

CHELAN COUNTY PUD INSURANCE PROGRAM

Policy Renewal 2016-2017
Commissioner Board Meeting
June 6, 2016

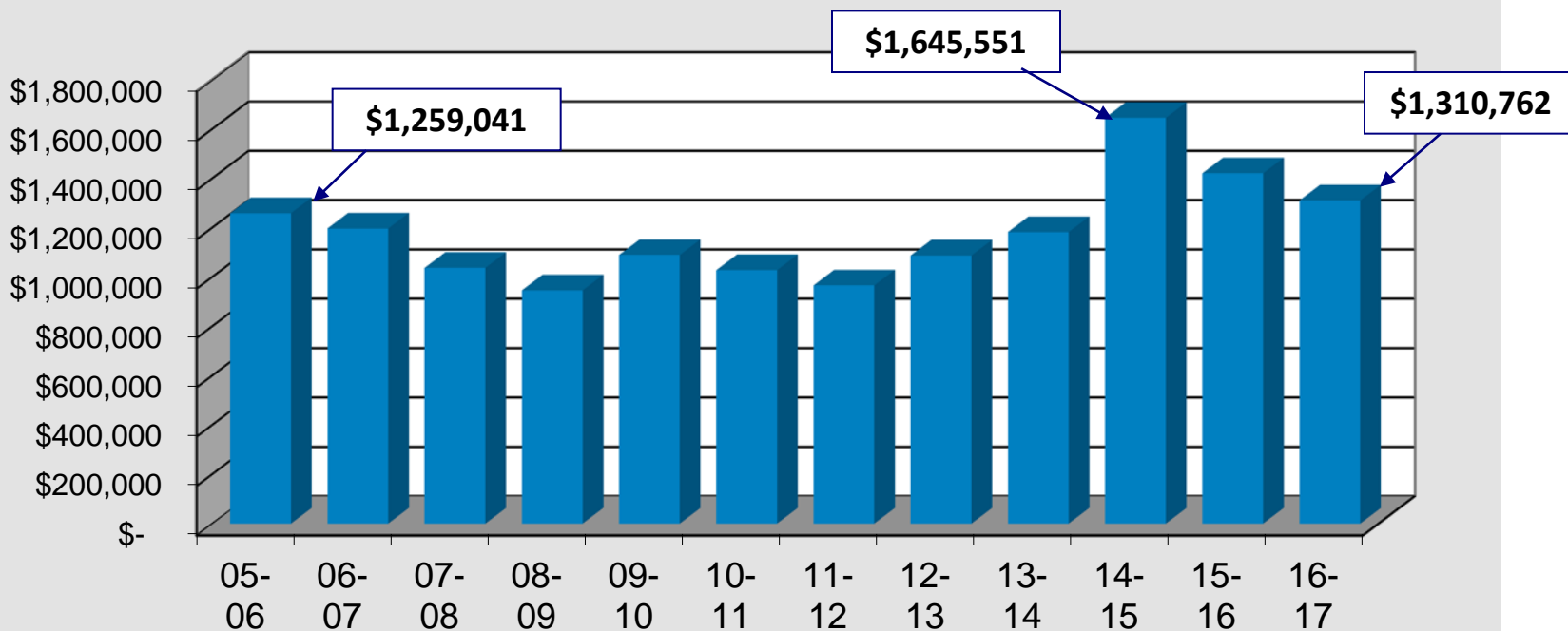
Introduction

- Presentation for information purposes only. No action required today
- Annual update on insurance premiums
- Insurance policies renewal date is July 1, 2016
- Premiums and terms will be negotiated up to renewal date
- Motion requesting authorization for insurance program renewal with a “not to exceed” amount will be presented to Board for consideration on June 20th

Supports District Value: Stewardship

- Protecting public resources entrusted to us:
 - Managing Risks, Controlling Costs
- Insurance Marketing:
 - Substantiate District as quality risk
 - Negotiate optimal terms, conditions and premiums
- Factors Influencing Renewal:
 - No new District insurance claims
 - Very good year globally for insurance claims
 - Competitive insurance market
 - PUD financial strength and investment in generation
 - Asset Management Program
 - Insurance risk assessment results

PROPERTY (Premiums 2005 - 2017)



