



CHELAN COUNTY PUD INSURANCE PROGRAM



Policy Renewal 2010-2011

Supports Balanced Scorecard Goal: Manage Financial Risks



Target: Maintain PUD premiums at benchmark based on 2000 premiums

Factors in PUD favor:

- Another year with no losses that hit insurance layer.
- Continued investment in resources – hydro modernization.
- Worldwide, investors shifting capital to insurance – 30% into Lloyds.
- 2009 was a profitable year for insurers, though less so in energy sector.



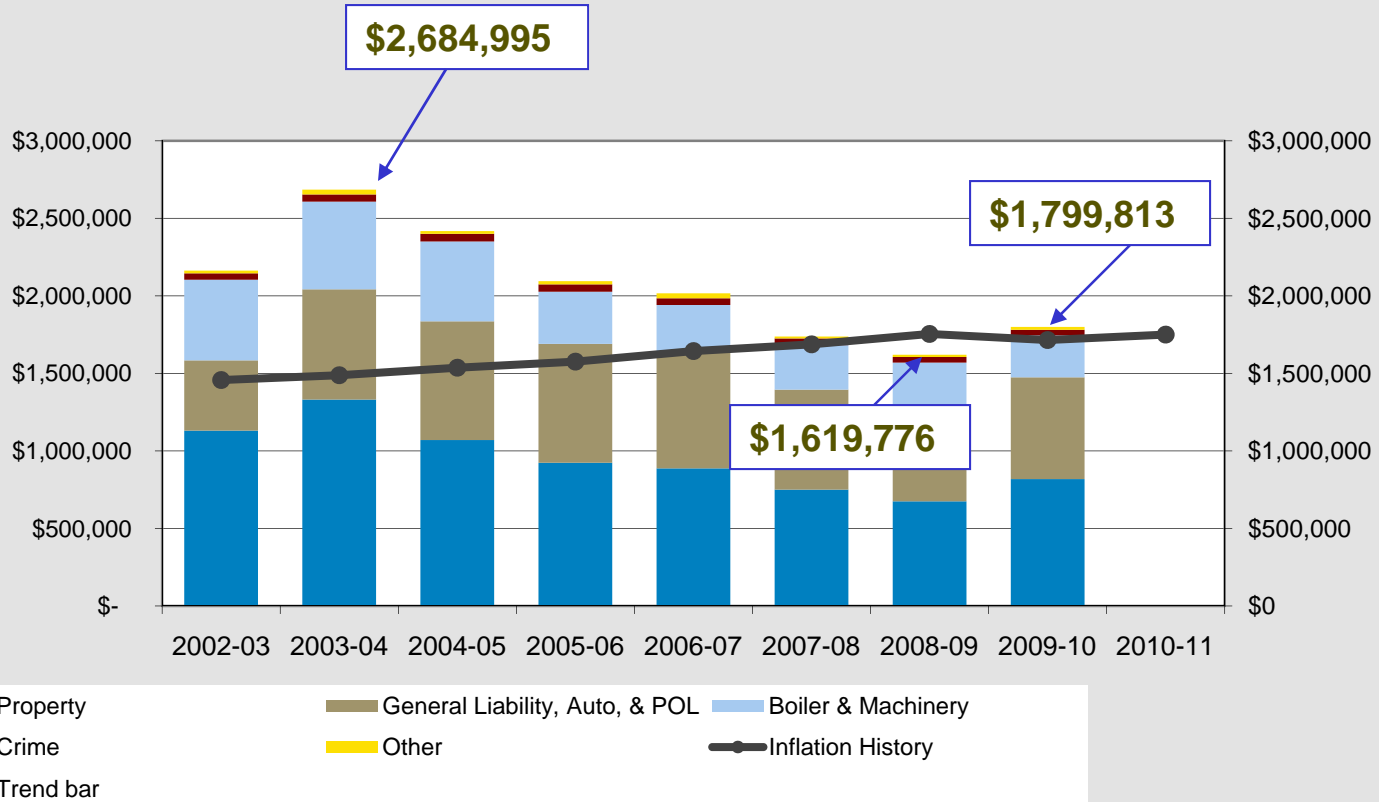
Target: Maintain PUD premiums at benchmark based on 2000 premiums

2010 Challenges:

- Rocky Reach C1 – C7 design issues concern some insurers.
- 2010 starting out poorly for insurance companies. Oil in Gulf, Chilean earthquake, tornados and flooding.
- Russian hydro loss in 2009 – first failure of its kind on record.
Sayano-sushenskaya dam - \$1.2 billion

