

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20061228

1. ACTION REQUESTED/PURPOSE: As required by AC 4-4, approve not to exceed expenditure of \$8,300,000 (which includes \$200,000 premium reserve) for the purchase of excess property and casualty insurance coverage associated with FY 10/1/06 to 9/30/07. Additionally authorize to transfer from proposal FY 06-07 General Fund Reserves in the amount of \$2,343,450 to provide partial funding for said expenditures. Additionally, authorize payment to be processed upon receipt of invoice to insure timely payment by 10/31/06. Additionally, adopt budget amendments resolution in the amount of \$2,343,450 to increase the Loss Fund accordingly.

2. WHAT ACTION ACCOMPLISHES: Enables the county to purchase the necessary insurance in order to provide the financial risk transfer to protect the County's assets against various unexpected property and casualty type losses.

3. MANAGEMENT RECOMMENDATION: Approve purchase.

4. Departmental Category: **C1E**

5. Meeting Date: **SEP 26 2006**

6. Agenda:
 Consent
 Administrative
 Appeals
 Public
 Walk-On

7. Requirement/Purpose: (specify)
 Statute
 Ordinance
 Admin. Code AC 4-4
 Other

8. Request Initiated:
Commissioner *[Signature]*
Department Administrative Services
Division Risk Management
By: Dinah Lewis
 Administrative Services Director

Background: On June 20, 2006, the Board approved Blue Sheet 20060700 authorizing Risk Management office to commence negotiations with the number one ranked firm of Brown & Brown Public Risk Insurance Agency, for Insurance Brokerage Services. Subsequently, Brown & Brown negotiated with various markets to provide Lee County with placement/purchase of property and casualty insurance for FY 06/07.

The not-to-exceed expenditure of \$8.3 million is necessary in order to purchase/bind excess insurance before the renewal date, October 1, 2006. Please note this expenditure excludes the renewal of the Toll Bridges insurance, which will be address under separate blue sheet. This expenditure represents a 39% increase over the anticipated budgeted insurance cost, requiring an additional \$2,343,450 to purchase the necessary level of property insurance.

Part of the reason for the increase in premium was a 20% increase in property exposure or \$126,102,202 increase in total insured values. However, the main reason for this dramatic increase in premium is not a result of Lee County's loss experience or change in exposure alone but a major shift in the property insurance market that was caused by the 2004-2006 storm seasons that devastated the entire gulf coast, causing extensive property damage. As an effort to protect shareholder's interest, the insurance carriers reacted by: (a) withdrawing from the market place; (b) dramatically increasing their rates; (c) reducing the available capacity; (d) and transferring more of the risk to the end consumer (by increasing the windstorm deductibles). In Lee County's case, the above premium will purchase a \$50 million loss limit, whereas last year the County had \$100 million. Additionally, the windstorm and hail deductible will increase from 2% to 5%, subject to \$1 million minimum for any one occurrence. See attachment for proposed carriers and premiums.

Funds will be available as follows: \$5,956,550 is available from GC 5133857700.504520 and \$2,343,450 will be available upon transfer from Reserves in GC5890100100.509910.

10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
<i>[Signature]</i>				<i>Miley L. Babers</i> 9/14/06	Analyst <i>[Signature]</i> 9/15/06	Risk <i>[Signature]</i> 9/15/06	Grants <i>[Signature]</i> 9/15/06	Mgr. <i>[Signature]</i> 9/15/06	<i>[Signature]</i> 9-15-06

11. Commission Action:

- Approved**
- Deferred**
- Denied**
- Other**

RECEIVED BY
 COUNTY ADMIN:
 9-13-06 2:30 PM
 COUNTY ADMIN
 FORWARDED TO:
 9/15/06
 9 AM

Rec. by CoAtty
 Date: 9/14/06
 Time: 10:03 AM
 Forwarded To:
 County Admin
 9/14/06 1:24 PM

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2. WHAT ACTION ACCOMPLISHES: Enables *Lee County* ~~Budget Services/Risk Management~~ to purchase the necessary insurance in order to provide the financial risk transfer to protect the County's assets against various unexpected property and casualty type losses.

3. MANAGEMENT RECOMMENDATION: Approve purchase.

4. Departmental Category:

5. Meeting Date:

6. Agenda:

7. Requirement/Purpose: (specify)

8. Request Initiated:

- Consent
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- Statute
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Commissioner *[Signature]*
 Department Administrative Services
 Division Risk Management
 By: Dinah Lewis
 Administrative Services Director

Background: On June 20, 2006, the Board approved Blue Sheet 20060700 authorizing Risk Management office to commence negotiations with the number one ranked firm of Brown & Brown Public Risk Insurance Agency, for Insurance Brokerage Services. Subsequently, Brown & Brown negotiated with various markets to provide Lee County with placement/purchase of property and casualty insurance for FY 06/07.

