



Finance and Asset Management Committee

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

Item 9-2

May 14, 2024

# Status of MWD's Property & Casualty Insurance Program

Item 9-2

## Subject

Renewal Status of Metropolitan's Property and Casualty Insurance Program

## Purpose

Review the Current Property and Casualty Insurance Program and provide a preview of the upcoming insurance renewal

## Next Steps

Present Options and request Board approval to renew and replace coverages at the June Committee meeting

# Metropolitan's Property and Casualty Insurance Program

## Review

Review the Current Program

Provide Cost Estimates for this year's Insurance Renewal

# Metropolitan's Property and Casualty Insurance Program

## Review

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
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Workers' Compensation	\$ 5 million
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Property Damage *	Self-Insured
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\* Excluding Stand Alone Property Insurance Coverage

# Metropolitan's Property and Casualty Insurance Program

## Claims Programs

### Liability & Property

Risk Management Unit

Third Party Claims Administrator

MWD General Counsel

### Workers' Compensation

Workers' Compensation / Medical Unit

Third Party Claims Administrator

MWD General Counsel

# 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

# Metropolitan's Excess General Liability Coverage Layers and Limits

In Million Dollars

Excess Coverage	SIR	AEGIS 1 <sup>st</sup> Layer	EIM 2 <sup>nd</sup> Layer	Coverage Limits
General Liability	25	35	40	100
Fiduciary Liability	25	35	25	85
Directors & Officers Liability	25	25	40	90

Associated Electric & Gas (AEGIS)  
Energy Insurance Mutual (EIM)  
Self-Insured Retention (SIR)



# Metropolitan's Property and Casualty Insurance Program

## Periodic Review

*Periodic review of self-insured retention and excess coverage limits to ensure appropriate levels*

- Actuarial Study, Insurance Broker and Staff Reviews
- Metropolitan's operations and risks remain stable
- Embedded safety programs in operations
- Environmental, Health & Safety training and monitoring
- Claims Management Programs
- Access to Capital

# Metropolitan's Property and Casualty Insurance Program

## Specialty Insurance

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

\* 3-year coverages last purchased FY 2022/2023

# Metropolitan's Property and Casualty Insurance Program

## 2024/25 Outlook

### 14% Overall Cost Increase

#### Factors Driving Expected Cost Increase

- Continued higher Global and US inflation rates due to continuation of post-pandemic supply chain issues, Russia-Ukraine, and Middle East military conflicts causing market fluctuations and uncertainty
- Climate change induced mega-catastrophic weather events such as extreme storms and historic wildfires
- Domestic and Global political and social unrest

Total Policy Renewal is estimated to increase from

**\$1.84 million**

**\$2.10 million**

# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2023/24 Actual	2024/25 Projection	2024/25 % Change
General Liability	1,180,313	1,357,360	15%
Fiduciary and Employee Benefit Liability	96,989	111,540	15%
Public Officials Directors & Officers Liability	323,318	362,100	12%
Workers' Compensation	129,111	142,000	10%

# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2023/24 Actual	2024/25 Projection	2024/25 % Change
Aircraft Hull & Liability	89,735	99,000	10%
Crime	11,401	12,000	5%
Property *	7,350	9,200	25%
<b>Total Premiums</b>	<b>1,838,217</b>	<b>2,093,200</b>	<b>14%</b>

\* Stand alone coverage for three structures previously damaged by fire

# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2022/23 Actual
❖ Special Contingency	4,442
❖ Travel Accident	21,633
<b>Premium Costs</b>	<b>26,075</b>

❖ **3-year policies purchased in 2022 / 2023**

# Metropolitan's Property and Casualty Insurance Program

## Premium Comparison by Fiscal Year

<b>Actual 2019/20</b>	<b>Actual 2020/21</b>	<b>Actual 2021/22</b>	<b>Actual 2022/23</b>	<b>Actual 2023/24</b>
<b>\$ 1,181,848*</b>	<b>\$ 1,308,608</b>	<b>\$ 1,543,787</b>	<b>\$ 1,715,308*</b>	<b>\$ 1,973,708</b>
		<b>Estimated 2024/2025</b>	<b>\$ 2,093,200</b>	

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



