CHELAN COUNTY PUD INSURANCE PROGRAM

POLICY RENEWAL 2019-2020

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 4th 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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium</th>
<th>Limit</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>$945,767</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>$1,347,000*</td>
<td>$350 million</td>
<td>8.9%</td>
</tr>
<tr>
<td>2010-11</td>
<td>$1,645,551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>$1,347,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>$1,645,551</td>
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<tr>
<td>2013-14</td>
<td>$1,645,551</td>
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<tr>
<td>2014-15</td>
<td>$1,645,551</td>
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<tr>
<td>2015-16</td>
<td>$1,645,551</td>
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<tr>
<td>2016-17</td>
<td>$1,645,551</td>
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<tr>
<td>2017-18</td>
<td>$1,645,551</td>
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<tr>
<td>2018-19</td>
<td>$1,645,551</td>
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<tr>
<td>2019-20</td>
<td>$1,645,551</td>
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</tbody>
</table>

*Estimated cost, quotes still being received
GENERAL LIABILITY, AUTO, & PUBLIC OFFICIALS LIABILITY
(Premiums 2008 - 2020)


2019-2020 Premium: $931,000*  Increase: 6.9%
*Estimated costs, quotes still being received

Optional Quote (estimated):

2019-2020 Premium: $50,000  Additional Limit: $25 million
Insurance Policy Premiums 2008-2020

- Other
- Crime
- Cyber Liability
- General Liability, Auto, & POL
- Property

2008-2020:
- $1,619,776
- $2,421,765
- $2,392,11
## Premium Summary

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Property/Mechanical Breakdown</td>
<td>$ 350M</td>
<td>$1M/ $500k</td>
<td>$ 1,236,582</td>
<td>$ 1,346,914</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>$125M</td>
<td>$2M</td>
<td>871,067</td>
<td>931,000</td>
</tr>
<tr>
<td>Crime</td>
<td>$25M</td>
<td>$100k</td>
<td>36,600</td>
<td>36,600</td>
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<tr>
<td>Non-Owned Aircraft</td>
<td>$10M</td>
<td>$0</td>
<td>5,600</td>
<td>5,600</td>
</tr>
<tr>
<td>Fiduciary Liability</td>
<td>$10M</td>
<td>$25k</td>
<td>18,316</td>
<td>18,750</td>
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<tr>
<td>Cyber Liability</td>
<td>$5M</td>
<td>$50k</td>
<td>52,649</td>
<td>53,250</td>
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<tr>
<td><strong>Option 1 subtotal</strong></td>
<td></td>
<td></td>
<td>2,220,814</td>
<td>2,392,114</td>
</tr>
</tbody>
</table>

*Premiums are subject to change during negotiations*

**Public Officials Liability limit is $75M**

Additional $25M Coverage: 50,000

Option 2 subtotal: 2,442,114

In line with 2019 Budget
Estimated 7.7% Increase
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?