

RISK MANAGEMENT

400 West Fourth Street
Davenport, Iowa 52801-1104
Telephone: (563) 326-8293
Fax: (563) 326-8763



June 12, 2023

To: Mahesh Sharma
County Administrator
From: Rhonda S. Oostenryk
Risk Manager

Subject: Annual Insurance Renewals

The county's overall insurance program renews July 1 each year and currently uses Chubb Insurance for property coverage and Travelers Insurance for most liability coverages. Worker's compensation coverage is through Midwest Employers Casualty Company.

The Chubb property renewal premium is up 26% compared to the expiring policy. Nearly 12% of that is related to increases in total values, with rate increase of approximately 14% making up the difference. This rate increase is on the low side nationally, with larger property risks having increases of 13 to 42% while also seeing increased deductibles and other limitations in coverage. The County has a \$100,000 deductible for property, and a \$250,000 wind/hail deductible for the courthouse/jail complex.

The Travelers liability premium is up just 10% compared to the same coverage last year. Scott County continues to benefit from controlled claims and claims management, which accounts for the increase being far lower than other public entities. Scott County has a \$300,000 self-insured retention for liability claims.

Worker's compensation coverage continues with Midwest Employers Casualty Company in the second of a 2-year policy. Scott County continues to rank in the top 8% of all public entities with Midwest Employers in terms of claims frequency and claims handling. Scott County has a \$500,000 self-insured retention for worker's compensation for most departments, and a \$750,000 retention for sheriff's department employees, while many other excess insurance carriers are requiring at least \$1 million in self-insured limits for all employees.

On another positive note, the county's cyber liability premium has increased just \$109.

Total premium for main coverage lines is \$658,702, up 12.7% compared to last year. Scott County continues to receive preferential pricing and coverage terms due to its overall safety efforts and limited claims activity.

Medical professional coverage for the county's health clinic, including treating jail inmates, continues to be a challenge. Premium this year is up 34% compared to expiring. This increase is due in exposure (visits, treatments) within the county's health department.

Attached is an insurance summary, prepared by the County's insurance broker, Arthur J. Gallagher, pertaining to renewal premiums for the period July 1, 2023 through June 30, 2024.

I will attend the next Committee of the Whole meeting with representation from AJG to discuss the renewal proposal and to answer any questions you or the Board may have.



Gallagher

Insurance | Risk Management | Consulting

2023-24

Scott County Insurance Summary



Jeff Young, CIC
Arthur J. Gallagher
220 Emerson Place, Suite 200
Davenport, IA

Effective
7/1/2023



Insurance | Risk Management | Consulting

2023 Gallagher Public Sector Practice



Gallagher's Public Sector Practice

Gallagher's Public Sector Practice is committed to working as an extension of our clients' risk management teams. We have the resources & knowledge to help our clients solve problems.



19,700+
clients



320+
dedicated experts



\$1B+
in annual premium

Who we serve

- Cities, counties, parishes & villages
- Special districts (fire, water, transit & utilities)
- State governments
- Insurance pools, cooperatives, JIFs, JPAs & mutual insurance companies
- K12 public, private & charter schools

Exclusive to Gallagher

- 4,500+ schools & 120+ pools
- 19+ state governments
- Thousands of municipalities, cities, counties, parishes & special districts
- Scholastic First Insurance
- One-2-One Risk Solutions
- Violent malicious acts coverage & disaster management services

What we deliver

- Insurance & risk management
- Benefits & HR consulting
- Claims management
- International solutions
- Crisis resilience services
- Pools, captives & alternative risk transfer

Our Competitive Advantage

- We have access to worldwide insurance markets that specialize in public sector business, all with the advantage of a local agent working on your behalf.
- We're the only U.S. broker with more than 400 sales people and risk management experts focused on public sector business. We have an excellent reputation in the public sector arena and we are dedicated to providing excellent service in a highly ethical manner.
- We're invested in our clients' associations and we have been for more than 40 years.
- We bring experts to the table to help negotiate complex issues like cyber liability, crisis response and resilience, enterprise risk management, employment practices, D&O coverage, complex property placements – or whatever the need might be.



Gallagher

Insurance | Risk Management | Consulting

AJG State of the Market – June 2023

The Big Picture

- The property market is the most challenging market that most of us have ever seen. Public entities and K-12 schools continue to face rate increases, capacity issues and for some, difficulties obtaining coverage.

