



Renewal Status of Metropolitan's Property & Casualty Insurance Program

Finance and Insurance Committee

Item 7-1

June 7, 2021

Metropolitan's Property & Casualty Insurance Program

Objectives

- **Review the Current Program**
- **Provide insurance program cost information, and request approval to purchase 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

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 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 2019/2020**

Metropolitan's Property & Casualty Insurance Program

2021/2022 Insurance Market Outlook

- 21.8% Overall Cost Increase
- Factors Causing Insurance Premium Cost Spike and Coverage Capacity Decrease
 - Historic Catastrophic Wildfire Season
 - Multiple Years of Catastrophic Storm Damage
 - Economic Fallout from Covid-19 Pandemic
 - Escalating Jury Awards and Social Injustice Related Liability Settlements
 - Increasing Medical Costs
- Total Policy Renewal estimated to increase from

\$1.309 million

to

\$1.594 million

Metropolitan's Property and Casualty Insurance Program

Coverage Type	2020/2021 Actual	2021/2022 Quoted and Estimated	2021/2022 % Change
General Liability	739,253	944,765	28%
Fiduciary and Employee Benefit Liability	86,730	91,996	6%
Public Officials Directors & Officers Liability	278,486	337,187	21%
Workers' Compensation	116,073	123,721	7%

Metropolitan's Property and Casualty Insurance Program

Coverage Type	2020/2021 Actual	2021/2022 Quoted and Estimated	2021/2022 % Change
Aircraft Hull & Liability	75,132	81,219	8%
Crime	9,930	10,816	8%
Property *	2,953	4,105	39%
Total Premiums	1,308,608	1,593,808	21.8%

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

Metropolitan's Property and Casualty Insurance Program

Coverage Type	2019/2020 Actual
❖ Special Contingency	4,263
❖ Travel Accident	23,310
Premium Costs	27,573

❖ 3-year policies last purchased 2019 / 2020

Metropolitan's Excess General Liability Coverage Layers and Limits (Option 1)

In Million Dollars

No Change to Existing Coverage

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

Self-Insured Retention (SIR)

Associated Electric & Gas (AEGIS)

Energy Insurance Mutual (EIM)

Metropolitan's Excess General Liability Coverage Layers and Limits (Option 2)

In Million Dollars

Reduction of General Liability Coverage by \$15 Million

Excess Coverage	SIR	AEGIS 1 st Layer	EIM 2 nd Layer	Coverage Limits
General Liability	25	35	25	85
Fiduciary Liability	25	35	25	85
Directors & Officers Liability	25	25	40	90

Self-Insured Retention (SIR)

Associated Electric & Gas (AEGIS)

Energy Insurance Mutual (EIM)

Metropolitan's Property and Casualty Insurance Program

Options	Coverage Type	2020/2021 Actual	2021/2022 Quoted	2021/2022 % Change
Option 1	General Liability	739,253	944,765	28%
Option 2	General Liability	739,253	899,516	22%

Option 2 – Reduces excess coverage by \$15 million

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
Quoted 2021/2022		\$1,593,808		

OPTIONS

Option #1

Approve up to \$1.594 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program to renew or replace all the expiring excess liability and specialty insurance policies for fiscal year 2021/22

Impact

A approximate \$285,200 cost increase compared to FY 2020/2021 Budget of \$1.45 million.

OPTIONS

Option #2

Approve up to \$1.549 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program to renew or replace all the expiring excess liability and specialty insurance policies but reduce the excess general liability coverage by \$15 million

Impact

Over the \$1.45 million budget resulting in a projected \$239,951 cost increase compared to FY 2020/2021, and reduces the excess general liability coverage by \$15 million

Staff Recommendation

Option #1

Approve up to \$1.594 million to purchase insurance coverage for Metropolitan's Property and Casualty Insurance Program to renew or replace all the expiring excess liability and specialty insurance policies for fiscal year 2021/22

