



# Business & Financial Conference

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# Insurance Basics: Fundamentals of Insurance



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# The Top 10 List- Things to Know When New to Insurance



1. Identify your internal and external resources
2. Flag policy renewal dates, review program structures
3. Learn the basics
  - Risk identification and treatment techniques
  - Key terms
4. Learn types of insurers, policies and coverage triggers
5. What to do if there is a claim
6. Typical third-party insurance requirements
7. Notable policy exclusions
8. Deciphering a certificate of insurance
9. Sovereign Immunity
10. Determining the appropriate limits to procure

# Where Do I Start?

## Identify Resources



- **Internal Resources-**

- Procurement
- Human Resources & Safety Managers
- Asset Managers & Subject Matter Experts
- Enterprise Risk Manager

- **External Resources-**

- Insurance Broker
- Peers
- Collaborative public power resources
  - APPA
  - AEGIS
  - EIM
  - NEIL
  - FM Global
- Non-public power specific resources
  - RIMS, PRIMA, IRMI

# What Next?

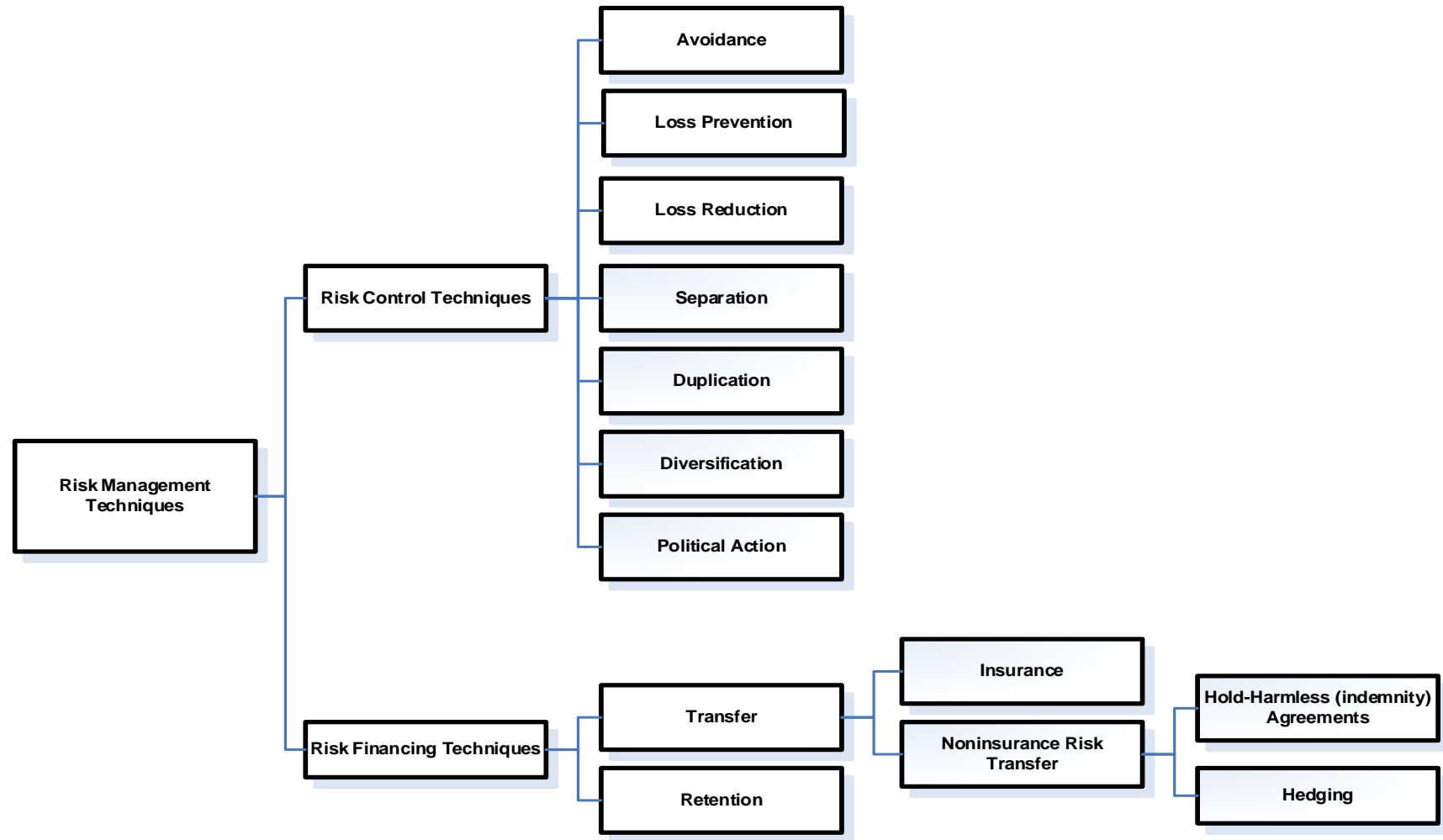
## Identify Renewal Dates & Structures



- **Flag policy types and renewal dates**
  - Know what policies are in force and when they expire
  - Know timing of internal approval process
- **What is a policy period**
  - Typically policy periods are for 12 months
  - Policies do not automatically renew
  - Consider efficiency of aligning or changing renewal dates
- **Renewal timelines**
  - Typically the renewal process starts approximately 120 days before the policy expires
  - Updated exposure information gathered, provided to insurance broker who typically negotiates the renewal pricing and terms, and utility provides authority to “bind” or confirm coverage.

# Risk Management Basics

## Identification & Treatment Techniques



# Risk Management Basics

## Risk Tolerance & Role of Insurance



Impact/Consequence		5 Catastrophic	4 Severe	3 Major	2 Moderate	1 Minor	Rare	Very Unlikely	Unlikely	Likely	Almost Certain
							1	2	3	4	5
							Probability/Frequency				
		<p style="text-align: center; color: white; font-weight: bold;">TRANSFER and/or AVOID</p> <p style="text-align: center; color: white; font-weight: bold;">REDUCE and/or SHARE</p> <p style="text-align: center; color: white; font-weight: bold;">ACCEPT</p>									