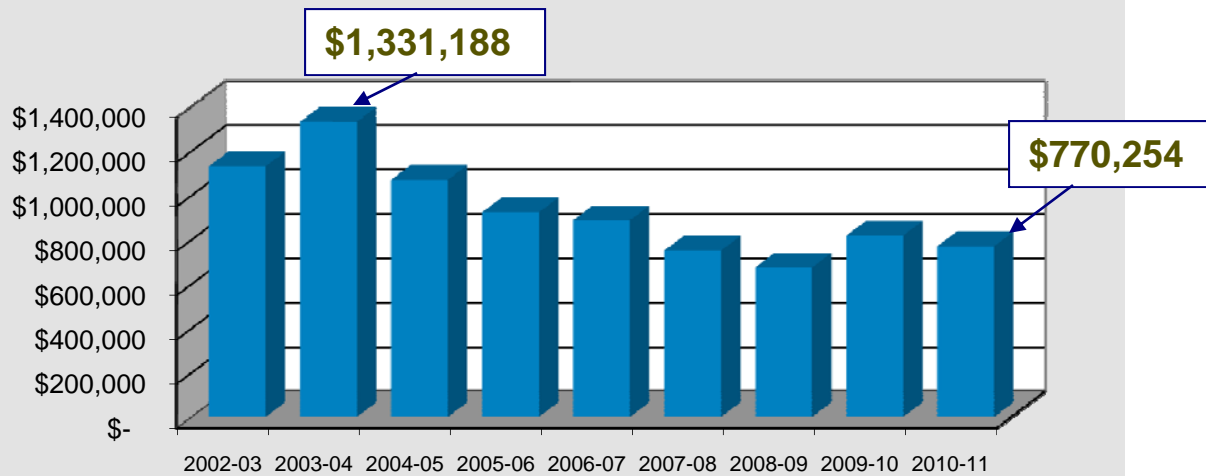


June Insurance Policy Premiums





PROPERTY (Premiums 2002 - 2011)



2009-2010 Premium: \$818,424

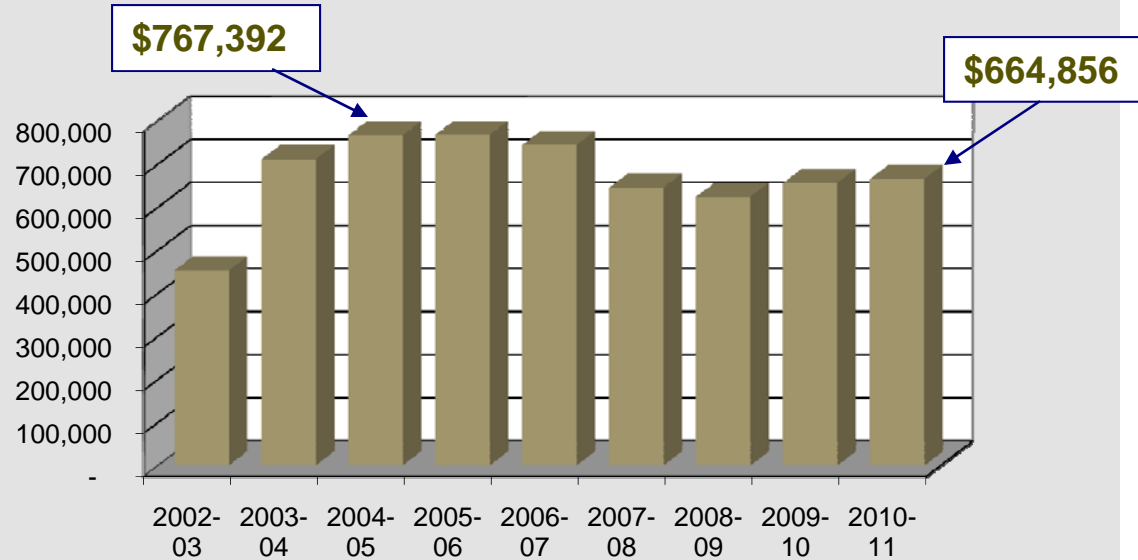
2010-2011 Premium: \$770,254

Limit: \$350 million

Decrease: 5.9%



GENERAL LIABILITY, AUTO, & POL (Premiums 2002 - 2011)



