

In 2023, the City of North Port selected Gehring Group to act as its agent/broker for Property, Casualty and Workers' Compensation insurance. The Gehring Group has negotiated with the City's incumbent carriers to place its P&C insurance program for FY 2023-2024, resulting in an overall program cost of \$2,283,189.

The Commercial Property market, as well as the Personal Lines Property market, is seeing its highest level of premiums in the last several years due to the number of major catastrophic weather events that have occurred worldwide. Particularly in Florida, the impact of Hurricane Ian in 2022 resulted in insured losses close to \$60 billion, with all incurred losses of \$110+ billion. Not only did Property insurers bear the cost of this storm, but the reinsurance market also supplemented paid losses for this and all other catastrophic events aforementioned. This caused several insolvencies within the state and a large strain on the ability for insurers to purchase reinsurance, which drove up prices due to restricted competition and availability. In addition to inflationary causes driving up the cost of construction, these factors combined have resulted in Property insurance premiums increasing two-fold for most Commercial entities.

The City's Property insurance renewal was difficult given the market factors outlined above, and its Utility Property carrier declined to renew the existing program. This resulted in Gehring Group placing the City's Property insurance program under one Tower structure, combining both Master and Utility Property assets. The combined Total Insured Value (TIV) for the program, including Inland Marine assets, is \$225,421,150. The renewal premium rating basis quoted was \$0.675 per \$100 TIV resulting in an annual Property insurance program cost of \$1,529,583, a 109% increase over current annual premium (inclusive of mid-year program endorsements). The insurance Tower now includes Equipment Breakdown coverage for all scheduled assets in comparison to the existing program. The P&C Renewal evaluation included in this agenda item also outlines several coverage enhancements (highlighted in blue), the foremost being the new \$20,000,000 per occurrence coverage limit for City property assets, reduced Named Storm and Flood deductible minimums for Utility assets, in addition to higher Equipment Breakdown and Flood coverage limits for Utility assets.

The City's Liability, Crime and Excess Workers' Compensation insurance package written through the Preferred Governmental Insurance Trust (PGIT) renewed at an overall increase of 4.5% for a total annual premium of \$716,178. Due to the City's new fee-based contract with Gehring Group, commissions are no longer included in this program, saving the City roughly \$117,000 of premium that would have been assessed at renewal given the updated exposures. The City's total payroll increased almost 11% over what was underwritten in FY 2022-2023, which impacts both the Liability and Excess Workers' Compensation lines.

The City's Pollution Liability insurance program will be seeing an 8% reduction in premium in FY 2023-2024 for a total annual premium of \$23,019. The City's Statutory AD&D insurance program is in the second year of a 2-year premium installment seeing no change in the amount due for FY 2023-2024.

In conclusion, the City's overall P&C insurance program is expected to increase about 56% over current as outlined in the P&C Renewal Evaluation and evidenced above. Milliman, in conjunction with the Insurance Institutes, published a P&C insurance outlook in early August predicting package increases at or above 100% through 2025. The City's FY 2023-2024 renewal is well under this threshold, and it is our recommendation that City Commission approve this renewal of coverages that offer adequate and necessary protections to the City and its operations.