Property

- Conditions in the property market are changing daily, making the quoting process much more tenuous. Insurers are waiting longer to provide quotes, frustrating buyers and brokers alike. The failure of reinsurers to record profit on five out of the last six years has resulted in rate increases and limits on capacity. Every layer of coverage has been affected, with increases of 30-100% reported in some layers.
- Capacity is an issue. One recent example for a client that did NOT have cat-exposed property indicated that a limit of \$50 million formerly provided by three carriers, now requires eight. In an informal survey of clients with cat exposures, 60% are renewing with reduced limits.
- Valuation remains a top concern for insurers. Carriers are scrutinizing statements of value and requiring accurate reporting and valuations. Out-of-date or incomplete property valuations will jeopardize your renewal negotiations and most certainly result in increased pricing.
- A sampling of public sector clients revealed that 75% experienced rate increases on their renewals at year end. A first quarter survey of public entity renewals across the country indicates increases as low as 5% and as high as 100%, with average increases ranging from 13-42%.

General Liability – All Lines

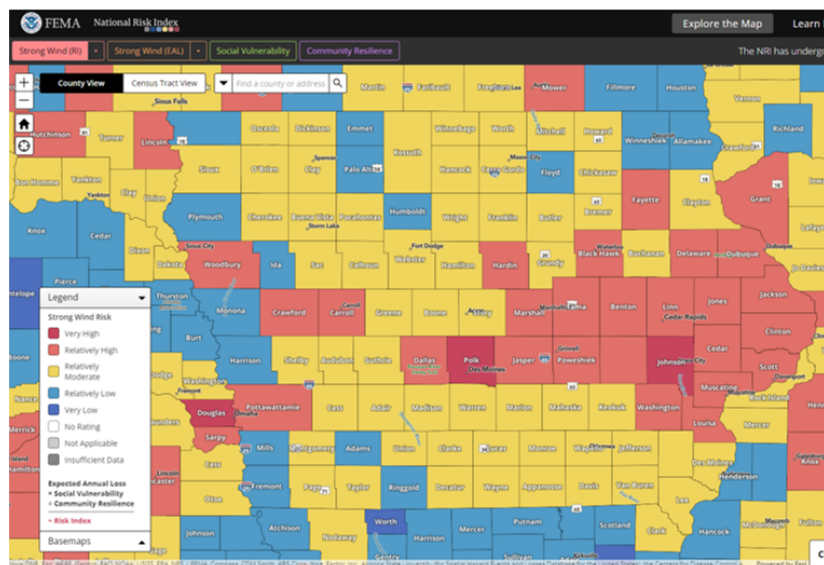
- The pricing of general liability coverage for all clients continues to increase. For public sector and K-12 education clients, 60% experienced a rate increase in the last quarter of 2022, with an average increase of 5%. The percentage increase is less than it was a year ago, but the pricing on package policies may fluctuate depending upon the lines of coverage included and the attachment points of coverage. For example, in the first quarter, a sampling of public sector clients with “first dollar” policies saw average increases of 9-20%; increases for policies with Self-Insured Retentions (SIRs) ranged from 0-10%.



Insurance | Risk Management | Consulting

- Clients that purchase employment practice liability, school board legal, or errors and omissions coverage through a separate policy saw rate changes fluctuate from -5 to +15% in the first quarter of 2023. The broad range reflects exposure and experience changes, which vary widely across the country. Influences include the uncertainties of jury awards, social inflation and third-party litigation, as well as changes to tort protections.
- Sexual Abuse and Molestation Liability coverage continues to be difficult to place in jurisdictions with high claims and reviver statutes. Every year, more states consider changing the statute of limitation for filing sexual abuse claims, and that uncertainty makes insurers uneasy. We expect the trend to continue towards claims-made policies and possibly reduced limits.
- Law Enforcement Liability coverage is another difficult stand-alone placement. Uncertainties around police reforms and staffing shortages continue to challenge law enforcement operations. Insurers have reduced limits and increased premiums accordingly. Our client survey from the first quarter indicates increases from 5-20% for stand-alone law enforcement liability coverage.
- Umbrella and Excess Liability coverage continues to be a struggle in certain geographic areas of the country due to state immunity statutes and statewide litigation and claims trends. In the last quarter of 2022, 80% of public sector and K-12 education clients experienced rate increases, as compared to 69% for a mix of all clients. The average increase was 17.5%.