2015-2016 Premium: \$ 1,420,464

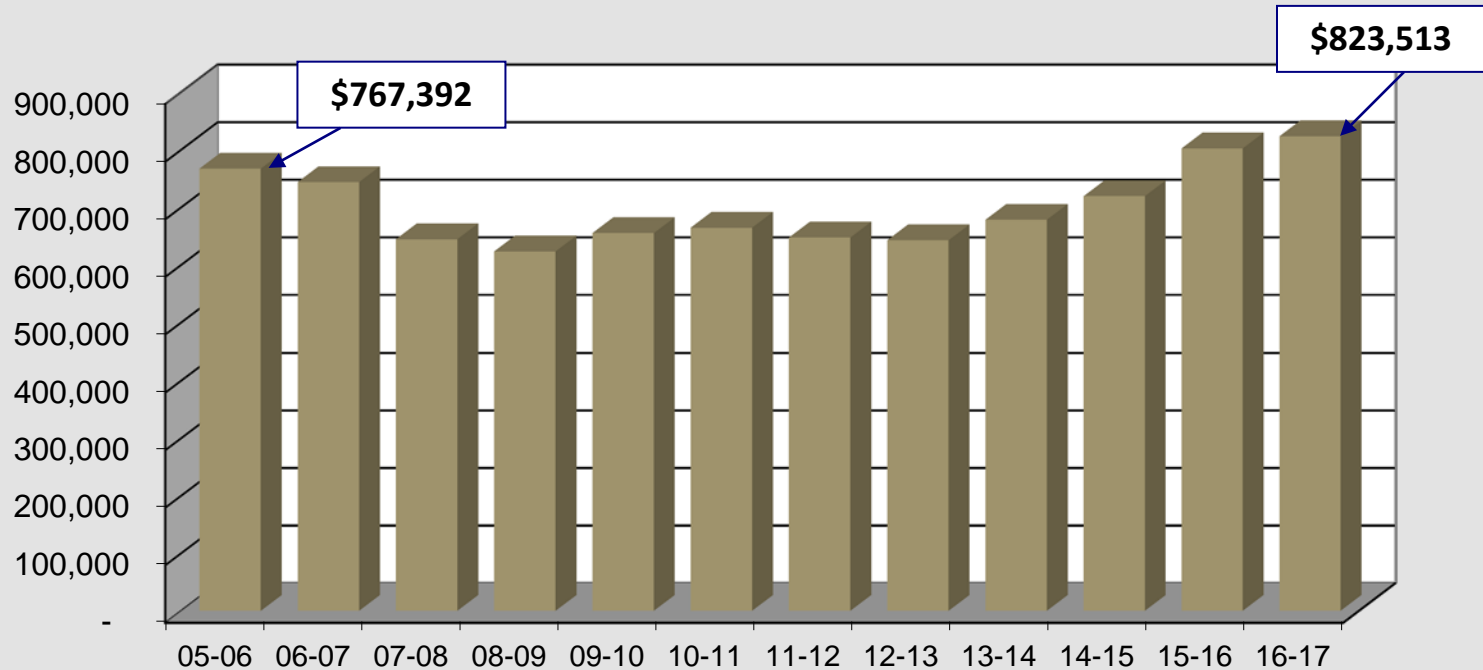
Limit: \$350 million

2016-2017 Premium: \$ 1,310,762*

Decrease: 7.7 %

***Estimated cost, quotes still being received**

GENERAL LIABILITY, AUTO, & POL (Premiums 2006 - 2015)



