



Milwaukee County

Risk Management

Property & Casualty Insurance

2021 Renewals



Renewal for 2021: Background

- The U.S. Commercial Insurance Market Continued Hardening Throughout 2020
 - Excessive losses, particularly property and liability
 - Pandemic coverage issues, especially aviation
 - Continued catastrophic natural disasters (e.g. hurricanes).
- Alternative and Incumbent markets are being approached
 - Property, auto physical damage, aviation liability, fine arts and ERS coverages
 - Some initial 2021 incumbent insurer indications are less severe than seen in the overall market.
- The 2021 insurance program renewal goal is to continue to minimize premium increases and changes to limits and coverage.





2020 Expiring / 2021 Renewal

Premium Summary	Expiring	Renewal Expectation	% Change
Cyber	\$48,549	\$57,510	18%
Property	\$1,678,195	\$2,050,754	22%
Boiler & Machinery	\$77,777	\$93,223	20%
Auto Physical Damage	\$276,976	\$304,673	10%
Fine Arts	\$75,462	\$83,008	10%
Aviation	\$138,860	\$208,290	50%
Fiduciary Liability - Primary	\$196,300	\$255,190	30%
Fiduciary Liability - First Layer	\$74,325	\$96,622	30%
Fiduciary Liability - Second Layer	\$34,200	\$44,460	30%
Crime	\$45,353	\$48,743	7%
Total for Broker Placed:	\$2,597,448	\$3,184,963	23%
Public Entity Liability	\$1,039,414	\$1,165,724	12%
Program Total	\$3,636,862	\$4,350,687	20%





Public Entity Liability

PEL Renewal Recommendation:

- Wisconsin County Mutual Insurance Corporation (WCMIC)
 - \$10,000,000 limit per claim, no aggregate or policy limit
 - \$1,000,000 each occurrence deductible, \$3,000,000 aggregate deductible
 - \$1,165,724 premium – increase of 12% from 2020 due to loss development from bad claim years
 - Includes claims administration costs from first dollar, loss control services, and Corporation Counsel on defense panel
 - Cyber Liability endorsement
 - 23-year relationship, ownership, dividends paid, third-party administrator (TPA) and loss control services included, panel counsel and settlement authority consideration.





Cyber

- New in May 2020
 - February 2020 meeting with County Chief Information Security Officer (CISO)
 - Broad coverage
 - Low deductible
 - \$5,000,000 limit
- Cyber Renewal Recommendation:
 - AXIS (A+ Superior financial rating)
 - \$5,000,000 limit each claim and policy aggregate
 - Some coverage sublimits apply
 - \$100,000 deductible
 - \$57,510 premium
 - 18% increase; industry-wide claim frequency (e.g. Racine and many other recent and significant public entity breaches)





Property / Energy Systems

Renewal Recommendations:

- Property
 - Travelers (A++ Superior financial rating)
 - \$2,050,754 premium
 - 22% premium increase
 - Loss frequency and severity nationwide; natural disasters, pandemic, riots/civil unrest
 - \$500,000,000 limit each occurrence
 - \$500,000 deductible buildings and contents
 - Various sublimits and deductibles for other types of coverage
- Energy Systems / Boiler & Machinery
 - Liberty Mutual (“A” Excellent financial rating)
 - \$100,000 limit each occurrence
 - \$93,223 premium
 - 20% increase; loss frequency and severity nationwide





Auto Physical Damage

- Prior to 2020, Covered Under Property Insurance
- Separate Policy New in 2020
 - Generally not available in property insurance market
 - Travelers discontinued coverage in 2020 due to a hard market and poor loss history

Auto Physical Damage Renewal Recommendation:

- **AIG** (A+ Superior financial rating)
 - \$25,000,000 limit each occurrence and aggregate
 - \$25,000 vehicle/\$50,000 bus deductible
 - \$304,673 premium – 10% increase





Fine Arts

Fine Arts Renewal Recommendation:

- AXA Insurance Company (A+ Superior financial rating)
 - \$150,000,000 limit for Scheduled Locations
 - Deductibles; \$0
 - \$83,008 premium - 10% increase





Airport Liability

Airport Liability Renewal Recommendation:

- **AIG (A+ Superior financial rating)**
 - \$500,000,000 limit each occurrence and aggregate
 - \$50,000 deductible
 - \$208,290 premium
 - 50% increase
 - Significant losses in the aviation insurance industry due to the pandemic





Fiduciary Liability / Crime

Fiduciary Liability Renewal Recommendation:

- AIG primary insurer and Chubb and Axis excess insurers (incumbent markets)
 - \$30,000,000 limit total each occurrence and aggregate (10/10/10)
 - \$250,000 deductible
 - Corp Counsel continues as a panel attorney
 - \$396,272 premium – 30% increase

Crime Renewal Recommendation:

- Great American, incumbent carrier (A+ Superior financial rating)
 - \$10,000,000 coverage limits
 - \$100,000 deductible
 - \$48,743 premium
 - 7% increase; great result considering market routinely seeing 15-25% increases





Medical Malpractice and Workers' Compensation

Medical Malpractice

- Coverage marketed in 2018
- Changes in the Behavioral Health Division operations will result in a decrease in exposure
- Recommendations
 - Seek insurance alternatives in 2021 for consideration in 2022 (likely to be very expensive, e.g. low- to mid- six-figures in premium)
 - Remain self-insured for 2021, monitor self-insurance reserves with Corp Counsel, Comptroller's Office

Workers' Compensation

- Excess coverage marketed in 2018
- Will approach market in 2021





Renewal Summary

2021 Total Premium Cost to Bind Coverage: \$4,408,197

2021 Budget for Property & Casualty Program: \$5,542,689

- ERS will pay \$396,272 directly for Fiduciary Coverage
- Balance of budget required to fund deductibles and loss accounts

Renewals for 2022:

- Continue to explore markets:
 - Workers' Compensation Excess
 - Liability Excess
 - Medical Malpractice
 - Alternative Insurance Options
- Tighten Loss Control Mechanisms

