

#### Finance & Insurance Committee

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

Item 7-3 June 13, 2022

#### Objectives

# Metropolitan's Property and Casualty Program

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 Program

Self-Insured Retentions

Claims Programs to Manage Self-Insured Retentions

Liability / Property

Workers' Compensation

Excess and Specialty Insurance Coverages

#### Self-Insured Retention

# Metropolitan's Property and Casualty Program

**General Liability** 

\$25 million

Workers' Compensation

\$ 5 million

Property Damage \*

**Self-Insured** 

\* Excluding Stand Alone Property Insurance Coverage

#### Excess Insurance

## Metropolitan's Property and Casualty Program

**General Liability** 

Statutory

Workers' Compensation

\$65 million

\$75 million

Public Officials, Directors & Officers Liability

\$60 million

Fiduciary & Employee Benefit Liability

#### Specialty Insurance

# Metropolitan's Property and Casualty 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

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<sup>\* 3-</sup>year coverages last purchased 2018/19 and up for renewal

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

13.6% Overall Cost Increase

**Factors Causing Expected Cost Increase** 

- Economic fallout from the global pandemic and spiking inflation
- Escalating Political and social unrest
- Climate change induced mega-catastrophic weather event such as extreme storms and historic wildfires effecting price and coverage capacity.

**Total Policy Renewal is estimated to increase from** 

**\$1.544 million** 

to

\$1.754 million

Excess Insurance Premiums (in dollars)

Coverage Type	2021/22 Actual	2022/23 Quoted	2022/23 % Change
General Liability	929,106	1,080,529	16.3
Fiduciary and Employee Benefit Liability	90,847	94,990	4.6
Public Officials Directors & Officers Liability	303,821	320,068	5.3
Workers' Compensation	122,530	120,431	(1.7)

Excess Insurance Premiums (in dollars)

Coverage Type	2018/19 Actual	2022/23 Quoted	2022/23 % Change
Special Contingency	27,423	25,450	(7.2)
❖ Travel Accident	4,263	4,442	4.2

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

Excess Insurance Premiums (in dollars)

Coverage Type	2020/21 Actual	2022/23 Quoted	2022/23 % Change
Aircraft Hull & Liability	81,219	90,010	10.8
Crime	10,816	10,901	0.8
<ul><li>Property</li></ul>	4,256	5,193	22
Total Premiums	1,543,786	1,753,310	13.6

**<sup>❖</sup>** Stand alone coverage will continue for OC-71, SD-7 & SD-11

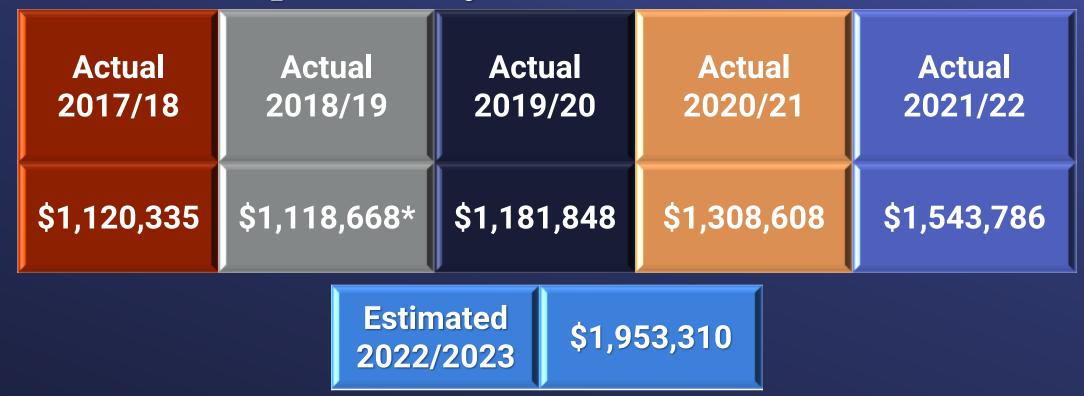
Cyber Liability \$5 Million Policy Limits (Option #1)

#### Coverage features - Including but not limited to;

- Privacy and Cybersecurity
- Business interruption and extra expense
- Cyber extortion and ransomware
- Data breach response
- Privacy regulatory defense awards and penalties
- Consequential reputational loss
- \$250,000 Deductible

Options	Coverage Type	2020/21 Actual	2022/23 Quoted and Estimated	2022/23 % Change
Option 1	Include Cyber Liability	1,543,786	1,953,310	26.5
Option 2	Without Cyber Liability	1,543,786	1,753,310	13.6

Premium Comparison by Fiscal Year



<sup>\*</sup> Includes renewal cost of 3-year duration policies for Travel Accident and Special Contingency policies and option to add cyber liability

## **OPTIONS**

## Option #1

Approve up to \$1.954 million to renew excess and specialty insurance coverages which includes up to \$200,000 to acquire cyber liability policy if a viable option is available.

#### **Impact**

The anticipated \$1.954 million premium cost for FY 2022/23 would result in an approximate \$409,524 cost increase compared with the \$1.544 million premium cost for FY 2021/22. The \$1.954 million is included in the current board-approved budget.

## **OPTIONS**

## Option #2

Approve up to \$1.754 million to renew excess and specialty insurance coverages

#### **Impact**

The anticipated \$1.754 million premium cost for FY 2022/23 would result in an approximate \$209,524 increase compared with the \$1.544 million premium cost for FY 2021/22. The \$1.754 million cost is within the current boardapproved Office of the CFO Group budget.

# Staff Recommendation

Option #1

Approve up to \$1.954 million to renew excess and specialty insurance coverages and include funds for cyber liability coverage

