

Insurance and Risk Services

Highlights of Insurance Program
FY 2023

Val Rosser
Director of Insurance and Risk

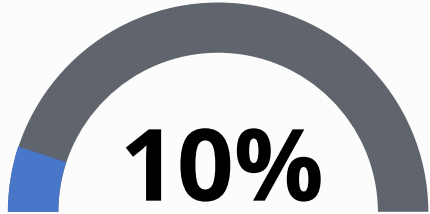
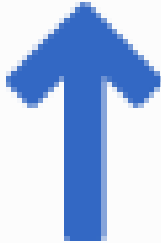


RENEWAL EXPECTATIONS

Public Entity:

Renew as is

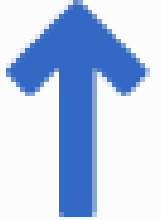
Expect increase in premium



Law
Enforcement
Liability:

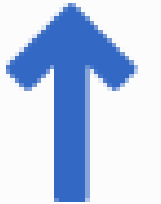
Expect increase in premium

Chance that primary policy will
add it

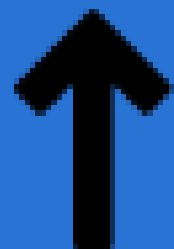


Workers
Compensation
Excess:

Expect slight to zero increase
in premium



PROPERTY INSURANCE



60%

City of Myrtle Beach

2021-2022 Property Insurance - Layer Chart With 2022-2023 Budget Estimate

							Exposures:	Budget Est. 2022-2023	2021-2022	Change	
							Total Insurable Values	\$396,968,381	\$396,968,381	0.00%	
1/24/2022											
Excess Layer - \$200,000,000 xs \$25mn \$200,000,000								Excess Layer Totals	Excess Layer Totals		
Carrier	BSUI										
Manuscript Policy Form	Yes										
Named Windstorm - Wind/Hail	No Coverage										
Flood	No Coverage										
Earthquake	\$50mn Sub-Limit										
Participation Share	100%							100%	100%		
Participation Share	\$200,000,000							\$200,000,000	\$200,000,000		
Layer Premium (per carrier)	\$154,579							N/A	N/A		
Layer Premium Share	\$154,579							\$177,766	\$154,579	15.00%	
Excess NS Wind/Hail - \$10mn x/s \$25mn \$10,000,000								Excess Totals	Excess Totals		
Carrier	ARCH			SWISS RE		ASPEN		Excess NS Wind/Hail	Excess NS Wind/Hail		
Participation Share	50%			25%		25%					
Participation Share	\$5,000,000			\$2,500,000		\$2,500,000					
Layer Premium (per carrier)	\$172,000			\$162,000		\$159,416		N/A	N/A		
Layer Premium Share	\$86,000			\$40,500		\$39,854		\$191,307	\$166,354	15.00%	
Primary Layer - \$25mn \$25,000,000	LLOYDS	IRONSHORE	STABSTONE	MARTEL	HALLMARK	LEXINGTON	BSUI	Primary Layer Totals	Primary Layer Totals		
Carrier	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Manuscript Policy Form	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Named Windstorm Wind/Hail	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Flood	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Earthquake	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Participation Share	20%	10%	10%	10%	10%	20%	20%	100%	180%		
Participation Share	\$5,000,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$5,000,000	\$5,000,000	\$25,000,000	\$45,000,000		
Layer Premium (per carrier)	\$1,457,500	\$1,740,000	\$1,600,000	\$1,400,000	\$1,220,000	\$1,600,000	\$1,215,675	N/A	N/A		
Layer Premium Share	\$291,500	\$174,000	\$160,000	\$140,000	\$122,000	\$320,000	\$243,135	\$1,668,230	\$1,450,635	15.00%	
Equipment Breakdown	HARTFORD						STEAM	BOILER			
							\$30,345				
								\$34,897	\$30,345	15.00%	

**True Blanket Limits Apply to All-Risk Property Insurance Program and Manuscript Policy Form

**Named Storm Wind/Hail Higher Limits - \$15mn excess of \$35mn = TBD

	2022-2023	2021-2022	Change
Taxes	\$135,342	\$117,689	15.00%
Base Premium Total	\$2,072,200	\$1,801,913	
Total Incl. Tax	\$2,207,542	\$1,919,602	15.00%
Rate incl. Tax	\$0.56	\$0.48	15.00%

State of the Market

Inflation

Continues to be a real factor, upwardly driving valuations and rates

Coverage

Restrictions and deductible changes add challenges to renewals

Capacity

Continues to be a challenge as markets continue to cut their lines back and less willing to deploy capacity in certain areas

Climate Change

Underwriters still trying to price for it

Staffing

Carriers remain severely understaffed causing delays in quotes

Why Do Commercial Property Insurance Premiums Continue to Rise?

