

# CHELAN COUNTY PUD INSURANCE PROGRAM

**POLICY RENEWAL 2019-2020**



CHELAN COUNTY

**Commissioner  
Board Meeting**  
June 3, 2019



# Introduction

- Presentation for information purposes only. No action required today
- Annual update on insurance premiums and renewal
- Insurance policies renewal date is July 1, 2019
- 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 17

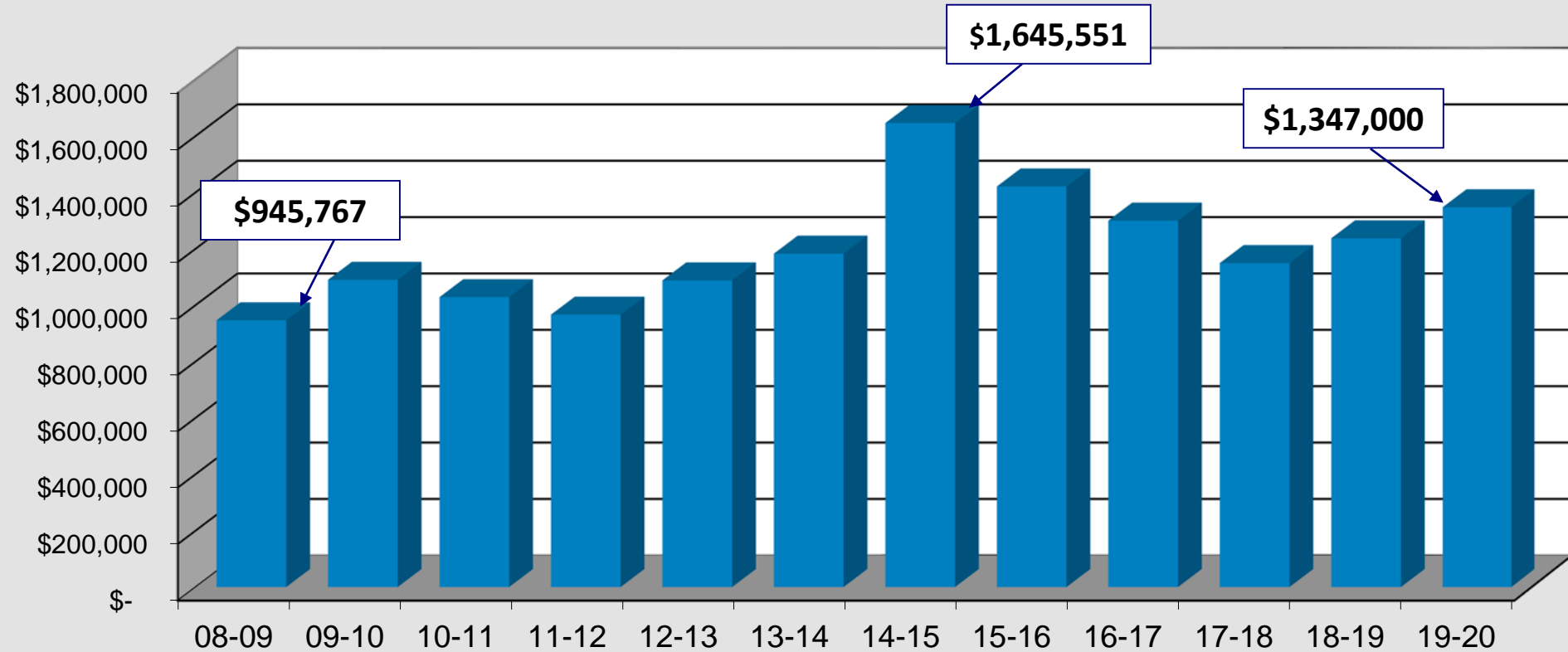
# Insurance Program Marketing

- Supports District Value: Stewardship
  - Protecting public resources entrusted to us:  
Managing Risks, Controlling Costs
- Insurance Underwriter Meetings:
  - Highlight District characteristics that demonstrate the quality of PUD operations and management
    - Managing Property Risk: Investments in modernizing generation; asset management program; Hydro Research Institute
    - Utility liability: Public safety outreach; developing wildfire mitigation strategies – optional additional \$25M liability quote
  - Excellent results from insurance engineer mechanical breakdown risk assessment

# Insurance Program Considerations

- Worldwide insurance market for property coverage is hardening: less capacity, higher premiums
- 2018 worldwide property losses 4<sup>th</sup> highest
- Rock Island B5 – B10 units concerning to insurers
- Wildfire losses affecting liability insurance market
- Some insurance carriers leaving market segments
  - District replacing \$25 million liability insurance gap due to insurer non-renewing all power utilities
- Negotiations are ongoing

