

A large, stylized graphic in the background featuring a yellow sun with rays and three green leaves of varying shades, all set against a white background.

# Risk Management

Property, Casualty & General Liability

BCC Workshop  
January 19, 2021



CHARLOTTE COUNTY  
FLORIDA

# Risk Management Workshop

- This workshop is intended to provide information to, and to seek feedback from, the Charlotte County Board of County Commissioners regarding the Self Insurance Program administered by the Risk Management Division.

# Property, Casualty & General Liability

	<b>2020</b>
<b>Revenues</b>	<b>Actual</b>
Insurance Premiums Chrgs	
Contrib-Participants/Self Ins	2,478,670
Contrib-Constitutionals/Self Ins	48,636
Misc Rev-Refund Prior Year Exp	118,277
Beginning Balance	5,136,109
<b>Expenditures</b>	
Operating Expenses	275,371
Claims-Auto Liab	67,578
Claims-Gen Liab	190,218
Insurance & Bonds-Gen Liab	348,700
Insurance & Bonds-Property	2,278,442
Insurance & Bonds-Auto Liability	77,235
Insurance & Bonds-Auto Physical Damage	26,595
Rsv-Self-Insurance	4,517,553

# Works Comp

**2020**

## **Revenues**

Contrib-Workers Compensation	2,619,220
Misc Rev-W/C Stop Loss Ins	662,726
Beginning Balance	7,449,769

## **Expenditures**

Medical Srvs-Gen	414,046
Claims-Wrkr's Comp	2,291,264
Insurance & Bonds-Wkr's Comp	405,779
Rsv-Self-Insurance	7,620,626

# Risk Management Division

- Raymond Carter ARM, Risk Manager
- David Lyles, Environmental Health and Safety Manager
- Robin Amendola, Coordinator Workers' Compensation and Liability Claims

# Risk Management Division Cont'd

- Janine Hewitt, Coordinator Risk and Benefits

# What is Risk Management?

It is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events.



# Self Insurance-Identify, Assess, Analyze, Select and Implement

The Division manages the self-insurance program and applies Risk Management methodologies through which we identify and assess risks, identify loss control(s) measures, apply the selected measure(s), protect assets, comply with applicable legal requirements, and meet its liabilities and continually monitor new and current exposures and methods.



# What is considered when Risk is identified?

- Risk Avoidance: Can we eliminate the exposure entirely?
- Risk Retain: 'Paying out of pocket', self insure?
- Risk Transfer: Transfer of risk to another party?
- Hybrid Plan: Charlotte County utilizes this strategy.

# Self Insurance-Retention and Transfer

A Self-Insurance Program includes retention of risk for claims including General Liability, Auto Liability, and Workers' Compensation. It can also contain Excess Insurance to protect against Catastrophic Losses.

# Self Insurance-Risk/Loss Control

- The Division establishes/monitors Safety Policy across County Operations. Conducts Safety Committee Meetings, assists with Training both classroom and online activities.
- Reviews Agreements for effective Contractual Risk Transfer; Purchasing Agreements, County Attorney's Office, Community Services.
- Indemnification and Insurance.

# Self Insurance-Liabilities; Projecting Losses

- Annually the Division procures an Actuarial Report to determine:
- Outstanding Liabilities based upon program structure at time of loss; Reserving for current Liabilities
- Future Funding Obligations based upon program structure at time of loss; Funding future losses
- Excess Insurance effectively caps losses which smooths projections

# Actuarial Outstanding Liabilities as of September 30, 2020

- Workers Compensation and Liability Programs Combined
- \$4.757 million Central Estimate Undiscounted

# Actuarial Future Funding Contributions FY 21

- Workers Compensation(WC) and Liability Programs Combined
- \$2.602 Million at 70% Confidence Level Undiscounted

# FY 21 Budget

- Workers Compensation and Liability Programs Combined Claims Funding
  - \$554,400 General Liability and Auto Liability Claims
  - \$1,371,300 WC Claims
  - \$1,925,700 Total Appropriation

# Self Insurance-Control Risk

The Division researches, negotiates, and recommends to the Board commercial insurance for purchase, to limit catastrophic claim loss and to smooth losses over time.



Charlotte County Board of County Commissioners  
 Property, Casualty, Ancilliary & Workers Compensation Insurance  
 2020-2021 Renewal Evaluation