Commercial property premiums continue to increase at renewal. There are multiple factors at play causing insurance premium costs to rise.

CLAIM INFLATION (LOSS CREEP)

Insurers charge prices today that they anticipate will pay for future claims. However, loss estimates from catastrophic events, like Hurricane Ian, continue to grow. In addition, the impact of inflation coupled with continuing supply chain disruptions, labor shortages in many sectors, and the rising cost of construction and materials are resulting in claims that cost more than initially anticipated, which drives up premium prices.⁶



2022
THE 3RD MOST
COSTLY YEAR
EVER
FOR INSURERS¹

\$120B
Insurer Payments for
Natural Disasters '22¹



US Droughts
\$8B²



VALUATION CONCERNS

Recent research indicates that commercial assets have often been significantly undervalued. Uncertain about growing inflation, supply chain obstacles, or potential labor shortages, underwriters are scrutinizing property values more closely. As loss estimations become more difficult to obtain, rates will reflect an added layer of uncertainty.⁷

Hurricane Ian
\$50B+
September '22³

66k+ Wildfires
7M+ Acres Burned

\$11.2B^{4,9}

Throughout
2022

11 Severe Storms
10 Deaths

\$22B⁵

Throughout
2022

TIGHTER UNDERWRITING:

Carriers are offering less capacity to mitigate growing losses while maintaining or increasing minimum premium rates. New capacity entering the market is helping to lessen the push for increased rates; however, newer market participants are taking a more selective and disciplined approach to underwriting.










HIGHER REINSURANCE COSTS:

Most reinsurance renewal rates will rise in 2023 as losses and inflation pressure property reinsurers. Insurers facing increased costs for capital and capacity will pass those expenses on to insureds as they strive to improve book composition through more technical pricing.⁸



Graphic Source: <https://www.ncdc.noaa.gov/billions/>

U.S. 2022 Billion-Dollar Weather and Climate Disasters

-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the 15 separate billion-dollar weather and climate disasters that impacted the United States January – September of 2022.

CLAIMS REVIEW



Frequency and Severity Workers Compensation

**Graph III-2
Frequency and Severity
(Workers Compensation)**



Note: Frequency amounts are from Exhibit WC-8, Section I, column (7). Severity amounts are based on Exhibits WC-8 and WC-9.

Frequency and Severity Property and Liability

**Graph III-5
Frequency and Severity
(Property and Liability)**



Note: Frequency amounts are from Exhibit LI-8, Section I, column (7).
Severity amounts are based on Exhibits LI-8 and LI-9.

The severity for 2014/15 is relatively high due to a number of large claims in this year, as noted above.

SAFETY PROGRAM

- Safety Institute
- Safety Hours
 - 20-21 2,119
 - 21-22 1,780
- Lunch Box Training
- Specialized Training



HEALTH INSURANCE UPDATE



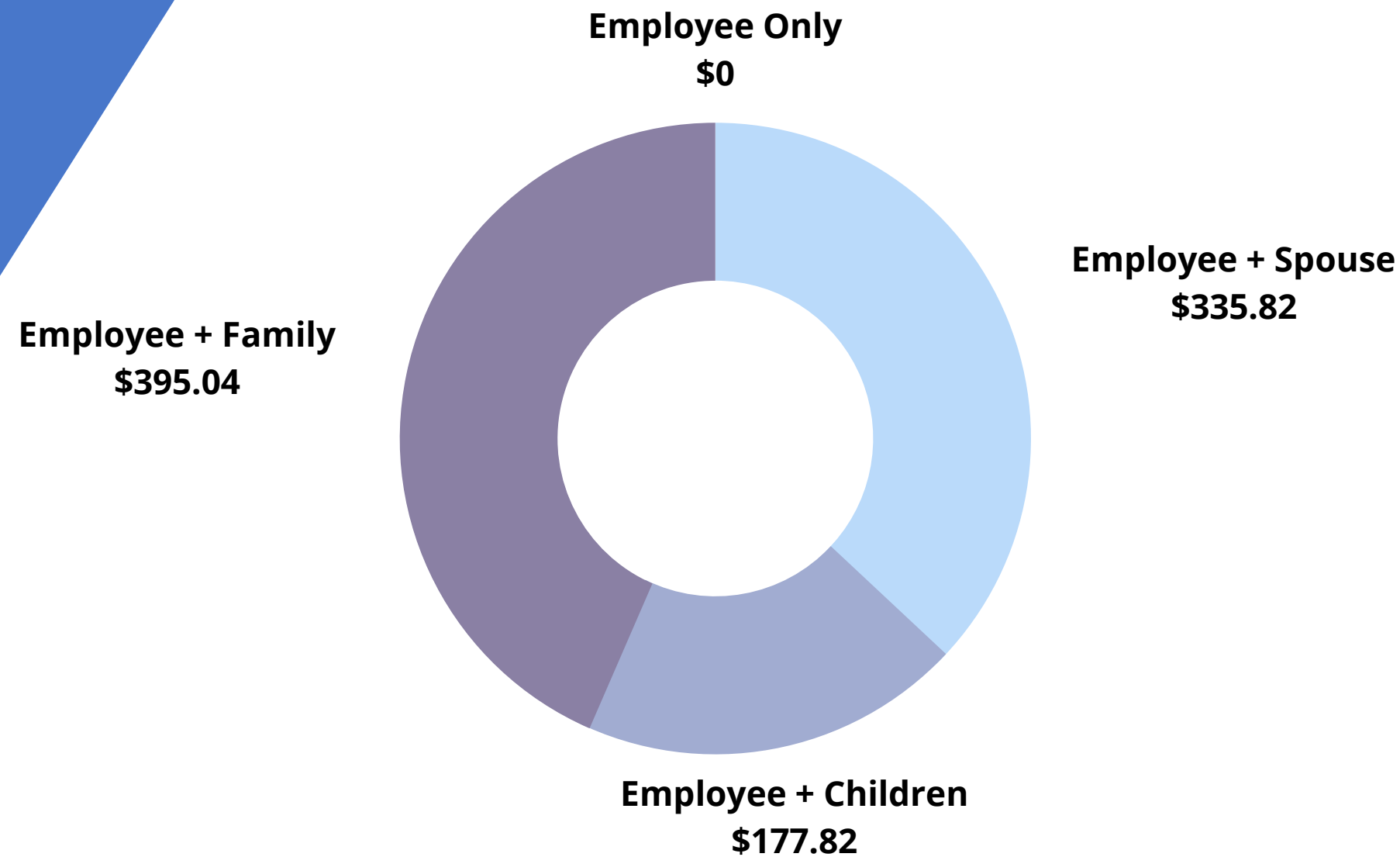
HIGHLIGHTS OF PAST YEAR

- Brought back the employee benefit meetings to educate employees on our benefits
- Streamlined new hire benefit orientation
- Partnered with new Benefit Consultant
- Expanded the RHRA program to allow spouses and dependents to utilize funds
- Employee access to vendors through monthly meetings
(Enforce, Liberty Mutual, Legal Shield)



CURRENT PLAN RATES

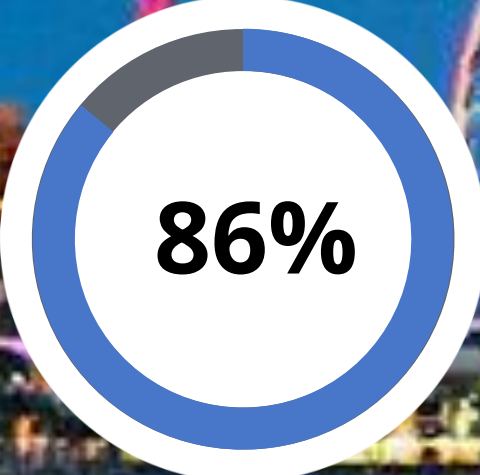
PREMIUM COSTS FOR MEDICAL, VISION AND RX INSURANCE



- EMPLOYEE ONLY = \$0.00
- EMPLOYEE + SPOUSE = $\$167.91 \times 2 = \335.82
- EMPLOYEE + CHILD(REN) = $\$88.91 \times 2 = \177.82
- EMPLOYEE + FAMILY = $\$197.52 \times 2 = \395.04
- DENTAL = $\$15.28 \times 2 = \30.56

Recommend no increase in rates
for active employees
on the current plan

Clinic Update



86%

Clinic Utilization
Rate

Wellness Clinic



6,353

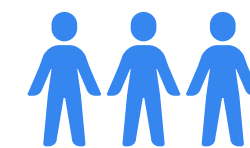
Appointments

- 4,223 employees
- 1,849 dependents
 - 281 retirees



1,017

Average #
of Employees



Clinic Update- AHA & Wellness

914

Completed
AHA and Wellness

375

Health Risks
Discovered

\$1.9 mil

Potential Costs
Avoided

CLINIC UPDATE

- Employee Satisfaction Rate- based off 165 survey responses



- Consultants are tasked with assessing/auditing our clinics. The results may indicate whether an RFP/RFQ is necessary.



QUESTIONS?



