



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	\$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 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

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

Metropolitan's Property and Casualty Insurance Program

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)

Metropolitan's Property and Casualty Insurance Program

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

Metropolitan's Property and Casualty Insurance Program

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
❖ Property	4,256	5,193	22
Total Premiums	1,543,786	1,753,310	13.6

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

Metropolitan's Property and Casualty Insurance Program

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

Metropolitan's Property and Casualty Insurance Program

Options	Coverage Type	2020/21 Actual	2022/23	2022/23 % Change
			Quoted and Estimated	
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

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
Estimated 2022/2023		\$1,953,310		

*** 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 board-approved 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**