# Insurance Basics

## Key Terms & Acronyms

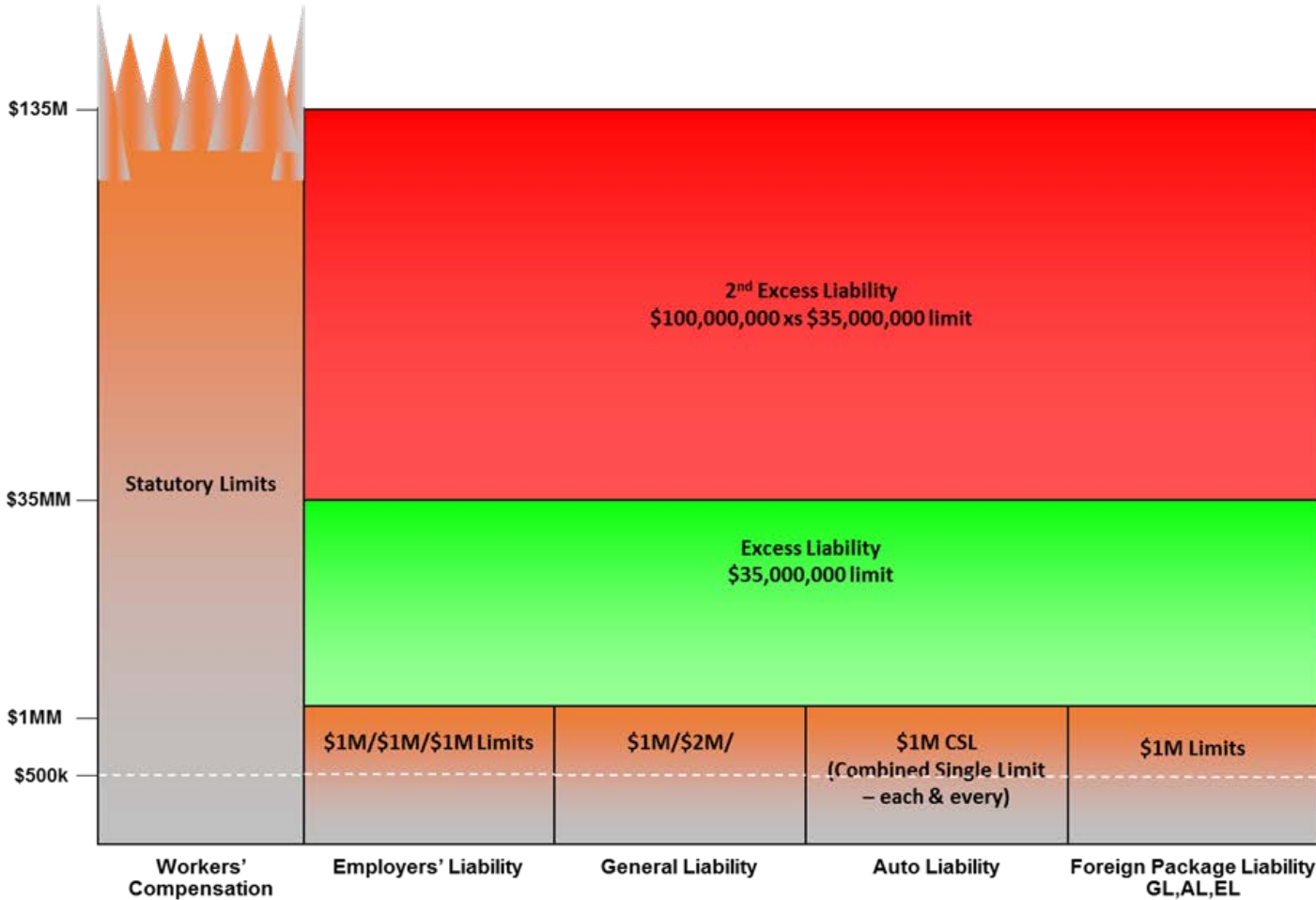


<b>First Party</b>	<b>Third Party</b>	<b>Exclusions</b>
Occurrence	All Risk	Named Perils
Claims Made	Additional Insured	Subrogation/Waiver of Subrogation
Named Insured	Certificate of Insurance	Primary Coverage
Umbrella Coverage	Excess Coverage	Insured Contract
Business Interruption	Sub-limits	Deductible
Self Insured Retention	Guaranteed Cost	Separation of Insureds