Self Insurance Then and Now

SELF INSURANCE 2024 BUDGET WORKSHEET

	FY 18	FY19	FY20	FY21	FY22	FY23	FY24
Memberships & Dues							
SC Self-Insured Association (\$350)	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
Workers' Compensation Association (\$300)	NA	NA	NA	NA	NA	NA	NA
Professional Fees							
Hewitt-Coleman Claims Adjustors	NA	NA	NA	NA	NA	NA	NA
Arm-Tech Actuarial Services	\$ 6,033	\$ 5,550	\$ 5,600	\$ 5,600	\$ 5,700	\$ 7,500	
Aon Consulting	NA	NA	NA	NA	NA	NA	NA
BT&T Service Fees (McGriff)	\$ 40,000	\$ 40,000	\$ 40,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Companion	\$ 118,185	NA	NA	NA	NA	NA	NA
Appraisal Property	\$ 9,000	\$ 9,000	\$ 21,000	NA	NA	\$ 30,000	NA
PMA (Third Party Administrator)		\$ 135,000	\$ 106,523	\$ 105,000	\$ 110,000	\$ 108,225	\$ 113,200
Insurance							
Public Entity Package *	\$ 302,077	\$ 331,774	\$ 354,939	\$ 390,199	\$ 429,530	\$ 451,599	\$ 496,759
Excess Liability*	included in pkg	Included in pkg	Included in Pkg	Included in Pkg	Included in Pkg	Included in Pkg	Included in Pkg
Law Enforcement Package				\$495,259	\$472,808	\$ 400,733	\$ 440,806
Excess Property*	\$ 735,512	\$ 816,591	\$ 1,174,091	\$ 1,571,088	\$ 1,771,568	\$ 2,055,431	\$ 3,288,690
Excess Workers' Compensation	\$ 185,015	\$ 187,989	\$ 199,101	\$ 233,721	\$ 208,960	\$ 225,178	\$ 236,937
2nd Injury Fund	\$ 43,735	\$ 45,000	\$ 39,000	\$ 39,000	\$ 35,000	\$ 35,000	\$ 20,000
SC WC Self Insured Tax	\$ 21,602	\$ 30,993	\$ 35,559	\$ 39,264	\$ 45,521	\$ 23,221	\$ 35,000
Crime	\$ 4,232	\$ 4,234	\$ 4,234	\$ 4,234	\$ 4,313	\$ 4,613	\$ 5,074
Boiler & Machinery	\$ 23,151	Included in pkg	Included in Pkg	\$ 28,110	\$ 30,345	\$ 32,571	\$ 35,823
Cyber Insurance / Excess Cyber	\$ 49,434	\$ 46,432	\$ 47,492	\$ 55,915	\$ 198,470	238,922	\$ 286,706
Legal Shield (for Employees)					\$ 130,649	\$ 90,440	\$ 90,440
* 4% and 2% Tax	\$ 42,261	\$ 50,458	\$ 72,081	\$ 135,001	\$ 146,057	135,092	\$ 197,322
Bond - City Manager (\$100)	\$ 75	\$ 75	\$ 75	\$ 75	\$ 100	100	\$ 100
Physical Damage Fire Trucks	\$ 90,938	Included in pkg	Included in Pkg	Included in Pkg	Included in Pkg	Included in Pkg	Included in Pkg
	\$ 1,671,600	\$ 1,703,446	\$ 2,100,045	\$ 3,132,816	\$ 3,619,371	\$ 3,868,974	\$ 5,277,207
Loss Fund	\$ 2,722,272	\$ 3,052,324	\$ 3,614,808	\$ 3,835,599	\$ 3,476,547	\$ 3,618,190	\$ 4,193,578
Non-Insurance Claims Fund	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
TOTAL SELF INSURANCE	\$ 4,403,872	\$ 4,890,747	\$ 5,724,853	\$6,978,415	\$ 7,105,918	\$ 7,497,164	\$ 9,480,785

Fiscal Yr	Premiums	Loss Fund	Total	% Increase YOY
2014	\$ 1,766,633	\$ 2,393,456	\$ 4,160,089	
2015	1,701,176	2,604,727	4,305,903	3.5%
2016	1,578,306	2,349,349	3,927,655	-8.8%
2017	1,594,503	2,378,100	3,972,603	1.1%
2018	1,671,600	2,722,272	4,393,872	10.6%
2019	1,703,446	3,052,324	4,755,770	8.2%
2020	2,100,045	3,614,808	5,714,853	20.2%
2021	3,132,816	3,835,599	6,968,415	21.9%
2022	3,619,371	3,476,547	7,095,918	1.8%
2023	4,108,596	3,618,190	7,726,786	8.9%
2024	5,277,207	4,193,578	9,480,785	22.7%

