

Brown & Brown
INSURANCE®

Polk County Board of County Commissioners

2022-2023 Liability and Cyber Renewal

Presented By:

Nicole Long- SVP,CIC

Brown & Brown Insurance



Presentation Agenda

1

Current Liability Landscape

2

Comparing Years Coverage

3

Current Cyber Landscape

4

Comparing Years Coverage

Liability Market Update

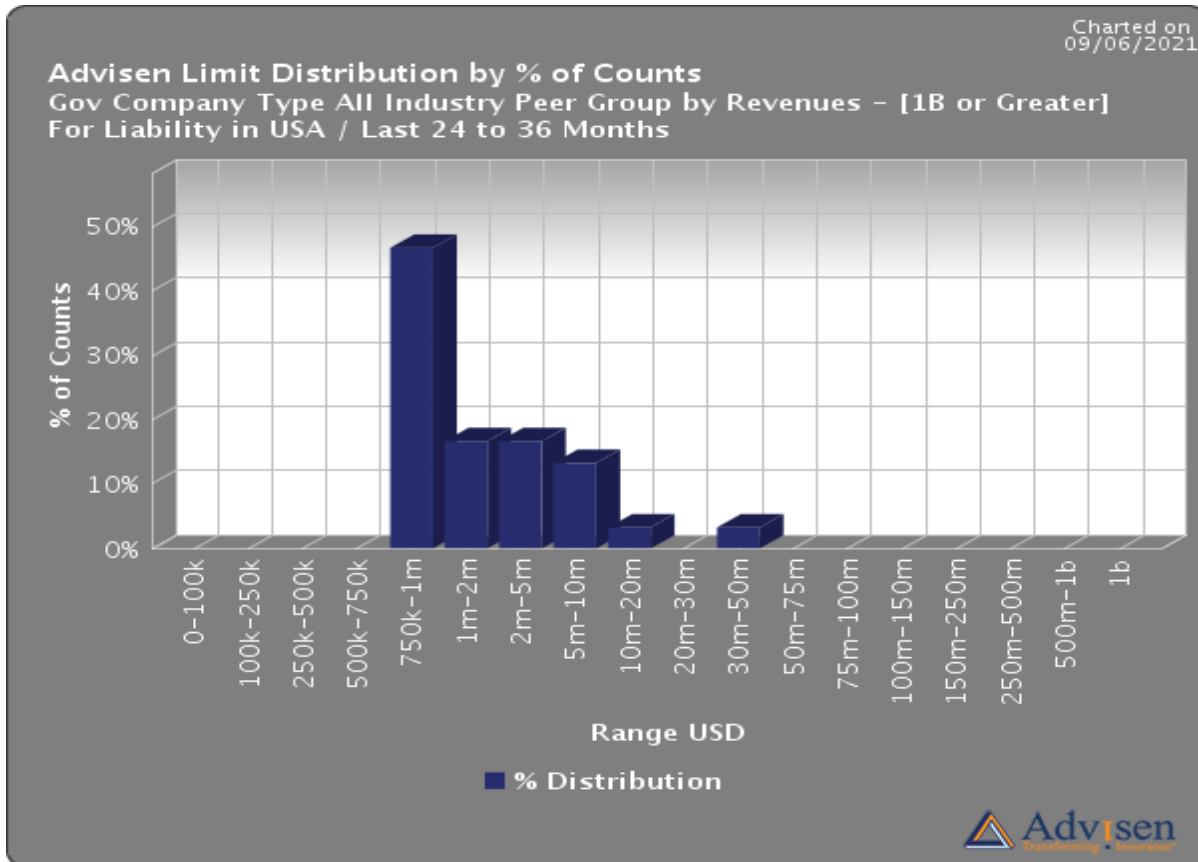
Public Entities

- Much of the past two years have seen an increased focus on ensuring both profitability and longer-term viability for the market, which not only means rate increases, but also re-evaluating loss history and setting appropriate retention levels.
- Rates continue to be risk (and loss) dependent, while many of the major structural corrections have now taken place in the more volatile venues where historical severity assumptions have proven insufficient.
- Capacity remains challenging as carriers continue to vacate the market either by capacity reduction, overall loss of paper or supporting reinsurance treaties.
- Law Enforcement is among the largest of segments that have dealt with significant tumult this past year. Police departments nationwide are under a microscope to address specific issues. Policies like police immunity are being heavily scrutinized and litigated with multi-million dollar settlements, which in turn the carriers are paying out large sums of money.