# Insurance Basics

## Sample Casualty Schematic

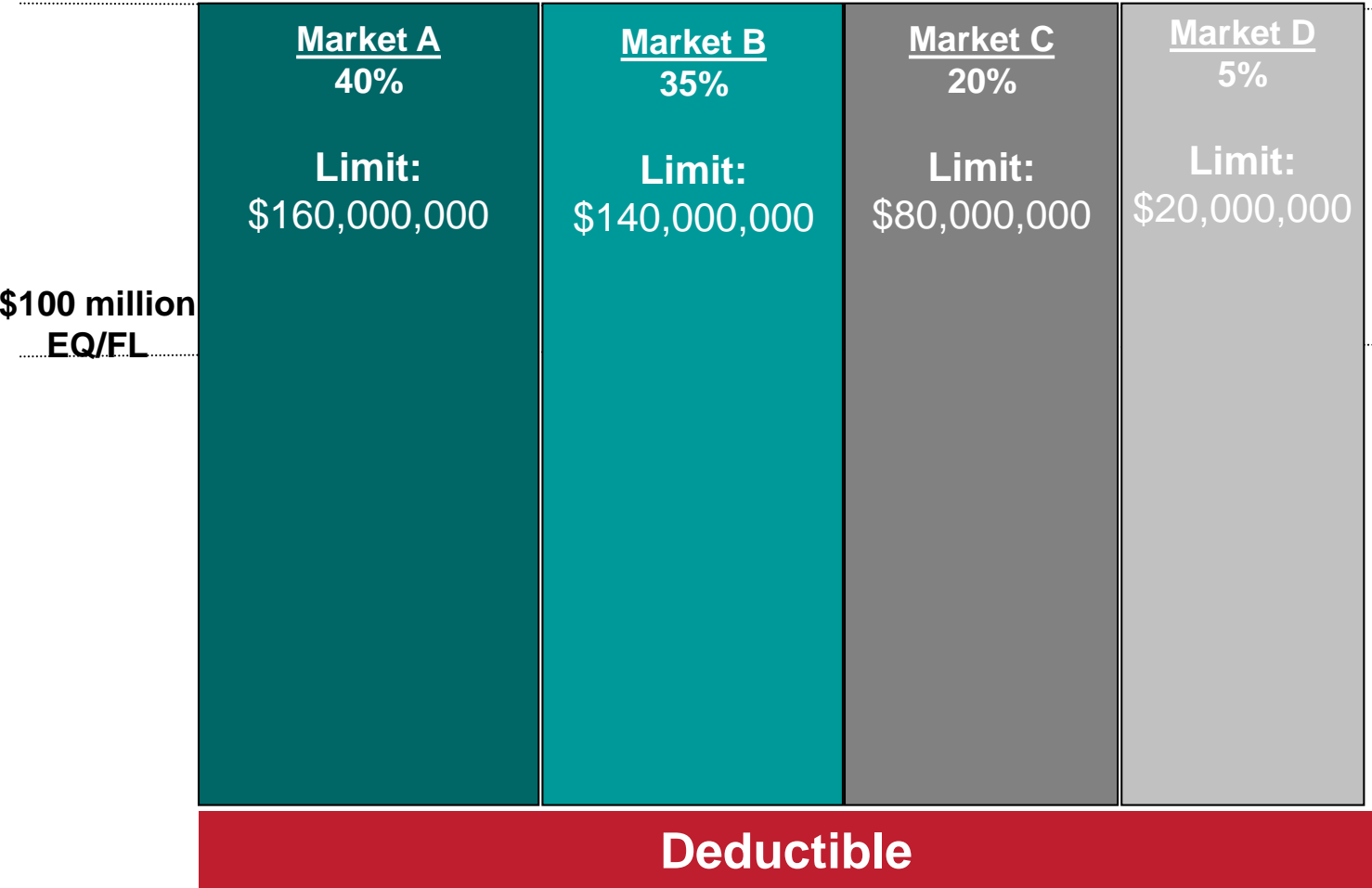


# Insurance Basics

## Sample Property Schematic



\$400 million



\$100 million  
EQ/FL

Deductible

# Types of Insurers

## Commercial Markets



### Standard commercial markets are non-industry specific

- Pros:
  - Standardized forms- Auto, WC and Primary CGL
  - Provide “admitted” coverage
  - Insurance marketplace competition can drive down pricing
  - Defense may be “outside” the limits, depending on the coverage line
  - Deductible or zero deductible typically applies
- Cons:
  - Set policy form- hard to manuscript
  - Coverage not tailored to utility industry
  - Lack of industry specific expertise and services
  - Claims can significantly impact coverage availability & pricing
  - High excess limits achieved via numerous layers of insurers

# Types of Insurers

## Industry Mutuals



**Formed by utilities when standard insurance markets could not longer meet needs of the power industry- whether through pricing, coverage terms, or capacity.**

- Pros:
  - Industry expertise- insure 98% of electric & gas utilities in the U.S.
  - Manuscript policy form providing the broadest coverages available- including broader BI/PD liability coverage, asbestos coverage, broader pollution coverage, excess auto liability, excess employer's liability, emergency assistance agreements, incidental medical malpractice, employment practices liability, community service activity liability, etc.
  - Mutual mentality- collaboration, education, loss control services, risk consulting services, claims advocacy, long-term partnership
  - May return a portion of surplus to members via distributions or credits
  
- Cons:
  - Broad coverage can come at a premium price- “get what you pay for”
  - Since mutual insurers are “owned” by the members, will not see the same soft market premium reductions
  - Non-admitted insurers and state-applicable surplus lines taxes & fees apply (can range from 1-6% depending upon state statutes)
  - Retention must be met before policy responds

# Policy Types & Triggers

## Industry Mutuals- Casualty



### **Associated Electric & Gas Insurance Services- AEGIS**

- Claims-made casualty coverage
- Attaches above a self-insured retention
