

Subject:

Commercial Property & Casualty Insurance Program Renewal for March 1, 2025-2026

Recommended Action:

Approval by the County Administrator of the Commercial Insurance Program renewal for March 1, 2025.

The 2025 insurance marketplace is showing favorably for both Property and Casualty insurance. A breakdown of each line of coverage is shown below.

Property Coverage: The property insurance marketplace fared well despite the storms. Current premium is \$4,971,021. The renewal premium of \$4,422,412 is a decrease of 11.06%. We moved all of the buildings at Logan Lab to FM Global and removed from Gallagher so that we would not have two carriers at this location. We also maintained the same levels of coverage approved last year.

The maximum limits of \$75M for flood and wind damage remain. The policy has a \$100K deductible for perils besides wind and flood. Wind and flood have a 5% deductible with a minimum of \$500,000. The catastrophic loss model provided by AJG below estimates potential loss amount for County in event of a named storm. We use it to determine the adequate amount of wind and flood coverage. It currently indicates the maximum exposure at \$84.6 using a 500-year model.

The following figures represent “gross loss” expectancies, which are the projected losses excess of the program deductibles.

Critical Probability	Return Period	Gross Loss
.10%	1,000	\$121,227,058
.20%	500	\$84,687,703
.40%	250	\$55,470,886
1%	100	\$25,255,164

Benchmarks with other municipalities are inline with limits carried and at the amount recommended by our insurance broker.

The Property coverage also includes damage to over \$58M in County owned vehicles and mobile equipment, with costs of \$50K or more while on County property. \$25M of Coverage for Auto Physical Damage or Contractors Equipment at Scheduled Locations (Over the Road/Collision coverage is excluded. \$5M of coverage while away from a Scheduled Location.

FM Global: FM Global presented a renewal quote for Solid Waste, Utilities Water Facilities, Public Safety Campus and Emergency Responders Building structures,

considered highly protected properties. The renewal included a change to include the entire Logan campus. No other significant changes were noted. Current premium is \$6,879,700. Renewal premium is \$6,187,664, a decrease of -10.06% for 2025.

Public Entity Liability & Excess Coverage: \$10M limits for General Liability, Auto Liability, Law Enforcement Liability, Employee Benefit Liability, Public Official Liability, Excess Workers Comp, Employee Practice Liability, Sexual Abuse Liability and Auto Physical Damage limit of \$1M. Current premium is \$1,482,000 with deductible of \$1M. Renewal premium is \$1,522,000, an increase of 2.63%.

Jail Healthcare and Miscellaneous Professional Liability: The exposure for this coverage includes: EMTs/Paramedics at ARFF, Medical Control Board, Lifeguards trained as First Responders, EMTS or Paramedics, Vicarious Liability for Privatized Ambulance, Medical Director, Medical Homes, MMU & Safe Harbor Shelters. The current premium is \$467,889 and a renewal premium of \$498,193, a 6.48% increase.

Airport Liability: Current premium is \$114,855 and renewal is \$102,312, a decrease of 10.92%. No change in coverage.

Workers Comp Excess: Current premium is \$333,748 with renewal of \$394,464, an 18.19% increase over expiring.

Aircraft Hull & Liability: No changes to coverage or limits. Renewal premium is \$194,571 which is a 10.09% increase over the expiring premium of \$176,735.

Drone Liability: The current premium is \$4,141 and the renewal premium is \$6,212, a 50% increase which is primarily due to increase in the amount of drones covered.

Traffic Maintenance Professional Liability: This coverage is for professional exposure County has maintaining traffic devices for local municipalities by contract. Current policy was endorsed for no additional premium because of pre-emptive devices being installed by County employees in cabinets. Motorola installed in vehicles. Language now includes Maintenance, repair, replacement, and/or new installation of traffic signals as outlined in local municipal agreements scope of services pertaining to traffic signals by/or on behalf of the insured. Renewal premium is \$63,755, which is a decrease of -.16% over expiring premium of \$63,860.