2009-2010 Premium: \$655,436

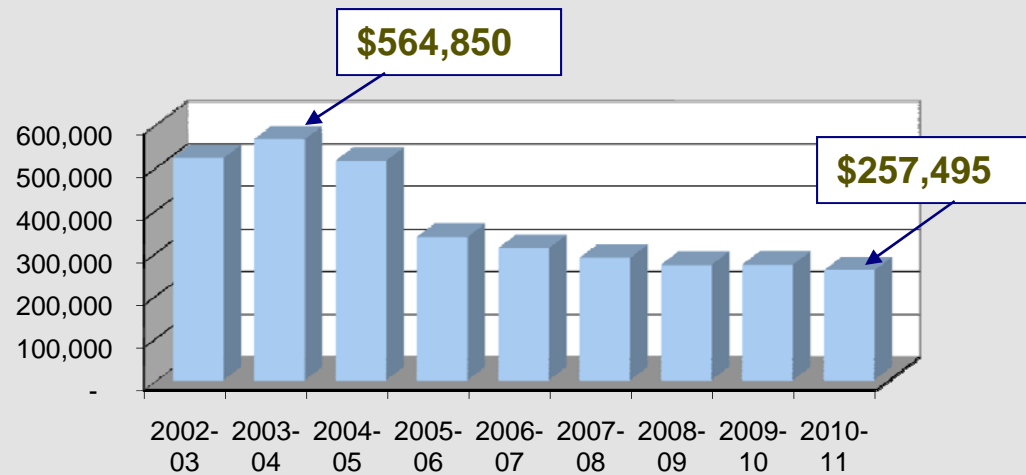
Limit: \$75 million

2010-2011 Premium: \$664,856

Increase: 1.4%



BOILER & MACHINERY (Premiums 2002 - 2011)



2009-2010 Premium: \$271,047

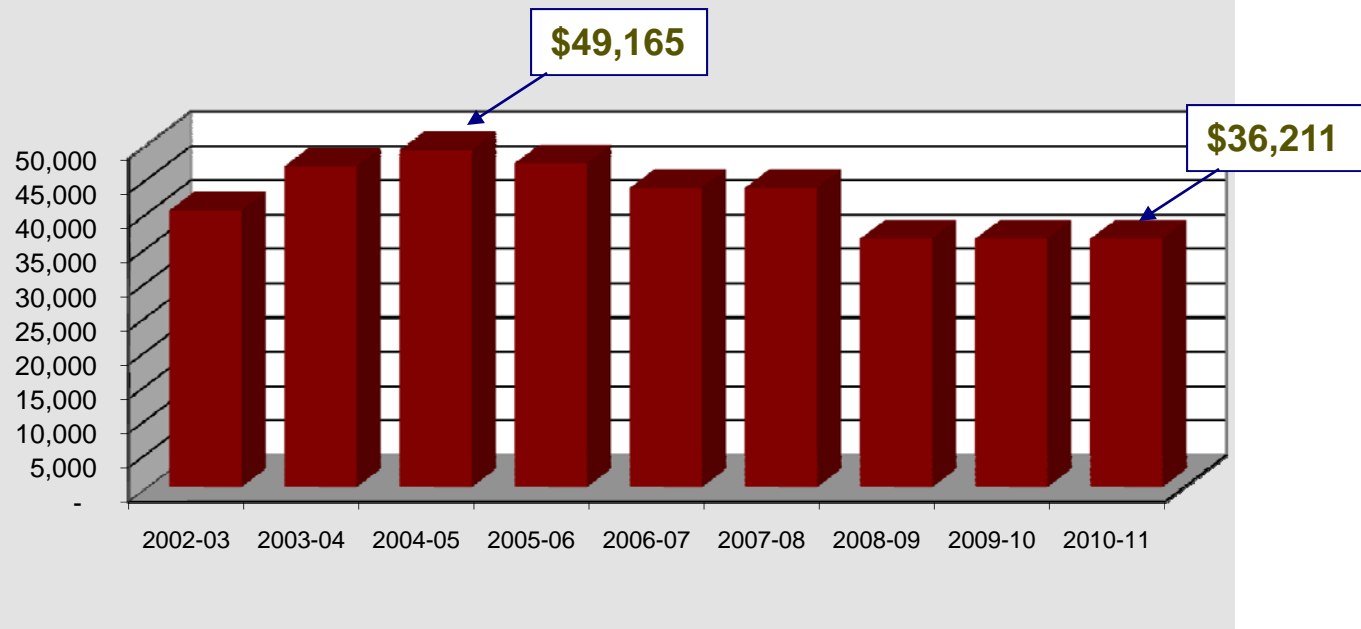
Limit: \$200 million

2010-2011 Premium: \$257,495

Decrease: 5.0%



CRIME (Premiums 2002 - 2011)