- Not follow-form of any underlying primary coverage
- Defense inside the limits
- Typical layer is \$35M per occurrence/\$70M in the aggregate

### **Energy Insurance Mutual- EIM**

- Attaches above AEGIS
- Follows a majority of the terms and conditions of the AEGIS policy
- Defense inside the limits
- Offers up to a \$100M layer excess of \$35M

# Policy Types & Triggers

## Industry Mutuals- Property



### **Nuclear Energy Insurance Limited – NEIL**

- Coverage specifically for utilities with nuclear exposure
- Offers coverage for damage to insured sites, nuclear decontamination expenses, and other risks of direct physical loss

### **FM Global/ AEGIS/EIM**

- All-risk property coverage
- May includes additional coverages & services such as cyber, loss control, loss engineering, claims expertise
- Quota share or layered programs available
- Loyalty & continuity credits available

# Policy Types & Triggers

## Commercial Insurance Market Coverage



Insurance Coverage	Purpose	Quick Facts
General Liability	Protects against property damage and bodily injury caused to third parties	<ul style="list-style-type: none"> <li>• \$1M per occ/ \$2M agg</li> <li>• Additional Insured, Waiver of Subrogation, Primary/ Noncontributory available</li> </ul>
Auto Liability	Protects against property damage and bodily injury caused to third parties arising out of use of an auto	<ul style="list-style-type: none"> <li>• \$1M per occurrence BI/PD</li> <li>• Additional Insured, Waiver of Subrogation, Primary/ Noncontributory available</li> </ul>
Excess Liability / Umbrella	Provides excess limits above general liability, auto liability, employer's liability	<ul style="list-style-type: none"> <li>• Limits of \$300M+ available</li> <li>• Recommend follow-form coverage unless AEGIS</li> <li>• If AEGIS, recommend excess policies follow form of AEGIS</li> </ul>
Workers Compensation	WC- Sole recourse for workplace injuries	<ul style="list-style-type: none"> <li>• Statutory Limits</li> <li>• Waiver of Subrogation</li> </ul>
Employers Liability	Protects employers from major financial loss if a worker experiences a job-related injury or illness that workers compensation doesn't cover.	<ul style="list-style-type: none"> <li>• \$1m / Occurrence</li> <li>• Waiver of Subrogation</li> </ul>

