

Finance and Asset Management Committee

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Item 9-2 May 14, 2024

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Status of MWD's Property & Casualty Insurance Program

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

Review

Review the Current Program

Provide Cost Estimates for this year's Insurance Renewal

Review

Self-Insured Retentions

Claims Programs to Manage Self-Insured Retentions

Liability / Property

Workers' Compensation

Excess and Specialty Insurance Coverages

Self-Insured Retention

General Liability

\$25 million

Workers' Compensation

\$ 5 million

Property Damage *

Self-Insured

* Excluding Stand Alone Property Insurance Coverage

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

Excess Insurance

General Liability

Workers' Compensation

Public Officials, Directors & Officers Liability

Fiduciary & Employee Benefit Liability

\$75 million

Statutory

\$65 million

\$60 million

Metropolitan's Excess General Liability Coverage Layers and Limits

In Million Dollars

Excess Coverage	SIR	AEGIS 1 st Layer	EIM 2 nd 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)

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

Specialty Insurance Aircraft Liability

Aircraft Hull

Property Damage

Crime

Special Risk *

Travel Accident *

\$25 million

Assessed Value

Assessed Value

\$5 million

\$5 million

\$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

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%

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%
Total Premiums	1,838,217	2,093,200	14%

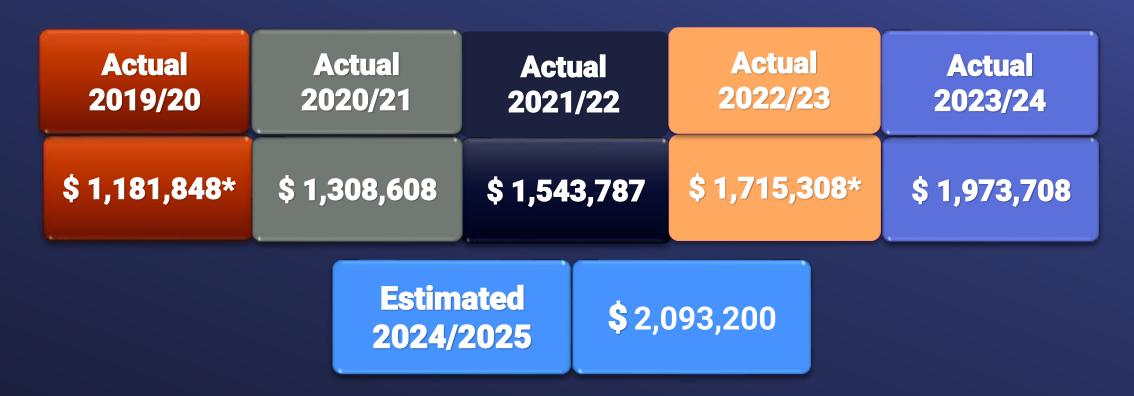
^{*} Stand alone coverage for three structures previously damaged by fire

Excess Insurance Premiums (in dollars)

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

❖ 3-year policies purchased in 2022 / 2023

Metropolitan's Property and Casualty Insurance Program Premium Comparison by Fiscal Year



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

