



Renewal Status of Metropolitan's Property and Casualty Insurance Program

Finance & Insurance Committee
Item 9-2
May 13, 2019

Metropolitan's Property and Casualty Insurance Program

Objectives

- Review the Current Program
- Provide Cost Estimates for this year's Insurance Renewal

Metropolitan's Self Insurance and Excess / Specialty Coverage 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
- Workers' Compensation \$ 5 million
- Property Damage* Self-Insured

* Excluding Stand Alone Property Insurance Policy

Metropolitan's Self-Insured 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 Limits
- 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	25	40	90

Associated Electric & Gas (AEGIS)

Energy Insurance Mutual (EIM)

Self-Insured Retention (SIR)

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 up to \$25 million
Crime	\$ 5 million
Special Contingency *	\$ 5 million
Travel Accident *	\$ 250,000

* 3-year coverages last purchased 2016/17 are up for renewal

Metropolitan's Property and Casualty Insurance Program

2019/20 Outlook

- 11% Overall Cost Increase
- Factors Causing Expected Cost Increase
 - Impact of hurricane and wildfire losses on the whole insurance market
 - Recent surge in law enforcement and road design liability losses
 - Continuing upward medical cost trend, and uncertainty about future medical costs
- Renewal of 3-year duration policies last purchased in 2016/17
- Total Policy Renewal is estimated to increase from

\$1.12 million

to

\$1.26 million

Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

Coverage Type	2016/17 Actual	2019/20 Estimate	2019/20 % Change
❖ Special Contingency	4,489	4,900	8.5%
❖ Travel Accident	23,157	25,000	7.5%
Premium Costs	27,646	29,900	7.5%

❖ 3-year policies purchased in 2016/17 are up for renewal

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Excess Insurance Premiums (in dollars)

Coverage Type	2018/19 Actual	2019/20 Estimate	2019/20 % Change
General Liability	658,119	724,000	10%
Fiduciary and Employee Benefit Liability	45,604	47,900	5%
Public Officials Directors & Officers Liability	247,603	272,400	10%
Workers' Compensation	112,940	124,400	10%

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Excess Insurance Premiums (in dollars)

Coverage Type	2018/19 Actual	2019/20 Estimate	2019/20 % Change
Aircraft Hull & Liability	41,501	43,600	5%
Crime	10,957	12,500	12%
❖ Property	1,944	2,200	10%
Total Premiums	1,118,668	1,256,700	12%

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

Metropolitan's Property and Casualty Insurance Program

Premium Comparison by Fiscal Year

Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
\$1,128,977	\$1,129,546	\$1,148,248*	\$1,120,335	\$1,118,668
Estimated 2019/2020		\$1,260,000*		

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