Trail and Tradeshow Liability: Coverage is for liability resulting from Duke Energy Trail and Special Events from CVB. Rating basis for trail includes construction costs. Events is based on number of events. Once trail construction is completed this coverage will decrease substantially. The limit of Coverage required contractually by Duke is \$25M. The premium last year was \$204,445. The renewal increased 8.59% to \$222,000.

Cyber liability: The Cyber insurance marketplace has continued to stabilize this year. We have sought higher limits at the recommendation of our broker and received quotes for various limits for consideration. Current premium is \$95,000 with \$3M in coverage with lower sub-limits. Renewal is \$265,000 for \$15M a 179% increase over expiring.

After discussions with BTS and review of benchmarks, \$15M limits were in line based on similar sized municipalities and County revenue.

Crime and Excess Liability: Maintain excess coverage that increases limits for False Pretense. The total current premium is \$52,318, and the renewal premium is \$52,318. No change in premium or coverage.

Lessors Risk Policy Lealman: Current premium is \$7,334 with renewal of \$8,859, a 20.79% increase over expiring and no change in coverage.

International Package: Current premium is \$6,005 and renewal is \$6,161, a 2.60% increase with no change in coverage.

Pollution Liability: Coverage for above ground fuel tanks with current premium of \$103,000. The renewal premium is \$106,603, a 3.5% increase over expiring. No change in coverage.

Marina Operators Legal Liability: No changes to coverage. Current premium is \$6,878, and renewal premium is \$7,469, a 7.91% increase.

Watercraft Hull & Liability: Reduced minimum amount of value for coverage from \$20K to \$10K. Current premium is \$21,795, and renewal premium with changes will be \$24,587, a 12.81% increase.

Accidental Death and Dismemberment: 2-Year Policy billed annually. This policy is for the firefighters at the Airport. The current premium is \$586. The renewal premium is \$628, a 6.7% increase over expiring.

Terrorism: Increased exposure by including Solid Waste and Utilities for renewal. Current premium is \$31,875 and renewal premium with changes is \$81,000, an increase of 154%.

Pollution Liability TRIA coverage: (New) added to Pollution Liability this year for an increase of \$1,066.

Total Policy Premiums: The overall insurance cost for 2025 is \$14,243,393* for an overall decrease of -5.65% over 2024.

*Does not include \$175K Broker Fee

Strategic Plan:

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

5.2 Be responsible stewards of the public's resources

5.3 Ensure effective and efficient delivery of county services and support

5.4 Strive to exceed customer expectations

Summary:

Insurance Renewal invoices are for the purchase of Commercial Insurance for Property and Casualty Risks. The insurance covers County-owned Property and various areas of Liability Insurance for the Board of County Commissioners and the Appointing Authorities, including the Sheriff. The Clerk of the Circuit Court does not participate in the County's Workers Compensation Insurance policy. Commercial Insurance coverage is provided by both AJG and FM Global insurance companies, requiring payment of policy premiums within 30 days of binding coverage to prevent cancellation.

Background/Explanation:

On March 18, 2008, the Board delegated authority to the County Administrator, or his/her designee, to execute forms, applications, and documents necessary to continue coverage for each renewal term due to the short period of time to bind insurance premiums, typically within 30 days of receiving renewal pricing. At that time, the Board also delegated authority to the County Administrator or designee to sign all insurance invoices for future insurance premiums and renewal premiums. Each year, Risk Management includes a summary of commercial insurance coverages renewed for the upcoming year.

Fiscal Impact:

The total FY25 budget for insurance premiums is \$17.6M. The projected annual cost for 2025 is \$14.2M, \$3.4K under budget.

Delegated Authority:

Authority for the County Administrator to accept the commercial insurance coverages and approve the insurance premium invoices was granted by the Board on March 18, 2008, per attached.

Staff Member Responsible:

Valerie Edmons, Insurance Manager, Risk Management, Administrative Services
Keith Bentley, Division Director, Risk Management, Administrative Services
Joe Lauro, Director, Administrative Services

Partners:

N/A

Attachments:

Premium summary for 2025
Delegated authority dated March 18, 2008