



Renewal Status of Metropolitan's Property & Casualty Insurance Program

Finance and Insurance Committee

Item 9-2

May 10, 2021

Metropolitan's Property & Casualty Insurance Program

Objectives

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

Metropolitan's Property & 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 & 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 Property & Casualty Insurance Program

- **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 & 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 & 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 2018/2019

Metropolitan's Property & Casualty Insurance Program

2021/2022 Outlook

- **13.8% Overall Cost Increase**
- **Factors Pushing Insurance Market Prices**
 - **Surge in wildfire and extreme storm related losses**
 - **Increased liabilities arising from from social and political unrest**
 - **Covid-19 Pandemic, and continuation of a medical cost trend increase**
- **Total Policy Renewal estimated to increase from**

\$1.31 million

to

\$1.49 million

Metropolitan's Property and Casualty Insurance Program

Coverage Type	2020/2021 Actual	2021/2022 Estimate	2021/2022 % Change
General Liability	739,253	850,141	15%
Fiduciary and Employee Benefit Liability	86,730	99,740	15%
Public Officials Directors & Officers Liability	278,486	320,259	15%
Workers' Compensation	116,073	123,036	6%

Metropolitan's Property and Casualty Insurance Program

Coverage Type	2020/2021 Actual	2021/2022 Estimate	2021/2022 % Change
Aircraft Hull & Liability	75,132	81,859	9%
Crime	9,930	10,580	6%
❖ Property	2,953	3,840	30%
Total Premiums	1,308,608	1,489,435	13.8%

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

Metropolitan's Property and Casualty Insurance Program

Coverage Type	2018 /2019 Actual
❖ Special Contingency	4,263
❖ Travel Accident	23,310
Premium Costs	27,573

❖ 3-year policies last purchased 2018 / 2019

Metropolitan's Property and Casualty Insurance Program

Premium Comparison by Fiscal Year

Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21
\$1,148,248	\$1,120,335	\$1,118,668	\$1,181,848	\$1,308,608
Estimated 2021/2022		\$1,489,435		