FEMA National Risk Index (Strong Wind)





Gallagher

Insurance | Risk Management | Consulting

Scott County 2023-24

Insurance Summary

<u>Coverage</u>	<u>Expiring</u>	<u>Renewal</u>
Liability	\$158,642	\$172,569
Property	168,063	211,649
Automobile	40,677	46,111
Automobile-EMA	4,265	6,660
Umbrella	74,012	82,991
Cyber/Internet liability	36,911	37,020
<u>Worker's Comp</u>	<u>101,702</u>	<u>101,702</u>
Sub-Total	\$584,272	\$658,702
<u>Med. Professional</u>	<u>106,316</u>	<u>142,922</u>
Total	\$688,858	\$801,624



Gallagher

Insurance | Risk Management | Consulting

LIABILITY

Travelers

\$1,000,000 per occurrence/\$2,000,000 aggregate

\$300,000 self-insured retention

Premises/Operations/Products Liability

Auto Liability

Law Enforcement Liability

Public Entity Management Liability

Public Entity Employment Practices Liability

Public Entity Employee Benefits Liability

Social Services Professional Liability (Community Services)

Scott County Health Department Clinic (GL)

Liquor Liability - \$2,000,000 limit

Umbrella Excess Liability

\$9,000,000 limit, \$5 million sublimit for EPL and PEML

NO exclusion for County handling claims (bad faith/extra contractual)



Gallagher

Insurance | Risk Management | Consulting

PROPERTY

Chubb

\$100,000 deductible for property, vehicles and equipment

\$250,000 wind/hail deductible – Courthouse/jail complex

\$5,000,000 limit on mobile equipment

\$2,500,000 limit on vehicles **while parked**

Earthquake \$50,000,000 limit

\$100,000 deductible

Total blanket property, vehicle, equipment values

Expiring \$143,163,022

Renewal \$159,692,505 (+11.5%)



Gallagher

Insurance | Risk Management | Consulting

CYBER

Cowbell

\$1 million limit

\$100,000 deductible

Coverage includes:

- Liability costs
- Regulatory costs
- Breach fund
- Data Restoration costs
- Extortion costs
- Business impersonation costs
- Business interruption costs
- System failure
- Cyber crime loss
- Criminal reward costs



Gallagher

Insurance | Risk Management | Consulting

WORKER'S COMPENSATION

Midwest Employers

Unlimited WC benefits

County approved as claims administrator

\$500,000 self-insured retention each occurrence

\$750,000 self-insured retention each occurrence – law enforcement officers

2nd year of a 2-year policy, based on county's excellent claims experience and claims handling:

\$500k/\$750k SIR

2023-24	\$101,702
----------------	-----------



Gallagher

Insurance | Risk Management | Consulting

MEDICAL PROFESSIONAL

Coverys

\$1,000,000 liability limit

\$3,000,000 aggregate

\$25,000 deductible

Board of Health

Nurses

Jail nurses

Doctors covered for administrative duties only

Covers Sec 1983 civil rights discrimination claims

No rate increase for 2023-24

Premium increase due to 34% increase in exposure

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

JUNE 22, 2023

APPROVING THE FY24 INSURANCE RENEWALS WITH TRAVELERS, CHUBB,
COVERYS AND MIDWEST EMPLOYERS CASUALTY COMPANY AND
COWBELL IN THE AMOUNT OF \$801,624.

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

- Section 1. That the renewal of liability insurance with Travelers in the amount of \$308,331 for fiscal year 2024 is hereby approved.
- Section 2. That the renewal of property insurance with Chubb in the amount of \$211,649 for fiscal year 2024 is hereby approved.
- Section 3. That the renewal of medical-professional insurance with Coverys in the amount of \$142,922 for fiscal year 2024 is hereby approved.
- Section 4. That the 2 year renewal of workers compensation insurance with Midwest Employers in the amount of \$101,702 fiscal year 2024 is hereby approved.
- Section 5. That Cyber Insurance be purchased in the amount of \$37,020 from Cowbell is hereby approved.
- Section 6. This resolution shall take effect immediately.