Coverage Type	Current 2019-2020				Renewal 2020-2021			
	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium
Property <i>Total TIV</i>	FMIT	\$ 100,000 Named Storm 5% per building	\$ 150,000,000	\$ 1,925,443	FMIT	\$ 100,000 Named Storm 5% per building	\$ 150,000,000	\$ 2,291,589
Boiler and Machinery	FMIT	\$ 25,000	\$ 100,000,000	Included in Property Premium	FMIT	\$ 25,000	\$ 100,000,000	Included in Property Premium
Inland Marine	FMIT	\$500 up to \$50,000	Per Schedule	Included in Property Premium	FMIT	\$500 up to \$50,000	Per Schedule	Included in Property Premium
Scheduled Equipment Unscheduled Equipment		Various	\$ 10,746,915	Included in Property Premium		Various	\$ 10,746,915	Included in Property Premium
Flood Excess		\$ 500	\$ 1,000,000	Included in Property Premium		\$ 500	\$ 1,000,000	Included in Property Premium
<b>Sub Total</b>		\$ 500,000	\$ 5,000,000	<b>\$ 1,925,443</b>		\$ 500,000	\$ 5,000,000	<b>\$ 2,291,589</b>
General Liability	FMIT	\$ 350,000	\$ 1,500,000	\$ 89,541	FMIT	\$ 350,000	\$ 1,500,000	\$ 90,700
Public Officials Liability	FMIT	\$ 350,000	\$ 1,500,000	\$ 177,404	FMIT	\$ 350,000	\$ 1,500,000	\$ 184,253
Auto Liability	FMIT	\$ 350,000	\$ 1,500,000	\$ 103,403	FMIT	\$ 350,000	\$ 1,500,000	\$ 109,310
Auto Physical Damage	FMIT	\$ 100,000	n/a	Include in Auto Liability	FMIT	\$ 100,000	n/a	Auto Liability
Excess Workers' Comp	FMIT	\$ 300,000	\$ 1,000,000	\$ 411,769	FMIT	\$ 300,000	\$ 1,000,000	\$ 418,240
<i>Payroll Experience Mod</i>				\$84,589,481 0.81				\$ 87,091,050 0.80
Crime	Travelers Allied World Assurance Co.		\$1,000,000	\$ 6,331	Travelers Allied World Assurance Co.		\$1,000,000	\$ 6,331
Pollution Legal Liability	American Bankers & Wright Flood	\$ 10,000 Various	\$1,000,000 Various	\$ 18,129	American Bankers & Wright Flood	\$ 10,000 Various	\$1,000,000 Various	\$ 20,000
Flood Insurance*		by location	by Location	\$ 228,838		by location	by Location	\$ 239,037
Statutory AD&D	Hartford		\$72,764.00 \$72,764.00	\$ 29,922	Hartford		\$75,000.00 \$75,000.00	\$ 29,922
Aircraft Liability**	Starr Aviation	\$ -	\$ 5,000,000	\$ 5,750	Commerce & Industry	\$ 5,000	\$1,000,000 / \$2,000,000	\$ 24,326
Storage Tank 3rd Party Liability***	Commerce & Industry	\$ 5,000	\$2,000,000	\$ 21,623	Commerce & Industry	\$ 5,000	\$2,000,000	\$ 24,326
<b>Sub Total</b>				<b>\$ 1,092,710</b>				<b>\$ 1,122,120</b>
<b>Total Annual Premium:</b>				<b>\$ 3,018,153</b>				<b>\$ 3,413,708</b>
<b>\$ Increase or Decrease</b>				<b>N/A</b>				<b>\$ 395,555</b>
<b>% Increase or Decrease</b>				<b>N/A</b>				<b>13.1%</b>



# Catastrophic Loss and Insurance- Property

- Named Storm: \$150,000,000 Dedicated 'Wind' limit coverage. Deductible 5% per location/Bldg
- Flood Loss: \$5,000,000 Property Insurance Excess over National Flood Insurance Program (NFIP)

# Florida Coastal County's

Property and Casualty	Charlotte	Sarasota	Manatee	Lee	Collier
<b>Property</b>					
Premium	\$ 2,291,589	\$ 2,465,315	\$ 3,409,374	\$ 3,245,530	\$ 4,195,687
Rate per \$100 value (Coverage)	\$ 1.53	\$ 3.29	\$ 3.79	\$ 3.25	\$ 5.59
Total Insured Value (TIV)	\$ 539,172,187	\$ 814,959,355	\$ 1,163,094,299	\$ 1,159,891,734	\$ 985,357,465
Coverage Limit (Named Storm)	\$ 150,000,000	\$ 75,000,000	\$ 90,000,000	\$ 100,000,000	\$ 75,000,000
Named Storm Retention per Building	5%	5%	3%	10% (per location)	3%/ \$5,000,000 Wind Cap
Retention all other Perils	\$ 100,000	\$ 100,000	\$ 100,000	\$ 75,000	\$ 50,000
<b>Workers' Compensation</b>					
Payroll Dollars	\$ 87,091,050	\$147,042,071	\$ 196,964,770	\$ 178,280,030	*153,308,009*
Experience Modification	0.81	1.1	0.91	0.67	0.62
Police/Law Enforcement Exposure	No	No	Yes	No	No
Fire Operations/EMS Services Exposure	Yes	Yes	Yes	Yes	Yes
Retention for WC	\$ 300,000	\$ 500,000	\$ 750,000	\$ 750,000	\$ 500,000
Premium	\$ 418,240	\$ 441,603	\$ 680,390	\$ 265,797	\$ 169,550