2009-2010 Premium: \$36,211

Limit: \$35 million

2010-2011 Premium: \$36,211

Increase: 0%



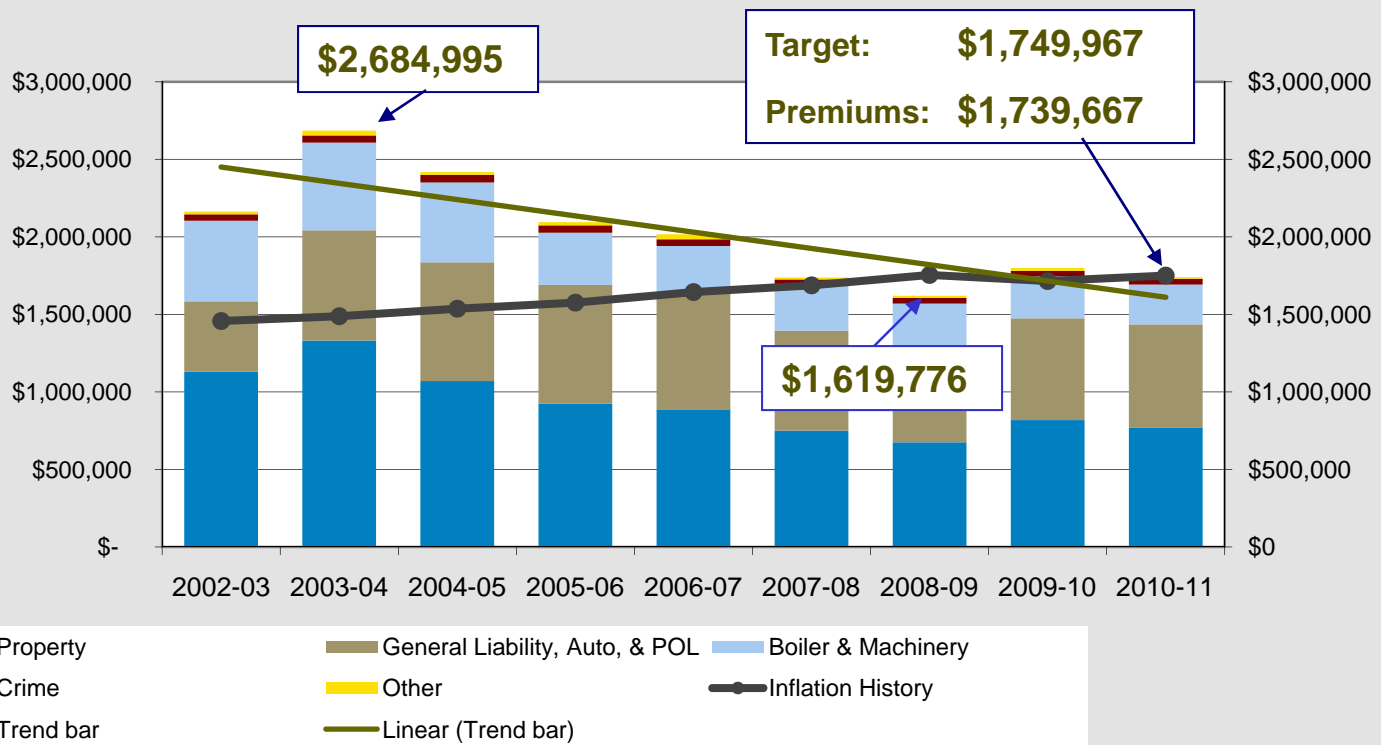
Standard Policies

	<u>6/09 – 6/10</u>	<u>6/10 – 6/11</u>
<u>Property</u>	\$818,424	\$ 770,254
<u>General/Auto/Public Officials Liability</u>	655,436	664,856
<u>Boiler & Machinery</u>	271,047	257,495
<u>Crime</u>	36,211	36,211
<u>Non-Owned Aircraft</u>	5,850	5,996
<u>Kidnap & Ransom (3 year pre-paid)</u>	8,156	0
<u>Blackout/Brownout Liability</u>	4,540	5,000 *
	<u>\$ 1,799,664</u>	<u>\$ 1,739,812</u>

*Estimate



June Insurance Policy Premiums





2010-2011 PUD premiums below target by .5%

2009-2010 June Premiums: \$1,799,644

2010-2011 June Premiums: \$1,739,812

Premium Decrease: \$ 59,832 or 3.3%

7.7% under budget

Conclusion: Last year we experienced an 11% increase due in large part to updated property valuations. With this year's results, we are back within our target premium range. 2008-09 was our best renewal in over a decade and we only exceed that level by 7.4%.

Questions?

Motion for 2010-2011 June insurance premiums:

Commission authorizes expenditures by the District not to exceed \$1,745,000 plus surplus lines taxes and fees, for the purchase of District insurance for June 1, 2010-2011 policies.