2015-2016 Premium: \$802,464

Limit: \$100 million

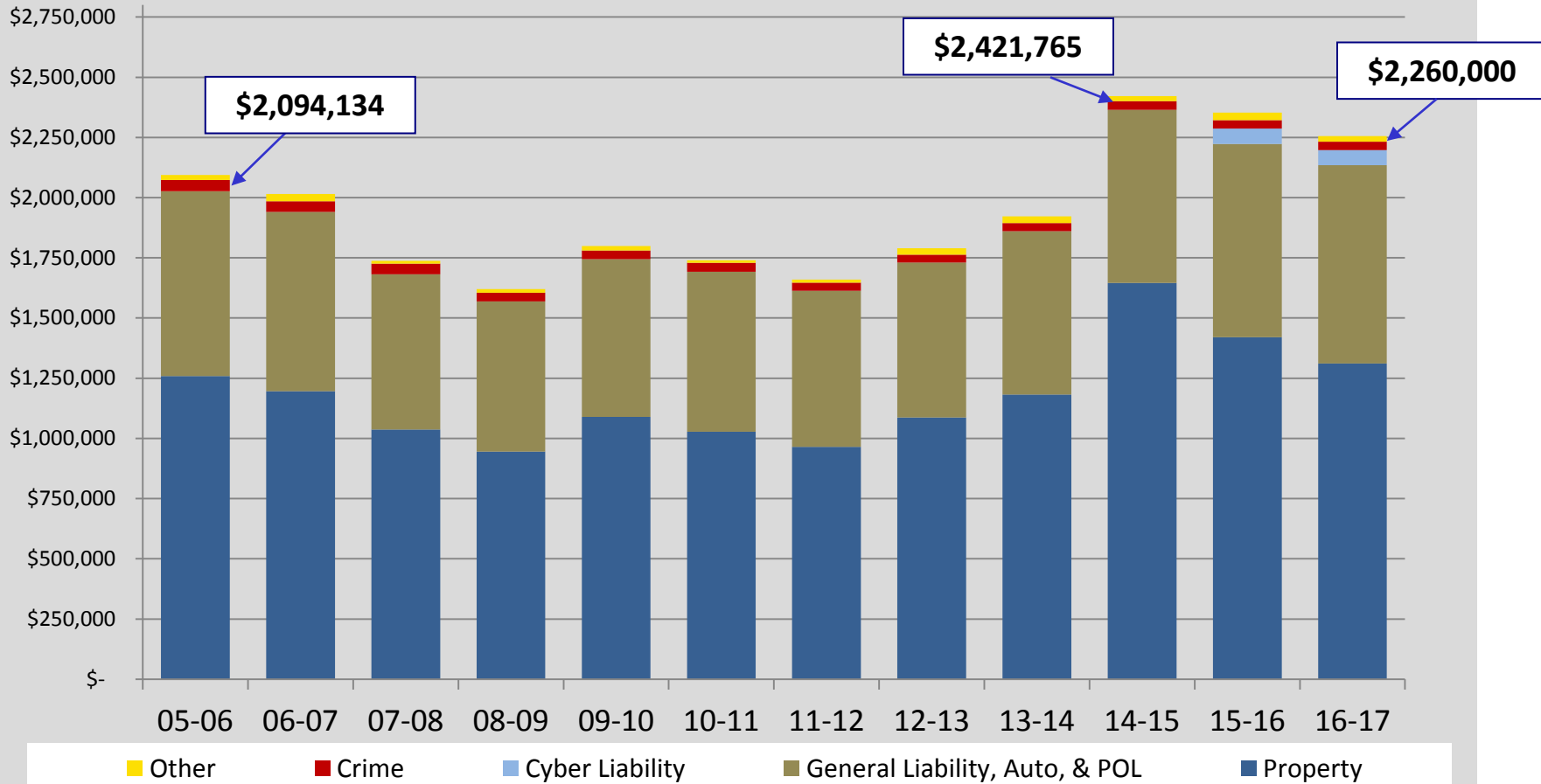
Limit raised \$25 million to \$100 million in 2015

2016-2017 Premium: \$823,513*

Increase: 2.6%

***Estimated costs, quotes still being received**

Insurance Policy Premiums 2005-2016



Premium Summary

<u>Coverage:</u>	<u>Limit</u>	<u>Deductible</u>	<u>Actual</u> <u>2015-2016</u>	<u>Estimate</u> <u>2016-2017</u>
Property/Mechanical Breakdown (Includes \$10M Lost Revenue Cover)	\$ 350M	\$1M/ \$500k	\$ 1,420,464	\$ 1,310,762
General/Auto/Public Officials Liability	\$100M	\$2M	802,464	823,513
Crime	\$25M	\$100k	35,123	35,600
Non-Owned Aircraft	\$10M	\$0	5,740	5,740
Fiduciary Liability	\$10M	\$25k	16,926	17,331
Cyber Liability	\$5M	\$50k	64,341	63,000
Total			\$ 2,345,058	2,255,946 (negotiating)

Estimated: \$ 2,260,000
Consistent with 2016 Budget

*Estimates

Estimated 3.6% Decrease

Draft Motion for June 20th

It is recommended to complete the annual negotiation process with a “not to exceed” amount of ____* for premium renewals with the Commission’s approval of the following motion:
Commission authorizes expenditures by the District not to exceed ____* plus surplus lines taxes and fees, for the purchase of District insurance for July 1, 2016-2017 policies upon terms and conditions approved by the General Manager.

*To be finalized prior to June 20th Board meeting

Next Steps

- Continue to pursue and negotiate best insurance terms and conditions up to renewal date
- Return in two weeks to request motion for Board to approve 2016-2017 insurance program renewal for an “up to” amount.
- Complete insurance policy renewals by July 1
- Questions?