



Finance, Audit, Insurance, and Real Property Committee

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

Item 9-2

May 9, 2023

# 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 |
|-------------------|--------------|

|                       |              |
|-----------------------|--------------|
| Workers' Compensation | \$ 5 million |
|-----------------------|--------------|

|                   |              |
|-------------------|--------------|
| Property Damage * | Self-Insured |
|-------------------|--------------|

\* 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<br>1 <sup>st</sup> Layer | EIM<br>2 <sup>nd</sup> Layer | Coverage<br>Limits |
|-----------------------------------|-----|--------------------------------|------------------------------|--------------------|
| General Liability                 | 25  | 35                             | 40                           | 100                |
| Fiduciary Liability               | 25  | 35                             | 25                           | 85                 |
| Directors & Officers<br>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

## 2023/24 Outlook

### 15% Overall Cost Increase

#### Factors Driving Expected Cost Increase

- Escalating global inflation due to continuation of post-pandemic supply chain issues, and Russia-Ukraine war causing market fluctuations and uncertainty
- Climate change induced mega-catastrophic weather events such as extreme storms and historic wildfires
- Global political and social unrest

Total Policy Renewal is estimated to increase from

**\$1.72 million**

**\$1.98 million**

# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

| Coverage Type                                   | 2022/23 Actual | 2023/24 Projection | 2023/24 % Change |
|---|----------------|--------------------|------------------|
| General Liability                               | 1,054,491      | 1,265,389          | 20%              |
| Fiduciary and Employee Benefit Liability        | 94,990         | 109,240            | 15%              |
| Public Officials Directors & Officers Liability | 320,068        | 358,480            | 12%              |
| Workers' Compensation                           | 121,727        | 132,604            | 10%              |

# Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

| Coverage Type             | 2022/23<br>Actual | 2023/24<br>Projection | 2023/24<br>% Change |
|---------------------------|-------------------|-----------------------|---------------------|
| Aircraft Hull & Liability | 94,990            | 109,240               | 10%                 |
| Crime                     | 10,901            | 11,450                | 5%                  |
| Property *                | 5,236             | 6,545                 | 25%                 |
| <b>Total Premiums</b>     | <b>1,715,308</b>  | <b>1,973,708</b>      | <b>15%</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<br>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<br/>2018/19</b> | <b>Actual<br/>2019/20</b> | <b>Actual<br/>2020/21</b>      | <b>Actual<br/>2021/22</b> | <b>Actual<br/>2022/23</b> |
|---------------------------|---------------------------|--------------------------------|---------------------------|---------------------------|
| <b>\$ 1,118,668</b>       | <b>\$ 1,181,848*</b>      | <b>\$ 1,308,608</b>            | <b>\$1,543,787</b>        | <b>\$ 1,715,308*</b>      |
|                           |                           | <b>Estimated<br/>2023/2024</b> | <b>\$1,973,708</b>        |                           |

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



