaster management and public safety counseling services
Specific Locations Excluded	court houses; detention centres; juvenile correction facilities; police stations; police training facilities; prisons; sheriff departments; and shooting ranges. Yards, car parks, roadways and pavements Buildings occupied in whole or in part by the US military or department of defence
Deductible	1: Response Consultant Coverage: NIL 2: Victim Compensation Fund and Extra Expense: NIL 3: Legal Liability: \$25,000 4: Property: \$1,000 5: Business Interruption: 48 Hours
Premium	\$35,804 plus \$1,000 Administration \$250 MPA \$4 EMPA
TOTAL PREMIUM	\$37,058
Premium	
\$3,000,000	\$53,706 plus fees above
\$10,000,000	\$68,028 plus fees above
Off Premises Coverage	25% of the above premium

County overview of expiring vs. renewal program for all coverages

The following table provides an overall snapshot of the 2023 vs. 2024

		Premium & Fees		% Change
		Expired	2024 Renewal	
1	Property Non-Utilities- \$25M	\$ 2,108,479.01	\$ 2,125,422.00	0.8036%
2	Property Utilities	\$ 873,422.00	\$ 963,319.00	10.2925%
3	Equipment Breakdown	\$ 12,450.00	\$ 14,390.00	15.5823%
4	Terrorism	\$ 20,000.00	\$ 21,910.00	9.5500%
5	NCBR Terrorism	\$ 33,500.00	\$ 38,700.00	15.5224%
6	Inland Marine	\$ 119,651.00	\$ 131,743.00	10.1061%
7	Flood	\$ 9,843.00	\$ 10,220.00	3.83%%
8	Crime	\$ 6,616.00	\$ 7,009.40	5.9462%
9	Public Entity Excess Liability	\$ 222,000.00	\$ 243,043.00	9.4788%
10	Excess Workers Compensation	\$ 329,233.00	\$ 359,259.00	9.1200%
11	Hull / P&I	\$ 5,951.00	\$ 6,273.00	5.4109%
12	D&B	\$ 58,349.11	\$ 50,160.64	-14.0336%
14	Statutory AD&D	\$ 12,362.00	\$ 13,040.00	5.4845%
15	Gallagher Fee upcoming renewals, through 06/30/202	\$ 175,000.00	\$ 125,000.00	-28.5714%
		\$ 3,986,856.12	\$4,109,489.04	3.08%
	<i>Difference from Expiring</i>		\$ 122,632.92	3.08%

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