



## RISK MANAGEMENT DEPARTMENT

Fort Bend County, Texas

Wyatt O. Scott  
Director

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March 19, 2014

Commissioners' Court  
Fort Bend County  
301 Jackson Street  
Richmond, TX 77469

Re: Premier Public Entity Package & Lexington Insurance Excess Property Insurance  
Renewals for Policy Year 4/1/2014-4/1/2015

Dear Honorable Court Members:

Attached you will find a renewal summary of the Premier Public Entity "Package" (Brit Insurance) and the Lexington Insurance Company Excess Property insurance programs. The Premier Package program provides Fort Bend County its' first layers of coverage after meeting self-insured retentions for its' property and casualty exposures. The Property Excess coverage provides \$250MM (\$50MM sub-limit for windstorm) coverage limits in excess of the Package limits of \$1MM.

Please note that exposures and the basis for premium rating have significantly increased for payroll (5%) and total insured property value (TIV) from \$548MM to \$558MM. Although the County increased its' TIV by 2%, Lexington gave the County a rate reduction of two percent, from \$0.167 to \$0.164. Of note, the Carrier continues to provide the County its' historical and requested capacity or insured limits. Other options were submitted but are not recommended as they were deficient in ability to meet capacity requirement or inability to meet target terms (pricing). Twenty-eight markets were not competitive or declined to quote. One other feasible option was presented which required a layered structure of multiple carriers in order to provide the County with the required insured limits. It quoted a slightly higher premium, at a rate of \$0.1656. Due to the long-standing relationship with Lexington and their rate reduction this year, which appears to reflect that they value this relationship, my recommendation is to renew the Lexington Excess Property Insurance. I also recommend renewing the Brit Insurance package program as it has served the County's insurance needs well. I consider it a flat rate renewal.

Of note, I have negotiated with the Broker (Arthur J Gallagher) to agree to provide brokerage services on a fee-for-services basis. All quotes are net of Commissions, the fee for service proposed is \$150,000. I recommend that the Court agrees to this arrangement, this would represent a brokerage compensation savings of \$38,665.

Expiring premium is \$1,827,634 and the renewal premium is \$1,774,465.

Given the County's' growth and increased exposures, this is a good renewal proposal recommended by Risk Management. If you should have any questions, please let me know.

Sincerely,

A handwritten signature in dark ink, appearing to be 'W. Scott', with a long horizontal stroke extending to the right.

Wyatt Scott  
Director of Risk Management

**PREMIER PUBLIC ENTITY PACKAGE & LEXINGTON INSURANCE EXCESS PROPERTY INSURANCE RENEWAL**  
**POLICY YEAR 4/1/2014-4/1/2015**

Coverage/Exposure Summary		2012 Term Annualized (term 18 mos.)	Renewal 4/1/14 to 4/1/15	Change
Premier Public Entity Package	\$	828,688.00	\$ 704,162.00	(124,526.00)
Excess Public Officials' Liability	Included in Brit Pkg		Incl	
Excess Liability	Included in Brit Pkg		Incl	
Basis: Law Enforcement Personnel	730		754	3%
Basis: County Vehicles	1340		940	-30%
Basis: Payroll	103,020,366.00	\$	107,678,195.00	5%
Excess Property excluded TRIA	\$	913,409.00	\$ 844,275.00	(69,134.00)
Boiler & Machinery				
Basis: Insurable Values	\$	547,993,061.00	\$ 558,198,922.00	2%
Rate		0.167	0.164	-2%
Sub-Total	\$	1,742,097.00	\$ 1,548,437.00	(193,660.00)
Surplus Lines Taxes 4.91%	\$	85,536.96	\$ 76,028.26	(9,509.00)
Broker Fee 4/1/14-4/1/15	Included in Premiums		\$ 150,000.00	150,000.00
Total Fixed Costs	\$	1,827,633.96	\$ 1,774,465.26	(53,169.00)