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10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
					Analyst	Risk	Grants	Mgr.	
<i>[Signature]</i>				<i>M. J. Roberts 9/14/06</i>	<i>[Signature]</i>	<i>38 9/14/06</i>			

11. Commission Action:

- Approved
- Deferred
- Denied
- Other

RECEIVED BY COUNTY ADMIN: <u>9-13-06 2:30 PM</u>
COUNTY ADMIN FORWARDED TO:

Rec. by CoAtty
Date: <u>9/14/06</u>
Time: <u>10:03 AM</u>
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**LEE COUNTY BOARD OF COUNTY COMMISSIONERS
PROPERTY SUMMARY 7/31/06**

<u>PROPERTY</u>	<u>TOTAL</u>
Buildings	\$ 502,953,616
Contents (includes EDP in recent property appraiser)	\$ 118,869,348
Property in the Open (PITO)	included above
Physical Damage Values - Licensed for Road Use/Automobiles	\$ 50,580,821
Physical Damage Vaule - Major Equipment	\$ 11,971,540
Voting Machines and Equipment	\$ 5,700,000
Misc. - Street Signs	\$ 18,500,000
Misc. - Traffic Stanchions/Signal Lights/Street Lights	\$ 39,505,000
Misc. - Traffic -Flashers, Count Stations, Traffic Monitoring Camera (PZT)	\$ 1,432,000
Business Interruption	\$ 1,500,000
Extra Expense	\$ 5,000,000
Watercraft	\$ 148,393
Misc. - CCC & Unnamed Locations	\$ 1,000,000
Misc - Rented Equipment CCC	\$ 1,000,000
<i>sublimited at \$125,000 / \$1,000,000</i>	
Mechanic Tools	\$ 341,000
Valuable Papers	\$ 1,000,000
Accounts Receivable	\$ 1,000,000
Fine Arts Floater	\$ 635,275
Transit	\$ 400,000
Grand Total	\$ 761,536,993

ALL VALUES SUBMITTED ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND REPRESENT THE REPLACEMENT COST VALUES.

Signature: Wayne Lytle
 Name: Wayne Lytle County Risk Mgr
 Date: 9/14/06

Lee County, FL

Hurricane Model - 9/11/2006

Ground Up Loss- Total & Top Seven Locations

Unit	Address	Annual Average	20yr	50yr	100yr	250yr	500yr	1000yr
Total for all 2	Total for all 2840 Location(s) in Policy	828,233	3,552,276	11,468,241	18,630,831	31,177,598	45,507,282	62,487,862
984	2115 MARTIN L KING BLVD FORT MYERS FL 33901 US	29,495	122,494	407,551	694,312	1,138,312	1,715,330	2,114,434
384	14750 SIX MILE CYPRESS PARKWAY FORT MYERS FL 33912 US	28,218	102,833	340,365	643,645	1,256,710	1,709,369	2,294,291
301	14100 SIX MILE CYPRESS PARKWAY FORT MYERS FL 33912 US	26,466	110,910	336,500	586,369	1,006,244	1,460,679	2,024,158
2366	921 SOUTHWEST 39TH TERRACE CAPE CORAL FL 33914 US	22,723	70,731	329,811	648,573	976,390	1,317,370	1,721,005
998	2120 MAIN STREET FORT MYERS FL 33901 US	20,534	82,969	297,202	467,898	815,454	1,177,439	1,451,720
452	16101 ALICO ROAD FORT MYERS BEACH FL 33931 US	18,899	63,220	282,870	465,347	754,695	1,017,579	1,371,799
935	2000 WEST MAIN ST FORT MYERS FL 33901 US	18,837	91,148	272,710	433,170	652,449	869,398	1,257,898

Payable by Insurance @ 5% Wind Deductible

Unit	Address	Annual Average	20yr	50yr	100yr	250yr	500yr	1000yr
Total for all 2	Total for all 2840 Location(s) in Policy	514,639	2,095,368	6,296,363	10,815,754	20,439,222	31,843,779	45,802,790
984	2115 MARTIN L KING BLVD FORT MYERS FL 33901 US	16,631	91,021	268,926	370,052	476,434	700,013	930,745
384	14750 SIX MILE CYPRESS PARKWAY FORT MYERS FL 33912 US	17,398	61,580	152,276	358,099	849,801	1,258,258	1,805,739
301	14100 SIX MILE CYPRESS PARKWAY FORT MYERS FL 33912 US	15,105	75,095	140,399	269,916	562,697	917,273	1,403,462
2366	921 SOUTHWEST 39TH TERRACE CAPE CORAL FL 33914 US	16,313	36,445	206,346	498,798	778,526	1,131,361	1,508,075
998	2120 MAIN STREET FORT MYERS FL 33901 US	11,192	57,505	124,910	203,720	426,480	722,567	943,525
452	16101 ALICO ROAD FORT MYERS BEACH FL 33931 US	14,002	30,008	197,752	375,789	659,342	897,376	1,215,433
935	2000 WEST MAIN ST FORT MYERS FL 33901 US	10,357	65,232	125,756	181,957	298,652	445,959	736,940