# Policy Types & Triggers



Insurance Coverage	Purpose	Quick Facts
Professional Liability	Protects professional advice- and service-providing individuals and companies from bearing the full cost of defending against a negligence claim made by a client, and damages awarded in such a civil lawsuit. This is first party coverage.	<ul style="list-style-type: none"> <li>• \$1M+ Limits depending on exposure</li> <li>• Specified professional services</li> <li>• Non-standard policy forms</li> </ul>
Pollution / Environmental Liability	Protects against claims or remediation costs associated with sudden or gradual releases of pollutants and environmental damage including property damage and bodily injury.	<ul style="list-style-type: none"> <li>• \$1M+ Limits depending on exposure</li> <li>• Occurrence form</li> <li>• Additional Insured &amp; Waiver of Subrogation available</li> <li>• Policy Forms Are not standard</li> </ul>



# Policy Types & Triggers

## Commercial Insurance Market Coverage



Insurance Coverage	Purpose	Quick Facts
Builder's Risk/ Course of Construction	Physical damage to an asset while undergoing construction	<ul style="list-style-type: none"> <li>• Provides coverage during construction to substantial completion</li> <li>• Does not automatically include testing &amp; start-up</li> <li>• May contain sub-limits for Nat Cat exposures</li> </ul>
Delay in Start-up	Indemnification for loss of earnings as a result of covered loss. Typically during construction included on a builder's risk policy.	<ul style="list-style-type: none"> <li>• 12 months profits and continuing expenses</li> </ul>
All Risk Property	First party property damage caused by a covered loss	<ul style="list-style-type: none"> <li>• Full replacement cost</li> <li>• May sub-limit Nat Cat</li> </ul>
Business Interruption	Indemnification for loss of earnings as a result of a covered property loss.	<ul style="list-style-type: none"> <li>• 12 months profits and continuing expenses</li> </ul>

# What if There's a Claim?



- **Timely Notice** - critical to preserve coverage under the policy.
  - Look to the notice provisions in the policy-
    - “Duties in the Event of Occurrence, Offense, Claim or Suit”
    - As soon as practicable- most occurrence forms
    - Claim must occur and notice must be given within the same policy period- claims made coverage
  - Other specified notice provisions
    - Certain types of claims always must be noticed- ex. death
    - Certain types of losses may have shorter notice requirements- ex. sudden & accidental pollution, employee benefits liability
- **Reasonable cooperation** with claims investigation
- **No voluntary payments without insurer consent** - commercial markets

# What if There's a Claim?



- **Guaranteed Cost**
  - So long as loss is covered under the policy, covers first dollar claim costs/expenses/judgments on the loss
    - Including defense
- **Deductible**
  - So long as loss is covered under the policy, covers claim costs/expenses/judgments and “nets” out the deductible from the claim
- **Self-Insured Retention**
  - No claim costs/expenses/judgments will be paid until after the SIR is met
    - Anticipate a Reservation of Rights letter from the carrier

# What if There's a Claim?

Remember: D.I.C.E



## Determination of Coverage

Declarations Page

Insuring Agreement

Conditions

Exclusions



## Determination of Amount Payable

# Sample

## Insurance Requirements - Third-Party Contracts



Contractor shall procure and maintain, at its own cost and expense, insurance in compliance with the requirements set forth on this Exhibit. Maintenance of insurance coverage shall not reduce or limit Contractor's indemnity obligations as set forth in the Agreement.

- **Primary/Non-contributory**- Insurance required herein, including any Contractor self-insurance and deductibles, shall be primary, and any insurance or self-insurance of UTILITY shall be excess and non-contributory.
- **Additional Insureds**- UTILITY and its officers, directors, members, employees and agents shall be included as additional insureds on the following insurance policies of Contractor: Commercial General Liability, Business Automobile Liability, Environmental Impairment Liability / Contractor's Pollution Liability (if applicable), and Aircraft Liability (if applicable). Such coverage shall extend to both on-going and completed operations.
- **Severability of Interests**- Insurance required above shall include a severability of interests clause or separation of insureds clause, whereby except with respect to the coverage limits, the insurance coverage shall apply to each insured or additional insured as though a separate policy were issued to each.
- **Waiver of Subrogation**- Commercial General Liability, Business Automobile Liability and Workers' Compensation coverages shall all include a waiver of subrogation in favor of UTILITY.
- **Occurrence/ Claims Made Forms**- All coverages written on an occurrence form shall be maintained throughout the term of the Agreement, including any warranty periods. Coverages written on a claims-made form shall be maintained throughout the term of the Agreement and be continually renewed for a period not less than three (3) years following completion and acceptance of all work and warranty work under this Agreement. Additional insured endorsements providing products/completed operations coverage shall continue to provide coverage through the expiration of time within which a claim may be filed under all applicable laws.