\*Projected FY21

# Property Insurance Cont'd

- \$1,000,000 'Extra Expense' with zero deductible
- \$500,000 'Property Damage Mitigation' with zero deductible with Synergy Turnkey Recovery Program

# Property Insurance Cont'd

- Scheduled Inland Marine (Equipment valued over \$15,000) \$10,746,915 at value
- Blanket Inland Marine (Equipment valued \$15,000 or less)

# General and Professional Liability Coverage

- Liability Coverage Generally \$1,500,000 limit after \$350,000 retention
- Public Officials Errors and Omissions (E&O) includes Extra Legal Expense: Pay 50% legal fee's up to \$25,000 per covered action, \$100,000 aggregate

# General and Professional Liability Coverage Cont'd

- General Liability
- Host Liquor Liability
- Watercraft Liability
- Cyber Liability

# General and Professional Liability Coverage Cont'd

- Professional Liability; Notable inclusions are Medical Director/Attendants Medical Malpractice pursuant to Section 401.265 Florida Statute Employment Practice
- Burt Harris & Inverse Condemnation Claims \$300,000 per occurrence/aggregate



# Auto Liability and Auto Physical Damage

- Auto Liability \$1,500,000 limit after \$350,000 retention
- Auto Physical Damage; we have approximately 80 vehicles valued at over \$100,000
- \$15 million in On Premises Auto Endorsement

# Excess Workers' Compensation Coverage

- Provides coverage for losses which breach the \$300,000 threshold per claim
- Claims can remain open for multiple years and take years to breach the retention.

# Claims Currently Exceeding the \$300,000 Retention FY16 thru FY20

Claim Number	Coverage	Status	Report Date	Loss Date	Last Close Date	Incurred
XXXXXXX	Workers Compensation	Open	03/03/2016	03/03/2016		795,500.00
XXXXXXX	Workers Compensation	Open	09/24/2018	09/21/2018		600,000.00
XXXXXXX	Workers Compensation	Open	12/30/2019	12/27/2019		428,229.76

The top three claims incurred cost since 10/01/2015 are shown in the chart above.

The current net recovery for these top three losses is \$811,156 as of 12/31/2020 and could reach \$923,729 in time.



# Workers' Compensation Claims FY16-20

## CHARLOTTE COUNTY

Valued as of 12/01/2020

WC Total Incurred FY 16 to FY 20

Period (Fiscal Periods)	Claim Count	Total Incurred	Total Paid	Total Outstanding	Avg Incurred	Max Incurred
10/01/2015 - 09/30/2016	109	1,502,673	1,491,286	11,387	13,786	806,761
10/01/2016 - 09/30/2017	121	593,763	593,326	437	4,907	202,190
10/01/2017 - 09/30/2018	137	927,185	925,926	1,258	6,768	628,478
10/01/2018 - 09/30/2019	142	746,134	701,187	44,947	5,254	155,536
10/01/2019 - 09/30/2020	134	801,703	641,116	160,588	5,983	348,830
<b>Grand Totals</b>	<b>643</b>	<b>4,571,458</b>	<b>4,352,841</b>	<b>218,617</b>	<b>7,110</b>	<b>806,761</b>

# Other Coverage Lines: Crime

- \$1,000,000 coverage limit with a \$25,000 retention
- Generally, this coverage is for Employee Theft or Forgery including: Computer Crime, Funds Transfer Fraud.

# Pollution Legal Liability

- ‘Sudden or Gradual Pollution and Onsite Cleanup...’
- Generally Location specific: Water Treatment Plants (WTP’s), Water Reclamation Facilities(WRF’s), Wells, Pumps and Lift Stations, Maintenance Facilities, Fueling Stations, etc.

# Flood Insurance

- Program offered thru National Flood Insurance Program (NFIP)
- Maximum Limit per building is \$500,000
- Recall Property Program offers Excess Flood above this \$500,000 with separate limit of \$5,000,000

# Statutory AD&D

- Benefits allowable per Florida Statute 112.191
- Sub 2a & 2b) \$75,000 while 'engaged in firefighter duties'
- Sub 2c) '\$225,000 while engaged and unlawfully and intentionally killed or dies from intentional act...'



# Storage Tank(s) Policy

- Coverage A: Third Party Bodily Injury and Property Damage Due to a Release
- Coverage B: Clean-Up Costs or Corrective Action due to a Release
- \$5,000 retention limit \$1,000,000 per occurrence & \$2,000,000 Aggregate

# Inmate Medical

- Pursuant to Florida Statute 901.35 Financial Responsibility for Medical Expenses to Inmates.
- Provides Excess Coverage for Inmate Medical Expenses provided outside of the Infirmary.
- Provides for Medical Bill Review for all External Inmate Medical bills.

# Next Steps

Feb	Review Agent of Record Agreement
May	RFP for Property, Casualty & General Liability coverage - include existing coverage and retention levels
June - July	Review of proposals
Aug	Recommended action to BCC