Retained by County @ 5% Wind Deductible

Unit	Address	Annual Average	20yr	50yr	100yr	250yr	500yr	1000yr
Total for all 2	Total for all 2840 Location(s) in Policy	313,594	1,456,908	5,171,878	7,815,077	10,738,376	13,663,503	16,685,072
984	2115 MARTIN L KING BLVD FORT MYERS FL 33901 US	12,864	31,473	138,625	324,260	661,878	1,015,317	1,183,689
384	14750 SIX MILE CYPRESS PARKWAY FORT MYERS FL 33912 US	10,820	41,253	188,089	285,546	406,909	451,111	488,552
301	14100 SIX MILE CYPRESS PARKWAY FORT MYERS FL 33912 US	11,361	35,815	196,101	316,453	443,547	543,406	620,696
2366	921 SOUTHWEST 39TH TERRACE CAPE CORAL FL 33914 US	6,410	34,286	123,465	149,775	197,864	186,009	212,930
998	2120 MAIN STREET FORT MYERS FL 33901 US	9,342	25,464	172,292	264,178	388,974	454,872	508,195
452	16101 ALICO ROAD FORT MYERS BEACH FL 33931 US	4,897	33,212	85,118	89,558	95,353	120,203	156,366
935	2000 WEST MAIN ST FORT MYERS FL 33901 US	8,480	25,916	146,954	251,213	353,797	423,439	520,958

NOTE- Estimates above do not include autos, equipment, or other items not shown in attached schedule. Estimates do not include any amounts for ancillary coverages such as Extra Expense, Demolition, Removal, ICC, etc.

Risk estimation is inherently uncertain. All estimates and ranking of risks are based on judgment; they are not factual and do not predict future events.

	Chance of Loss Exceeding Amount Above
20yr	5.00%
50yr	2.00%
100yr	1.00%
250yr	0.40%
500yr	0.20%
1000yr	0.10%

LEE COUNTY BOCC
INSURANCE OPTIONS SUMMARY
2006-2007

Layered Property/Misc. Inland Marine	10/1/2005-6 Expiring		10/1/2006-7 Renewal		Comments
	Premium Limit	TIV	Premium Limit	TIV	
Property Program	\$ 1,834,217	\$ 100,000,000	\$ 638,436,231	\$ 761,526,893	See detailed spreadsheet for structure. TIV subject to confirmation/update based on values at 10/1/2006.
			2% W/1575k min	5% W/1575k min	

Inland Marine - Misc Bridges, Docks, Piers, Ramps and Boardwalks Westchester	10/1/2005-6 Expiring		10/1/2006-7 Renewal		Comments
	Premium Limit	TIV	Premium Limit	TIV	
	\$ 378,065	\$ 35,000,000	\$ 535,907	\$ 35,000,000	TIV subject to confirmation/update. Wind/Flood/Earthquake subject to \$35mm Annual Aggregate. FRA is included. Replacement Cost Flood now has a 5% deductible. Minimum % deductibles are \$2mm.
			5% W/1575k min	10% W/1575k min	

Boiler & Machinery	10/1/2005-6 Expiring		10/1/2006-7 Renewal		Comments
	Premium Limit	TIV	Premium Limit	TIV	
Travelers	\$ 21,886	\$ 50,000,000	\$ 24,320	\$ 100,000,000	Deductible 5,000 Certain Extensions have been limited. FRA is included. Replacement Cost
			4 hour Svc Interrupt	24 Hour Svc Interrupt	

Crime	10/1/2005-6 Expiring		10/1/2006-7 Renewal		Comments
	Premium Limit	TIV	Premium Limit	TIV	
Fidelity & Deposit (Zurich) XS Cover	\$ 6,831	\$ 900,000	\$ 19,662	\$ 1,000,000	Combined Coverage into one policy. Additional Coverage Provided: \$100,000 Forgery/\$100,000 Computer Fraud
Lloyd's Package - Primary Cover	TBD	\$ 75,000	Included		Confirm No Lease/Signed App Premium subject to confirmation (net commission) Additional Coverage Provided: \$100,000 Forgery/\$100,000 Computer Fraud - \$5,000 Deductible
Travelers			\$ 11,404	\$ 1,000,000	

Storage Tank Liability	1/1/2006-7 Expiring		1/1/2007-8 Renewal		Comments
	Premium Limit	TIV	Premium Limit	TIV	
Commerce & Industry (AIG)	\$ 13,457	\$1mm/\$1mm	\$ 15,000	\$1mm/\$1mm	Renews effective 1/1/2007, quote to follow - Estimate Only

NFIP Flood Policies (Various Renewal Dates)	2005-6 Expiring		2006-7 Renewals		Comments
	Premium Limit	Max Available	Premium Limit	Max Available	
NFIP Flood Policies (locations in Flood Plain)	\$ 221,000		\$ 221,000		Renews effective 1/1/2007, quote to follow.

Total Budget	2006-7 BUDGET		Comments
	Premium	Limit	
All Policies	\$ 8,086,897		
Premium Reserve Fund	\$ 200,000		
TOTAL	\$ 8,286,897	****	ROUND TO \$8,300,000