# Sample

## Insurance Requirements - Third-Party Contracts



- **Insurer Security**- All coverage required to be maintained herein shall be with insurers rated A-/ VII or better by A.M. Best.
- **Insurance Certificates**- Contractor's agent or broker shall provide a certificate of insurance and supporting additional insured and waiver of subrogation endorsements prior to commencing work under this Agreement and within 10 days of the renewal of any policy verifying compliance with at least the minimum coverages set forth above.
- **Deductibles/Self-Insured Retentions**- Any deductibles or self-insured retentions are the responsibility of Contractor and shall be promptly paid so as not to prejudice any coverage required herein. Deductibles or self-insured retentions in excess of [\$XXX] shall be approved in advance in writing by UTILITY.
- **Cancellation/Policy Changes**- There shall be no changes to or cancellations of coverage resulting in Contractor becoming non-compliant with the insurance coverage required herein. Contractor's policies shall be endorsed to provide 30 days advance written notice of cancellation to UTILITY (10 days in the event of non-payment of premium).

# Sample

## Insurance Requirements - Third-Party Contracts



Type of Coverage		Minimum Coverage Limits	
<p><b>Commercial General Liability</b></p> <p>ISO Form CG 00 01 04 13, or other form acceptable to ODEC</p> <p>Additional Insured Endorsements- Including on-going and products/completed operations- CG 20 10 11 85; or CG 20 33 04 13 and CG 20 37 04 13; or CG 20 10 04 13 and CG 20 37 04 13, or equivalent endorsements are acceptable.</p> <p>Waiver of Subrogation Endorsement</p> <p>Primary/Non-contributory Endorsement- Contractor's insurance shall apply on a primary basis and ODEC's insurance or self-insurance shall be non-contributory</p> <p>Coverage limits shall be endorsed to apply on a per contract or per project basis</p> <p>Delete Railroad exclusionary language</p> <p>No sublimit or exclusion for liability arising from the use of cranes</p>	<p>Bodily Injury, Property Damage, Personal Injury, Contractual Liability</p>	<p><b>Occurrence</b></p> <p>\$1M</p>	<p><b>Aggregate</b></p> <p>\$2M</p>



# Sample Insurance Requirements - Third-Party Contracts

Type of Coverage		Minimum Coverage Limits	
<p><b>Business Automobile Liability</b></p> <p>Covering claims arising out of the ownership, operation, loading, unloading of owned, hired, leased, non-owned or borrowed private passenger and commercial vehicles.</p> <p>Additional Insured noted on certificate</p> <p>Waiver of Subrogation</p>	<p>Bodily Injury, Property Damage</p>	<p><b>Per Person</b> \$1M</p>	<p><b>Per Accident</b> \$1M</p>
<p><b>Workers Compensation &amp; Employer's Liability</b></p> <p>Waiver of Subrogation Endorsement</p> <p>US Longshore &amp; Harbor Workers Coverage (if applicable)</p>	<p>Part A: Bodily Injury and Illness to Employees</p> <p>Part B: Bodily Injury By Accident: Bodily Injury By Disease:</p>	<p><b>Statutory Limits</b></p> <p><b>Per Employee</b> \$1,000,000 \$1,000,000</p>	<p><b>Statutory Limits</b></p> <p><b>Aggregate</b> \$1,000,000 \$1,000,000</p>



# Sample

## Insurance Requirements - Third-Party Contracts



<b>Umbrella/Excess Liability</b>	<b>Bodily Injury, Property Damage</b>	<b>Occurrence</b>	<b>Aggregate</b>
<p>Follow-form of the Commercial General Liability, Auto Liability, and Employer's Liability Coverage</p> <p>No cross-suits or cross-liability exclusion</p> <p>Limit may be met by a combination of umbrella and excess liability policies, if needed.</p>		\$5,000,000	\$5,000,000

- Limits subject to internal project risk analysis
- Language shown is for demonstrative purposes only

# Notable Policy Exclusions

## Commercial General Liability



### Standard commercial insurance markets

Contractual Liability- “insured contract” exception	Expected / Intended Injury
Pollution	Workers’ Compensation / Employer’s Liability
Aircraft, Auto, Watercraft	Professional Services
Damage to Property- owned, rented, occupied, sell, loaned to you, in your care, custody, control	Electronic Data
Failure to Supply	Disclosure of Confidential Data
Employment Practices Liability	Asbestos
Nuclear Energy Liability	War
Silica	Mold

