



Finance & Insurance Committee

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Item 9-2

May 9, 2022

Objectives

Metropolitan's Property and Casualty Insurance Program

Review the Current Program

Provide Cost Estimates for
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
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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

Excess Insurance

Metropolitan's Property and Casualty Insurance Program

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 st Layer	EIM 2 nd Layer	Coverage Limits
General Liability	25	35	40	100
Fiduciary Liability	25	35	25	85
Directors & Officers Liability	25	35	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

Metropolitan's Property and Casualty Insurance Program

- 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

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 Risk *	\$5 million
Travel Accident *	\$250,000

* 3-year coverages last purchased 2018/19 and up for renewal

Metropolitan's Property and Casualty Insurance Program 2022/23 Outlook

21.7% Overall Cost Increase

Factors Causing Expected Cost Increase

- **Economic fallout caused by the global pandemic, supply chain issues, inflation causing market fluctuations and uncertainty**
- **Political and social unrest**
- **Climate change induced mega-catastrophic weather events such as extreme storms and historic wildfires**

Total Policy Renewal is estimated to increase from

\$1.54 million

to

\$1.88 million

Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2021/22 Actual	2022/23 Projection	2022/23 % Change
General Liability	929,106	1,161,383	25%
Fiduciary and Employee Benefit Liability	90,847	104,474	15%
Public Officials Directors & Officers Liability	303,821	340,280	12%
Workers' Compensation	123,721	136,093	10%

Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2021/22 Actual	2022/23 Projection	2022/23 % Change
Aircraft Hull & Liability	81,219	89,341	10%
Crime	10,816	11,898	10%
❖ Property	4,256	5,106	20%

❖ Stand alone coverage will continue for OC-71, SD-7 & SD-11

Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2018/19 Actual	2022/23 Projection	2022/23 % Change
❖ Special Contingency	23,310	26,807	15%
❖ Travel Accident	4,273	4,902	15%

❖ **3-year policies purchased in 2018/19, and up for renewal**

Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2021/22 Actual	2022/23 Projection	2022/23 % Change
Total Premiums Renew Existing Coverage	1,543,786	1,848,575	19.7%
Total Premiums Renew Existing and 3-Year Coverages	1,543,786	1,880,284	21.7%

Metropolitan's Property and Casualty Insurance Program

Premium Comparison by Fiscal Year

Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
\$ 1,120,335	\$ 1,118,668*	\$ 1,181,848	\$ 1,308,608	\$1,543,786
		Projection 2022/2023	\$1,880,284*	

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

