



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Legislation Text

File #: 5757, **Version:** 1

Subject:

Renewal of Annual Property Insurance Program effective 6/1/2023

Fiscal Impact:

Due to the current market conditions and based on the information available from the County's insurance broker, the total cost of the Property Insurance Program Premiums will not exceed \$4,118,685. The premiums will be paid from budgeted funds in Business Area 5050 / Cost Center 389610 from both FY 22-23 and FY 23-24 based on a pro-rata share as the coverage runs through time periods in both fiscal years. If funds in excess of the already budgeted amount are necessary (not to exceed the stated maximum), insurance reserves will be utilized.

Dept/Office:

Human Resources

Requested Action:

It is requested the Board of County Commissioners authorize the Risk Manager to bind and secure placement of the County's Property Insurance coverage as presented and recommended by Brown and Brown, the County's property/casualty insurance broker, with an effective date of 6/1/2023, at a cost not to exceed \$4,118,685.

Summary Explanation and Background:

Risk Management instructed the County's insurance broker, Brown and Brown, to secure coverage and renewal quotes for the Property Insurance program in order to mitigate the County's loss exposure, maintain the County's ability to recover from a major catastrophic loss, and to ensure the County is in compliance with FEMA's "Obtain and Maintain" insurance requirements.

The County's Property Insurance program provides coverage for both windstorm and non-windstorm related damage, however, the main driver of the increase in premium is related to the windstorm coverage. The Stafford Act requires that applicants insure facilities and their contents with the "types and extent" of insurance that is reasonably available, adequate, and necessary to protect against future loss to the property. Current market conditions remain unfavorable. Rate increases leading into 2022 were in the 15% to 25% range; subsequently, Hurricane Ian (September 2022) disrupted the marketplace resulting in overall rate increases in the 30% to 70% range. In addition, carriers have reduced their capacity to insure Florida property and have offered more restrictive coverage, including a mandatory increase in minimum windstorm deductibles (from 3% to 5%).

After evaluating the County's needs for Property and Flood coverage, Brown & Brown surveyed all property insurance markets and solicited quotes from 26 different carriers. The County has been presented with a

6/1/2023 property insurance renewal proposal which reflects a premium cost of (Not to Exceed) \$4,118,685. At this maximum amount, this represents an increase of \$1,360,700 (49%) over expiring premium. Risk Management is currently working with the County's insurance broker to evaluate ways to reduce the overall cost of the program in a responsible manner. This increase is not unique to Brevard County. Other Florida local governmental entities are facing significant increases in the cost of property insurance rates.

The broker will continue to vigorously negotiate on behalf of the County and explore alternative insurance options with all current and interested insurers prior to the 6/1/2023 renewal date. All viable options and cost-saving solutions will be evaluated by County Staff with the objective of securing additional rate reductions while maintaining appropriate coverage levels.

Clerk to the Board Instructions: