



## RISK MANAGEMENT DEPARTMENT

Fort Bend County, Texas

**Wyatt O. Scott**

Director

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March 22, 2019

**REVISED**

Members of Commissioners' Court  
Fort Bend County

Re: Renewal of Property & Casualty Insurance Programs for Policy Year 4/1/2019-2020

Dear Honorable Court Members:

Attached you will find a renewal summary for the Brit Global, USA Premier Public Entity "Package" (Brit Insurance), the Midwest Employers Casualty Company Excess Workers Compensation policy, for the Admiral Insurance Company Medical Professional Liability insurance, for the QBE Insurance Corporation Aviation Insurance and for the Indian Harbor Insurance Environmental Liability insurance.

The Brit Insurance program is offering the County a renewal for the First Layer Excess Package program above the County's self-insured retention levels with a 5.6% increase. The increase is mostly a reflection of the increase of exposure units (payroll, insurable property values, vehicles and number of law enforcement). Less than 2 % of the increase is due to market trend.

Midwest has offered to renew our additional excess workers' compensation (above the Brit Insurance Package) at the same rate with no increase. There is an increase in premium due to an increase in reported payroll.

Renewal for the Admiral Medical Professional Liability insurance is offered as a flat renewal with no increase in premium over the expiring premium.

The QBE Aviation policy is offered for renewal with a rate increase from \$.029970 to \$.037779 due to market trend.

The Indian Harbor Environmental Policy is offered with a market rate increased premium following a three year flat renewal commitment of \$20,443.50/year to \$23,924.25.

The renewal from AIG was offered with the elimination of the maximum Named Storm deductible and with reduced coverage limits for Named Storm coverage. Other Markets will need to participate on this program in order to restore coverage limits. Markets and premium are yet to be determined. An extension of the existing AIG program is recommended to conclude the marketing effort for total property program.

The overall Casualty and Property renewal (except AIG Excess Property coverage) expiring premium is \$1,044,022 and the proposed renewal premium for the same program (except AIG Excess Property coverage) is \$1,130,894.50. This is primarily a reflection of the increase of the County's exposures (property values, payroll and number of vehicle units). Given the County's growth and increased exposures, this is a good renewal proposal which is recommended by Risk Management. In addition to recommending renewing the proposal, I also recommend extending the current AIG property insurance policy to allow for additional time to either fill and restore the reduce coverage limits or to market property coverage for an improved program. If you should have any questions, please let me know.

Wyatt Scott  
Director of Risk Management

# Executive Summary

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Arthur J. Gallagher Risk Management Services, Inc. appreciates the opportunity to present this proposal for your consideration.

Coverage/Exposure Summary	Renewal 4/1/2016-2017	Renewal 4/1/2017-2018	Renewal 4/1/2018-2019	Renewal 4/1/2019-2020	% Change	\$ Change
Brit Package Premium:	\$ 739,567.50	\$ 692,160.00	\$ 792,188.28	\$ 836,813.25	5.6%	\$ 44,624.97
Broker Fee including Taxes	\$ -	\$ 50,920.47	\$ 48,324.24	\$ -		
Premier Public Entity Package	Incl.	Incl.	Incl.	Incl.		
Excess Public Officer's Liability	Incl.	Incl.	Incl.	Incl.		
Excess Liability	Incl.	Incl.	Incl.	Incl.		
Basis: Law Enforcement Personnel	1,307	1,239	1,339	1,457	8.8%	
Basis: County Vehicles	999	1,114	1,147	1,394	21.5%	
Basis: APD Values	\$ 31,540,704	\$ 35,575,311	\$ 35,575,311	\$ 35,575,311	0.0%	
Basis: # of Employees	3,622	3,622	3,328	3,228	-3.0%	
Basis: Insurable Values	\$ 588,642,204	\$ 589,741,022	\$ 698,761,148	\$ 704,776,715	0.9%	
Basis: Payroll	\$ 121,923,629	\$ 143,948,672	\$ 154,626,684	\$ 166,384,497	7.6%	
Excess Property/Boiler & Machinery Premium*	\$ 821,100.00	4/1/2017 - 4/1/2019 \$1,619,980.50		*See below		
Two Year Policy Premium:						
Annual Installments	N/A	\$ 742,989.50	\$ 876,991.00	N/A		
Broker Fee	-	\$ 53,599.99	\$ 56,756.69	\$ -		
Basis: Insurable Values	\$ 588,642,204	\$ 589,741,022	\$ 698,761,148	\$ 704,776,715	0.9%	
Rate:	\$ 0.1300	\$ 0.1232	\$ 0.1231	\$ 0.1131	-8.2%	
Excess Workers Compensation Premium		4/1/2017 - 4/1/2019 \$360,736.00		\$ 214,802.00	19.1%	\$ 34,434.00
Two Year Policy Premium:				N/A		
Annual Installment	\$ 152,770.00	\$ 180,368.00	\$ 180,368.00	N/A		
Broker Fee	-	\$ 13,269.22	\$ 11,892.68	\$ -		
Basis: Payroll	\$ 121,923,629	\$ 143,948,672	\$ 143,948,672	\$ 166,384,497	15.6%	
Rate:	\$ 0.1253	\$ 0.1253	\$ 0.1253	\$ 0.1253	0.0%	
Medical Professional Premium:	\$ 15,687.00	\$ 15,687.00	\$ 15,687.00	\$ 15,687.00	0.0%	\$ -
Broker Fee including Taxes	\$ -	\$ 1,154.06	\$ 1,034.33	\$ -		
Basis: Staff	12	13	14	14	0.0%	
Basis: Revenues		\$ 2,060,000	\$ 2,118,265	\$ 2,907,288	37.2%	
Basis: Patient Visits	8,000	15,000	13,720	11,626	-15.3%	
Aviation Premium:	\$ 26,260.00	\$ 18,215.00	\$ 35,335.00	\$ 39,668.00	12.3%	\$ 4,333.00
Broker Fee		\$ 2,050.34	\$ 1,284.89	\$ -		
Basis: Hull Value	\$ 804,000	\$ 1,179,000	\$ 1,179,000	\$ 1,050,000	-10.9%	
Rate:	\$ 3.2662	\$ 2.9970	\$ 2.9970	\$ 3.7779	26.1%	
Pollution Premium:		10/1/2016 - 4/1/2019				
Premium	\$ -	\$ -	\$ 20,443.50	\$ 23,924.25	17.0%	\$ 3,480.75
Broker Fee including Taxes				\$ -		
Basis: UST Tanks	2			2	0.0%	
Basis: AST Tanks	12			12	0.0%	
Premium Sub-Total	\$ 1,775,828.00	\$ 1,649,419.50	\$ 1,900,569.28	\$ 1,130,894.50	-40.5%	\$ 128,038.02
Broker Fee: Pollution		\$ 1,396.07		N/A		
Broker Fee Sub-Total (includes Pollution in 2017-18)**	\$ 120,000.00	\$ 122,390.15	\$ 119,292.83	\$ -	-100.0%	\$ (119,292.83)
Total Program Cost	\$ 1,895,828.00	\$ 1,773,205.72	\$ 2,019,862.11	\$ 1,130,894.50	-44.0%	\$ (888,967.61)

1. BRIT – Premium includes Cyber endorsement and WC TRIA
2. XS WC – Includes TRIA
3. XS Property – Premium TBD, policy extension requested
4. Aviation – Includes WAR/TRIA endorsement
5. Pollution – includes TRIA

Thank you again for allowing us to be your partner in this placement.

**Paul D. Pousson, ARM**

Monday, March 18, 2019