## PROPERTY (Premiums 2008 - 2020)



**2018-2019 Premium: \$ 1,236,582**

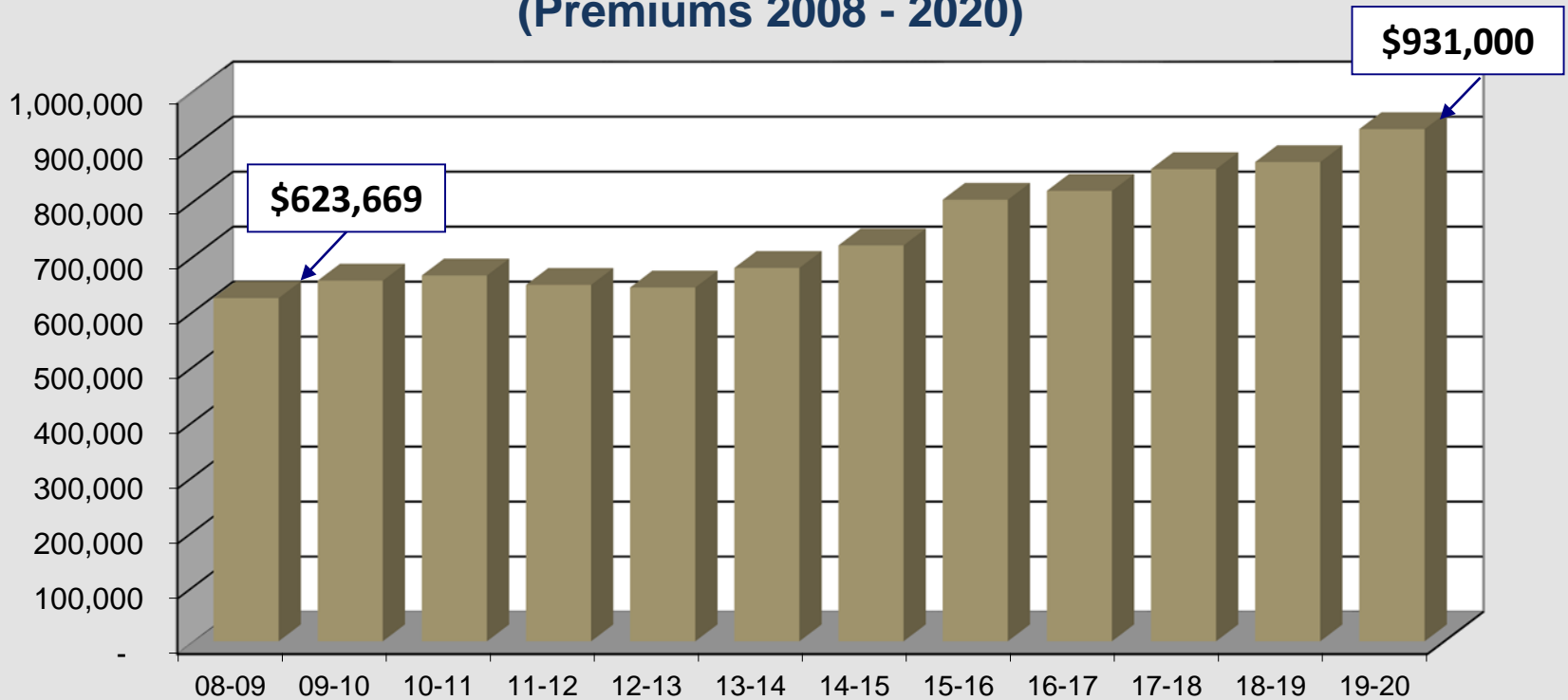
**Limit: \$350 million**

**2019-2020 Premium: \$ 1,347,000\***

**Increase: 8.9%**

\*Estimated cost, quotes still being received

## GENERAL LIABILITY, AUTO, & PUBLIC OFFICIALS LIABILITY (Premiums 2008 - 2020)



**2018-2019 Premium: \$871,067**

**Limit: \$125 million**

**2019-2020 Premium: \$931,000\***

**Increase: 6.9%**

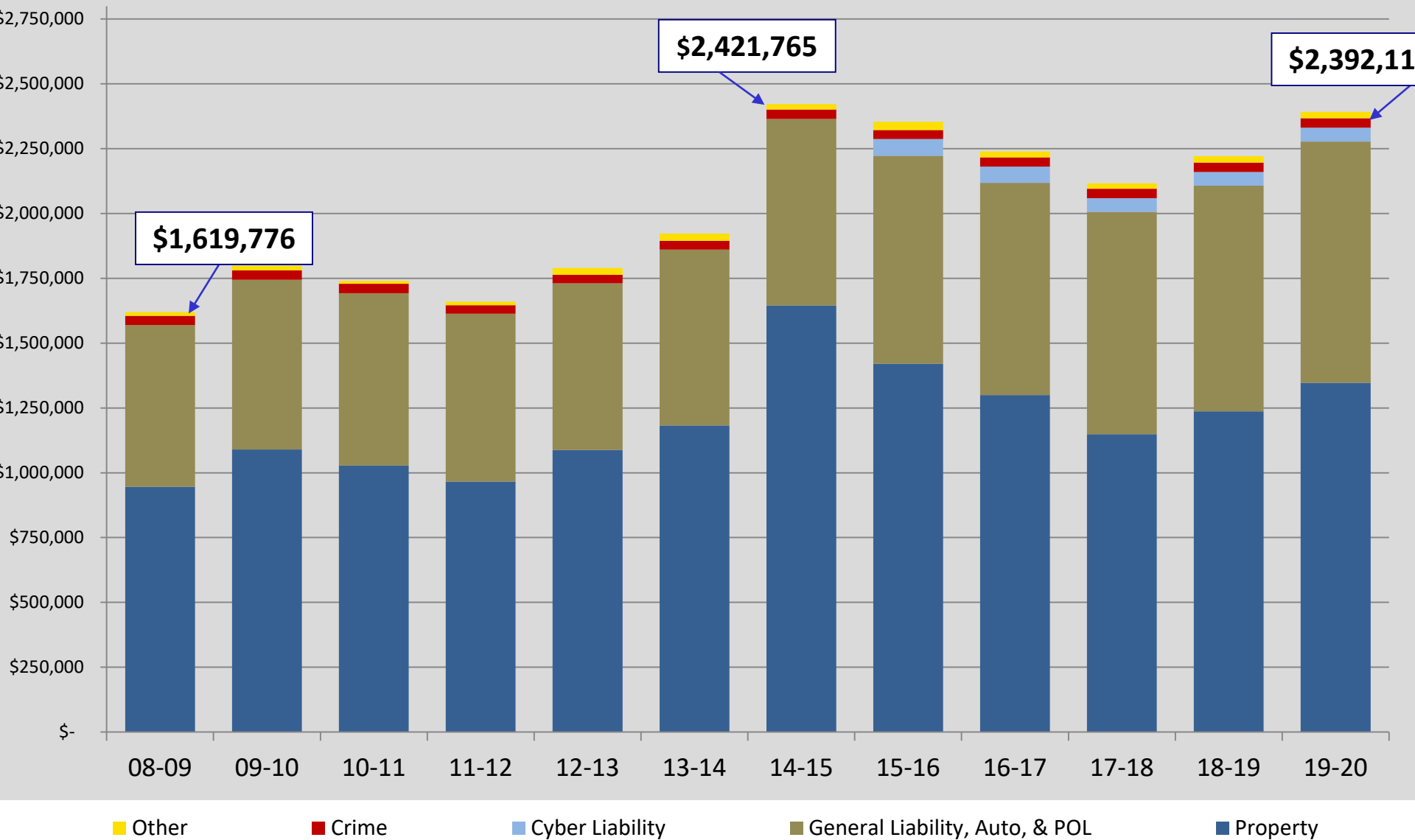
\*Estimated costs, quotes still being received

**Optional Quote (estimated):**

**2019-2020 Premium: \$ 50,000**

**6 Additional Limit: \$25 million**

# Insurance Policy Premiums 2008-2020



# Premium Summary

| <u>Coverage (consistent with prior year):</u>                        | <u>Limit</u> | <u>Deductible</u>          | <b>Actual</b><br><u>2018-2019</u> | <b>Estimate*</b><br><u>2019-2020</u> |
|--|--------------|----------------------------|-----------------------------------|--------------------------------------|
| Property/Mechanical Breakdown<br>(Includes \$10M Lost Revenue Cover) | \$ 350M      | \$1M/ \$500k               | \$ 1,236,582                      | \$ 1,346,914                         |
| General/Auto/Public Officials Liability**                            | \$125M       | \$2M                       | 871,067                           | 931,000                              |
| Crime  | \$25M        | \$100k                     | 36,600                            | 36,600                               |
| Non-Owned Aircraft   | \$10M        | \$0                        | 5,600                             | 5,600                                |
| Fiduciary Liability  | \$10M        | \$25k                      | 18,316                            | 18,750                               |
| Cyber Liability  | \$5M         | \$50k                      | 52,649                            | 53,250                               |
|  |              | Option 1 subtotal          | 2,220,814                         | 2,392,114                            |
|  |              |                            | In line with 2019 Budget          | Estimated 7.7% Increase              |
| *Premiums are subject to change during negotiations                  |              | Additional \$25M Coverage: |                                   | 50,000                               |
| ** Public Officials Liability limit is \$75M                         |              | Option 2 subtotal          |                                   | 2,442,114                            |



# Draft Motion for June 17

To authorize expenditures by the District not to exceed \$\_\_\_\_\_\* plus surplus lines taxes and fees, for the purchase of District insurance for July 1, 2019-2020 policies upon terms and conditions approved by the General Manager.

\*To be finalized prior to June 17 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 2019-2020 insurance program renewal for an “up to” amount.
- Complete insurance policy renewals by July 1
- Questions?