Introduction

• Annual update on insurance premiums and renewal
• Insurance policies renewal date is July 1, 2020
• Premiums and terms will be negotiated up to renewal date
• Motion requesting authorization for insurance program renewal with a “not to exceed” amount of $3,300,000
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; focus on durability for PH2 design-build contract;
      asset management program; Hydro Research Institute
    – Utility liability: Wildfire risk mitigation strategies including
      review of vegetation management program; risk modeling.
    – Excellent results from insurance engineer liability risk
      assessment; no recommendations
Insurance Program Considerations

- Worldwide insurance market for property coverage is hardening significantly
- Utility losses driving up premiums for industry; LPPC
- District claims for C8-C11 likely impacting rates
- Property values increased 5.3%
- Liability insurance rates rising due to insurance wildfire models and elevated jury awards for all types of losses
- The 2020 insurance budget reflects the expectation that hardening markets would result in higher than normal premium increases
- Negotiations are ongoing
2019-2020 Premium: $1,300,768  
Limit: $350 million

2020-2021 Premium: $1,650,000*  
Increase: 26.8%

*Estimated cost, quotes still being received
2019-2020 Premium: $1,065,216  
Limit:  $150 million

2020-2021 Premium: $1,330,000*  
Increase:  25%*

*Estimated costs, quotes still being received

Note: Limits were increased $25M in 2015 and again in 2019
## Premium Summary

<table>
<thead>
<tr>
<th>Coverage (consistent with prior year)</th>
<th>Limit</th>
<th>Deductible</th>
<th>Actual 2019-2020</th>
<th>Estimate 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property/Mechanical Breakdown</td>
<td>$350M</td>
<td>$1M/ $500k</td>
<td>$1,300,768</td>
<td>$1,650,000</td>
</tr>
<tr>
<td>(Includes $10M Lost Revenue Cover)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General/Auto/Public Officials Liability*</td>
<td>$150M</td>
<td>$2M</td>
<td>1,065,216</td>
<td>1,330,000</td>
</tr>
<tr>
<td>Crime</td>
<td>$25M</td>
<td>$100k</td>
<td>36,600</td>
<td>37,700</td>
</tr>
<tr>
<td>Non-Owned Aircraft</td>
<td>$10M</td>
<td>$0</td>
<td>6,300</td>
<td>7,245</td>
</tr>
<tr>
<td>Fiduciary Liability</td>
<td>$10M</td>
<td>$25k</td>
<td>18,750</td>
<td>20,000</td>
</tr>
<tr>
<td>Other 3-year Prepaid Policies</td>
<td></td>
<td></td>
<td></td>
<td>13,529</td>
</tr>
<tr>
<td>Cyber Liability</td>
<td>$5M</td>
<td>$50k</td>
<td>53,250</td>
<td>54,000</td>
</tr>
<tr>
<td><strong>Option 1 subtotal</strong></td>
<td></td>
<td></td>
<td><strong>2,480,884</strong></td>
<td><strong>3,112,474</strong></td>
</tr>
</tbody>
</table>

*Premiums are subject to change during negotiations

**Public Officials Liability limit is $75M

*Estimated 25% Increase

Exceeds 2020 Budget/Forecast by 5%
Proposed Motion

To authorize expenditures by the District not to exceed $3,300,000 plus surplus lines taxes and fees, for the purchase of District insurance for July 1, 2020-2021 policies upon terms and conditions approved by the General Manager.
Next Steps

• Continue to pursue and negotiate best insurance terms and conditions up to renewal date

• Complete insurance policy renewals by July 1

• Questions?