



ITEM NO: 7a\_Supp

DATE OF

MEETING: 6/5/2012

# Property Insurance Renewal Update

Presented 6/5/2012

Jeff Hollingsworth, Risk Manager

# Outline

- Port Has A New Broker
- Structure of Property Insurance
- Cost Re-Cap
- Coverage Details and Cost Factors
- Earthquake Coverage Notes
- Renewal Projection for July 1, 2012

# Port Property Broker

- New broker on account for renewal
- Selected through a competitive process
- Hugh Wood Incorporated
- Worked with them before
- Visited site last week
- Goal will be to maintain coverage/limits

# Current Structure of Property Program (Main Limits Insured Per Occurrence Unless Noted)

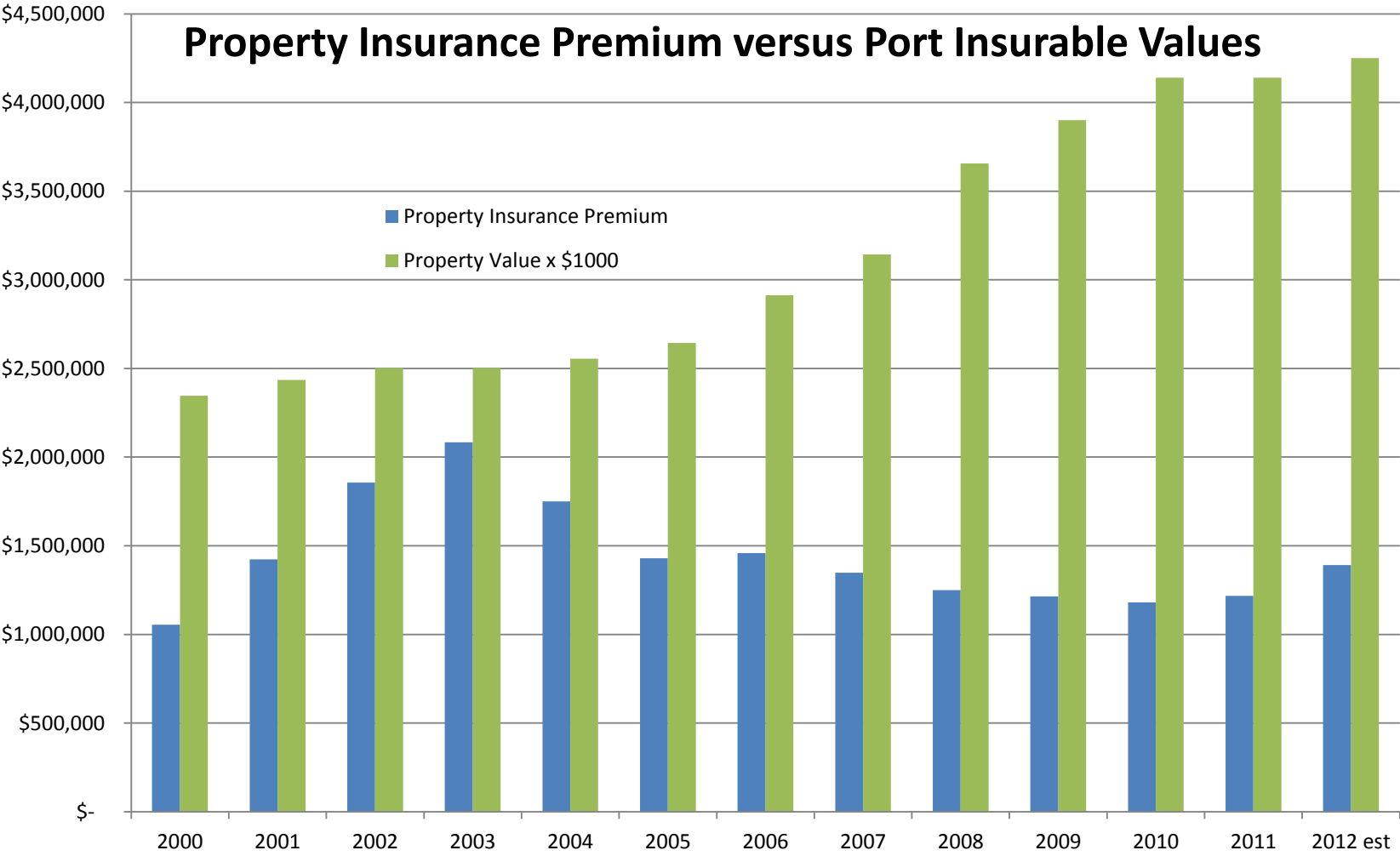
- \$1 Billion Fire/Extended Coverage Limit;
- \$25 Million Flood Limit (Annual)
- \$50 Million Course of Construction Limit
- \$350 Million Terrorism
- \$100 Million Equipment Breakdown
- \$100 Million Business Interruption

# Current Structure of Property Program

## (Major Deductibles Per Occurrence)

- \$500,000 Fire and Extended Coverage
- \$500,000 Flood
- \$50,000 Course of Construction
- \$25,000 Fine Arts
- \$100,000 Equipment Breakdown

# Property Insurance Cost Re-Cap



# Coverage Details

Annual Policy – July 1<sup>st</sup> through June 30th

- Fire and Extended Coverage
  - Wind, Spills, Collapse, Impact, and Explosion
- Covers Equipment Breakdown
  - Mechanical/Electrical Equipment
- Covers Owned, Leased, Rented Property
  - Example – Applied to leased generators
- Covers Business Interruption
  - If Due to a Loss Covered by the Policy

# Coverage Details

Annual Policy – July 1<sup>st</sup> through June 30th

- Covers Flood
  - Excludes Land Movement/Earthquake
  - Covers Terrorism
  - Covers Projects Under Construction
- \* All subject to exclusions either by peril, location, or type of property



# Property Insurance Cost Factors

- Rates depend on:
  - Total Insurable Values Reported:
  - Appraisals
  - Values of Projects Under Construction
  - Loss Record
  - Primary and Reinsurance Markets
  - Underwriting of Locations (Port Portfolio)
  - Cost of Major Materials
  - Catastrophic Exposure (Wind, Earthquake, Flood )

# Earthquake Insurance Challenges

- Low limits compared to values at risk
- Past loss history with Nisqually in 2001
- New modeling used by insurers
- Port has high insurable values
- Port has aggregation of values
- Insurers with aggregation of values locally

Port is not having coverage quoted.

# Property Renewal Forecast

(For July 1, 2012)

- Port has budgeted \$1.50 Million for renewal
- Final proposal/cost will depend on:
  - Final adjustment of insured property values
  - Final estimation of capital projects for 2012-2013;
  - Changes, if any, to program structure (deductibles/coverage/limits)