

# Insurance Update

May 21, 2024



# Agenda

- Historical overview
- Hurricane Ian
- Self insurance
- Current trends and options
- Renewal strategy

# Insurance Premiums

|                     | 2020      | 2021      | 2022      | 2023      | 2024      | 5 Year     |
|---------------------|-----------|-----------|-----------|-----------|-----------|------------|
| <b>Premium</b>      |           |           |           |           |           |            |
| Vehicle             | 103,830   | 109,691   | 107,799   | 117,398   | 129,232   | 567,950    |
| General Liability   | 348,700   | 346,156   | 360,701   | 403,531   | 488,248   | 1,947,336  |
| Property            | 2,278,442 | 2,582,337 | 2,492,777 | 2,697,719 | 5,372,152 | 15,423,427 |
| <b>Self Insured</b> |           |           |           |           |           |            |
| Vehicle             | 67,578    | 159,310   | 481,653   | 259,026   | 21,581    | 989,148    |
| General Liability   | 190,218   | 390,763   | 983,800   | 245,685   | 90,818    | 1,901,284  |
| Property            | -         | 20,866    | -         | -         | -         | 20,866     |

# Hurricane Ian Recovery

|                                |            |                   |
|--------------------------------|------------|-------------------|
| <b>Total estimated damages</b> |            | <b>63,000,000</b> |
| Turnkey projects               |            |                   |
| Mitigation                     | 7,440,050  |                   |
| Restoration                    | 7,432,152  |                   |
| Initial ACV payments           | 11,538,305 |                   |
| Non-reimbursed deductibles     | 900,000    |                   |
| Potential Supplemental Claims  | 35,689,493 |                   |



# Self Insurance Program-What is it?

- A self-insurance program 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.

# Self Insure or Self Insurance-Retention and Transfer

- A Self-Insurance Program includes retention of risk for Property claims and can also contain Excess Insurance to protect against Catastrophic Losses.
- Self-Insurance Program identifies additional resources, can limit financial exposure, and can provide needed funding earlier in the recovery process.
- To Self-Insure is a business decision to designate a source of funds/reserves to pay for Catastrophic Losses.
- Diminished coverage would impact eligible FEMA recoveries.

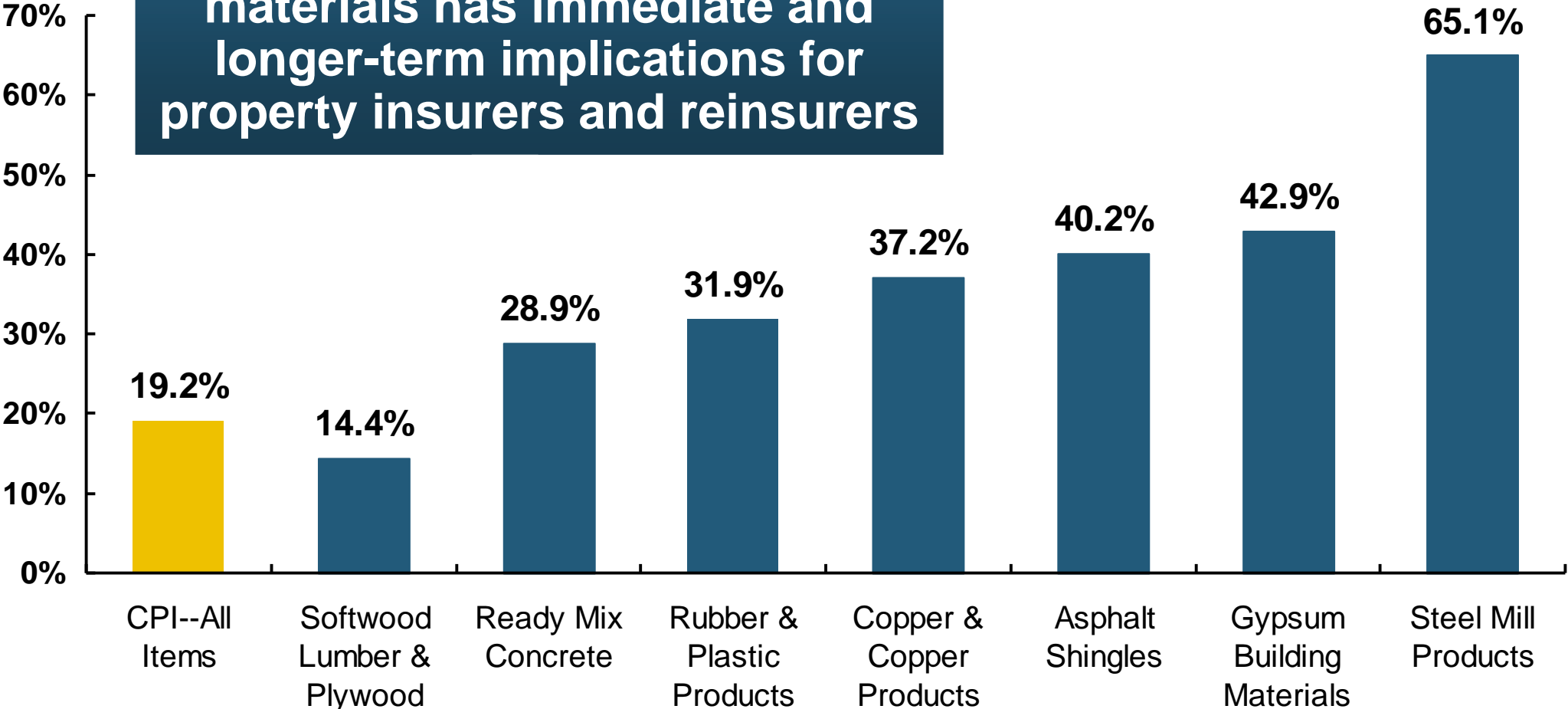
# Current Trends & Options

Current outlook for commercial property insurance continues to suggest increases in premiums and limitations to capacity, especially in area of high predictable catastrophic exposure such as Florida. Primary contributing pressures include:

- Net Underwriting Losses – Industry LAE +11.9% in 2023
- Global Reinsurance Capital – Available capacity
- Inflation – Rate and reserve inadequacy; Materials Cost

# Change in Cost Indicators for Selected Construction Inputs, Jan. 2020 – Dec. 2023

The rapid increase in and still-elevated cost of building materials has immediate and longer-term implications for property insurers and reinsurers



Source: U.S. Bureau of Labor Statistics.



# Potential Strategies at Renewal

Strategies in previous years to address exposure probabilities and budget vulnerabilities have been extremely successful.

- Coverage determinations
- Deductible analysis and implementation
- Turnkey Recovery program participation

New market forces inspire examination of program options

- Asset Valuation Assessment – To schedule or not to schedule...
- Catastrophic loss sublimits
- Parametric solutions – predetermined triggers; no adjusting.