



Finance, Audit, Insurance, and Real Property Committee

# Renewal Status of Metropolitan's Property and Casualty Insurance Program

Item 7-3

June 13, 2023

# Metropolitan's Property and Casualty Insurance Program

## Objectives

Review the Current Program

Provide insurance program cost information, and request approval to purchase this year's insurance renewal

# Review

## Metropolitan's Property and Casualty Insurance Program

Self-Insured Retentions

Claims Programs to Manage Self-Insured Retentions

Liability / Property

Workers' Compensation

Excess and Specialty Insurance Coverages

# Metropolitan's Property and Casualty Insurance Program

## Self-Insured Retention

General Liability	\$25 million
Workers' Compensation	\$ 5 million
Property Damage *	Self-Insured

\* Stand Alone Property Damage Insurance Coverage

# Metropolitan's Property and Casualty Insurance Program

## Excess Insurance

General Liability	\$75 million
Workers' Compensation	Statutory
Public Officials, Directors & Officers Liability	\$65 million
Fiduciary & Employee Benefit Liability	\$60 million

## Specialty Insurance

# Metropolitan's Property and Casualty Insurance Program

Aircraft Liability	\$25 million
Aircraft Hull	Assessed Value
Property Damage	Assessed Value up to \$25 million
Crime	\$5 million
Special Contingency *	\$5 million
Travel Accident *	\$250,000

\* Three-year policies were last purchased July 2022, and will be up for renewal FY 2025/26

# Metropolitan's Property and Casualty Insurance Program

## 2023/24 Outlook

10.4% Overall Cost Increase

### Factors Driving Expected Cost Increase

- Escalating global inflation due to continuation of post-pandemic supply chain issues, and Russia-Ukraine war causing market fluctuations and uncertainty
- Climate change induced mega-catastrophic weather events such as extreme storms and historic wildfires
- Global political and social unrest

Total Policy Renewal is estimated to increase from

**\$1.715 million**

**\$1.894 million**

# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2022/23 Actual	2023/24 Quoted	2023/24 % Change
General Liability	1,054,491	1,207,872	14.5
Fiduciary and Employee Benefit Liability	94,990	96,989	2.1
Public Officials Directors & Officers Liability	320,068	350,812	9.6
Workers' Compensation	121,727	129,117	6.1



# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2022/23 Actual	2023/24 Quoted	2023/24 % Change
Aircraft Hull & Liability	81,820	89,736	9.7
Crime	10,901	11,401	4.6
Property *	5,236	7,331+	40
<b>Total Premiums</b>	<b>1,715,308</b>	<b>1,893,258</b>	<b>10.4</b>

\* Estimated Premium for stand alone coverage for three structures previously damaged by fire

# Metropolitan's Property and Casualty Insurance Program

Options	Coverage Type	2022/23 Actual	2023/24 Quoted	2023/24 % Change
Option 1	General Liability SIR \$25 Million	1,715,308	1,893,258	10.4
Option 2	General Liability SIR \$35 Million	-	1,820,317	6.1

# Metropolitan's Property and Casualty Insurance Program

## Premium Comparison by Fiscal Year

<b>Actual 2018/19</b>	<b>Actual 2019/20</b>	<b>Actual 2020/21</b>	<b>Actual 2021/22</b>	<b>Actual 2022/23</b>
<b>\$ 1,118,668</b>	<b>\$ 1,181,848*</b>	<b>\$ 1,308,608</b>	<b>\$1,543,787</b>	<b>\$ 1,715,308*</b>
		<b>Estimated 2023/2024</b>	<b>\$1,893,258</b>	

\* Includes renewal cost of 3-year duration policies for Travel Accident and Special Contingency policies

# Board Options

**Option #1** Approve up to \$1.894 million to renew excess and specialty insurance coverages.

**Impact** The anticipated \$1.894 million premium cost for FY 2023/24 would result in an \$177,950 cost increase compared with a \$171,521 premium cost increase for FY 2022/23. The \$1.894 million is included in the current Board approved budget.

# Board Options

## Option #2

Approve up to \$1.821 million to renew excess and specialty insurance coverages and increase the self-insured retention for General Liability from \$25 million to \$35 million.

## Impact

Savings of \$72,941 compared to Option #1, but with significant increased financial exposure.

# Staff Recommendation

Option #1

Approve up to \$1.894 million to renew excess and specialty insurance coverages.