- Sampling of exclusions- not a comprehensive list

# Notable Policy Exclusions

## Excess Liability



### Mutuals

Watercraft/Aircraft- owned, or leased >30 days

Damage to Property- owned, occupied, rented, used by the Insured, in your care, custody, control

Failure to Supply- carve-back exception applies

Pollution- carve-back exceptions apply

Control of Well

Workers' Compensation

Fines/Penalties

Intentional Acts

Occurrence Prior to Retro Date

Nuclear Energy Liability

OFAC

Telephone Consumer Protection Act

Wildfire-sub-limit may apply

- Sampling of exclusions- not a comprehensive list

# Notable Policy Exclusions

## Auto Liability



### Standard commercial insurance markets

Expected or Intended Injury	Contractual Liability- "insured contract" exception
Workers' Compensation	Fellow Employee
Property- care, custody, control	Racing
Handling of Property	Pollution
War	Completed Operations

- Sampling of exclusions- not a comprehensive list

# Notable Policy Exclusions

## Workers Compensation & Employer's Liability



### Standard commercial insurance markets

Bodily Injury by Accident- must take place in policy period	Bodily Injury by Disease- must be caused / aggravated by employment
Liability Assumed Under a Contract	Punitive / Exemplary Damages
Intentional Caused or Aggravated by You	Bodily Injury While Outside the US or Canada- US citizen on temporary assignment exception
Employment Practices Liability	Subject to Federal WC Laws- ex. USL&H, FELA, Defense Base Act

- Sampling of exclusions- not a comprehensive list

# Notable Policy Exclusions

## Property



### Mutuals

Watercraft/Aircraft-	Electric Data, Programs or Software
Land, water (not enclosed)	Pollution- carve-back exceptions apply
Animals, timber or crops	Transmission & Distribution Systems
Property in Transit	Damage from Nuclear Reaction
Terrorism	Hostile or Warlike Actions
Employee Theft	Faulty Workmanship
Settling, Cracking, Shrinking, Bulging	Currency, notes, precious metals

- Sampling of exclusions- not a comprehensive list

# Certificates of Insurance



- “Snapshot” of coverages in place at the time the certificate is issued
  - Not a legally binding document
  - Endorsements are legally binding
    - Waiver of subrogation
    - Additional insured
    - Primary/non-contributory
    - Notice of cancellation
- There are insurance certificate tracking services and vendors available

# Certificate of Insurance

## Demystifying the Form



**ACORD** **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME	PHONE	FAX
	EMAIL ADDRESS	INSURER(S) AFFORDING COVERAGE	
INSURED	INSURER A	INSURER B	INSURER C
	INSURER D	INSURER E	INSURER F

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

PER LTR	TYPE OF INSURANCE	ACORD FORM	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY					EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY					PRODUCTS - COMPROP AGG \$
	CLAIMS MADE OCCUR					PERSONAL & ADV INJURY \$
						GENERAL AGGREGATE \$
	GEN'L AGGREGATE LIMIT APPLIES PER:					PRODUCTS - COMPROP AGG \$
	POLICY PERIOD LOC					\$
	AUTOMOBILE LIABILITY					CONSUMER SINGLE LIMIT \$
	ANY AUTO					BODILY INJURY (Per person) \$
	ALL OWNED AUTOS	SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	HIRSD AUTOS	NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB	OCCUR				EACH OCCURRENCE \$
	EXCESS LIAB	CLAIMS MADE				AGGREGATE \$
	USD RESTRICTIONS					\$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY					MC/FALL \$
	ANY PROPRIETOR/PARTNER/ROBODUCTIVE (SPOUSE/CHILD/GRANDCHILD) (Mandatory in WA)	Y/N				COLL \$
	EMPLOYER'S OPERATIONS below	N/A				E.L. EACH ACCIDENT \$
						E.L. DISEASE - EA EMPLOYEE \$
						E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE



# Sovereign Immunity



- Sovereign immunity is a statutory-common law hybrid
- Its existence is affirmed by statute but its definition is determined by the courts
- Interpretation is varied state by state and convoluted
- Exercise caution before assuming applicability of sovereign immunity

# Sovereign Immunity



- Proprietary functions – those performed for the benefit or profit of the municipality as a corporate entity.
- Governmental functions – those performed for the common good.
- Statutory Protections – state statutes defining which entities are granted sovereign immunity.
- Tort Caps – maximum liability exposure

# Sovereign Immunity Waived



- Purchase of insurance
- Negligent operation of a motor vehicle
- Gross negligence
- Dangerous condition
- Operations outside your State
- Willfully wrong, malicious or corrupt conduct

# How to Determine Appropriate Limits

## Internal risk analysis

- Types of operations
- Geographic location
- Discussion with subject matter experts
- Risk Tolerance

## External resources

- Insurance brokers
- Benchmarking
- APPA Survey
- Collaboration with Public Power Peers



# Public Power Peer Survey

- AEGIS Public Power Peer Survey – July 2018
- About 20 respondents
- Requested information about limits purchased, deductible, carriers, brokers used, premium changes, and any significant changes
- Summarized by property, casualty, D&O, fiduciary, workers' compensation, EPL, and cyber coverages

- Sharing summary information on limits and retention
  - Average
  - Most common
  - High and low
  - Common trends or points of interest
- Detailed information available (commodities and size)

# Property Benchmarking Highlights

- Average
    - \$800M limit
    - \$1M deductible
  - Most Common
    - \$750M limit
    - \$500K deductible
  - Low
    - \$10M limit
    - \$100K deductible
  - High
    - \$7B limit
    - \$2.5M deductible
- Slight increase in premiums overall – 1.36%
  - Many utilities received multi-year deals
  - Some placements were direct (no broker)
  - 7 placements with FM Global

# Excess Liability Benchmarking Highlights

- Average
    - \$60M limit
    - \$1.7M deductible
  - Most Common
    - \$35M limit
    - \$1M or \$2M deductible
  - Low
    - \$5M limit
    - \$10K deductible
  - High
    - \$175M limit
    - \$5M deductible
- 
- Small rate increase overall – 3.5%
  - Few increased limits this year
  - Premium increase due to wildfire limit increase



# Directors & Officers Benchmarking Highlights

- Average
    - \$20M limit
    - \$500K deductible
  - Most Common
    - \$10M limit
    - \$250K deductible
  - Low
    - \$5M limit
    - \$25K deductible
  - High
    - \$75M limit
    - \$2M deductible
- 
- Flat market with a few exceptions
  - One large increase attributable to adding Side A coverage
  - Some share coverage with municipality

# Fiduciary Benchmarking Highlights

- Average
    - \$15M limit
    - \$175K deductible
  - Most Common
    - \$20M limit
    - \$25K deductible
  - Low
    - \$1M limit
    - \$0 deductible
  - High
    - \$50M limit
    - \$1M deductible
- 
- Slight reduction in rates - about 3% overall
  - Some moved carriers or combined with EPL
  - Some share coverage with municipality

# Employment Practices Liability Benchmarking Highlights

- Average
  - \$45M limit
  - \$1.5M deductible
- Most Common
  - \$10M limit
  - \$100K deductible
- Low
  - \$3M limit
  - \$25K deductible
- High
  - \$140M limit
  - \$5M deductible
- Flat market
- “Me Too” movement may impact claims in future
- Some include in their XS liability coverage

# Workers' Compensation Benchmarking Highlights

- Average
  - \$20M limit
  - \$700K deductible
- Most Common
  - \$1M limit
  - \$500K deductible
- Low
  - \$1M limit
  - No deductible
- High
  - \$60M limit
  - \$2M deductible
- Relatively flat market
- Some carry statutory coverage
- One shares with municipality

# Cyber Benchmarking Highlights

- Average
    - \$16M limit
    - \$1.4M deductible
  - Most Common
    - \$5M limit
    - \$50K deductible
  - Flat market
  - 80% of respondents now carry cyber
  - Renewals are experiencing large reductions in rates (double digit)
  - Those with price increases expanded limits
- Low
    - \$1M limit
    - \$15K deductible
  - High
    - \$75M limit
    - \$15M deductible



# APPA Benchmarking Highlights

- Survey conducted summer 2017 by Hometown Connections partner
- About 85 entities responded
- Analyzed by generators and non-generators
- Segmented by annual revenue
- General operations comparison
- Requested information about employee benefits
- Property, workers compensation and benefits are the areas most interested in being addressed by Hometown Connections Insurance Programs



# Types of Analysis

- Percentage of budget for P&C premium
- P&C insurance cost by unit of revenue or per 1000 customers
- Independent purchase or consolidated with parent organization
- Rates and deductibles for most coverages are captured by revenue size or MW installed

# Findings

- Only half of respondents purchase terrorism insurance
- 80% of generators and 91% of non-generators buy auto insurance
- 60% of generators and 69% of non-generators purchase GL (primary) insurance
- 57% of generators and 44% of non-generators acquire excess liability
- About 35% of respondents do NOT buy cyber coverage
- Between 10-15% do NOT buy Public Officials Liability
- Life Insurance, long-term disability, vision, and critical illness are the most common employee benefits purchased





## Use of Reserves

Uninsured risks  
Self-insured risks  
Finance higher retentions  
Periodic review of adequacy



## Loss control and risk assessment resources



## Networking within industry and with risk management peers

# Questions?



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