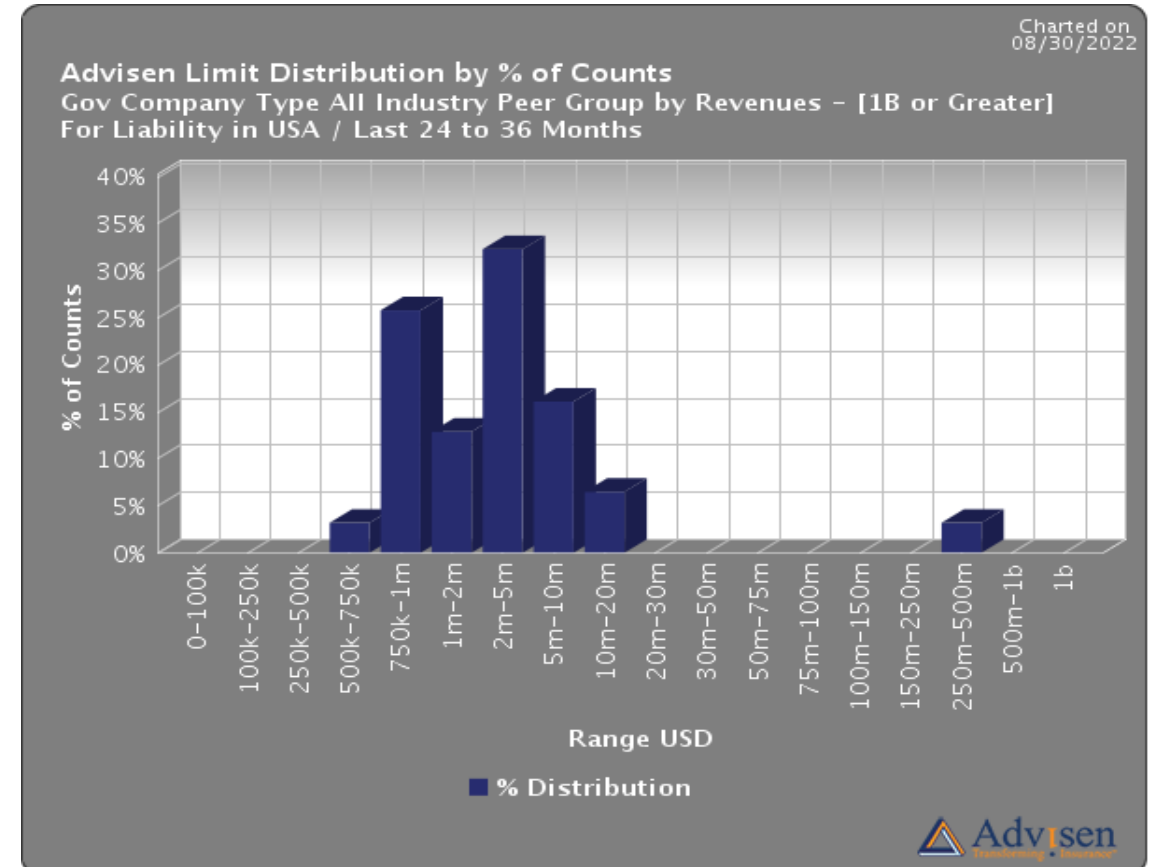
Liability Limit Benchmark

Public Entities Across the United States

2021



2022

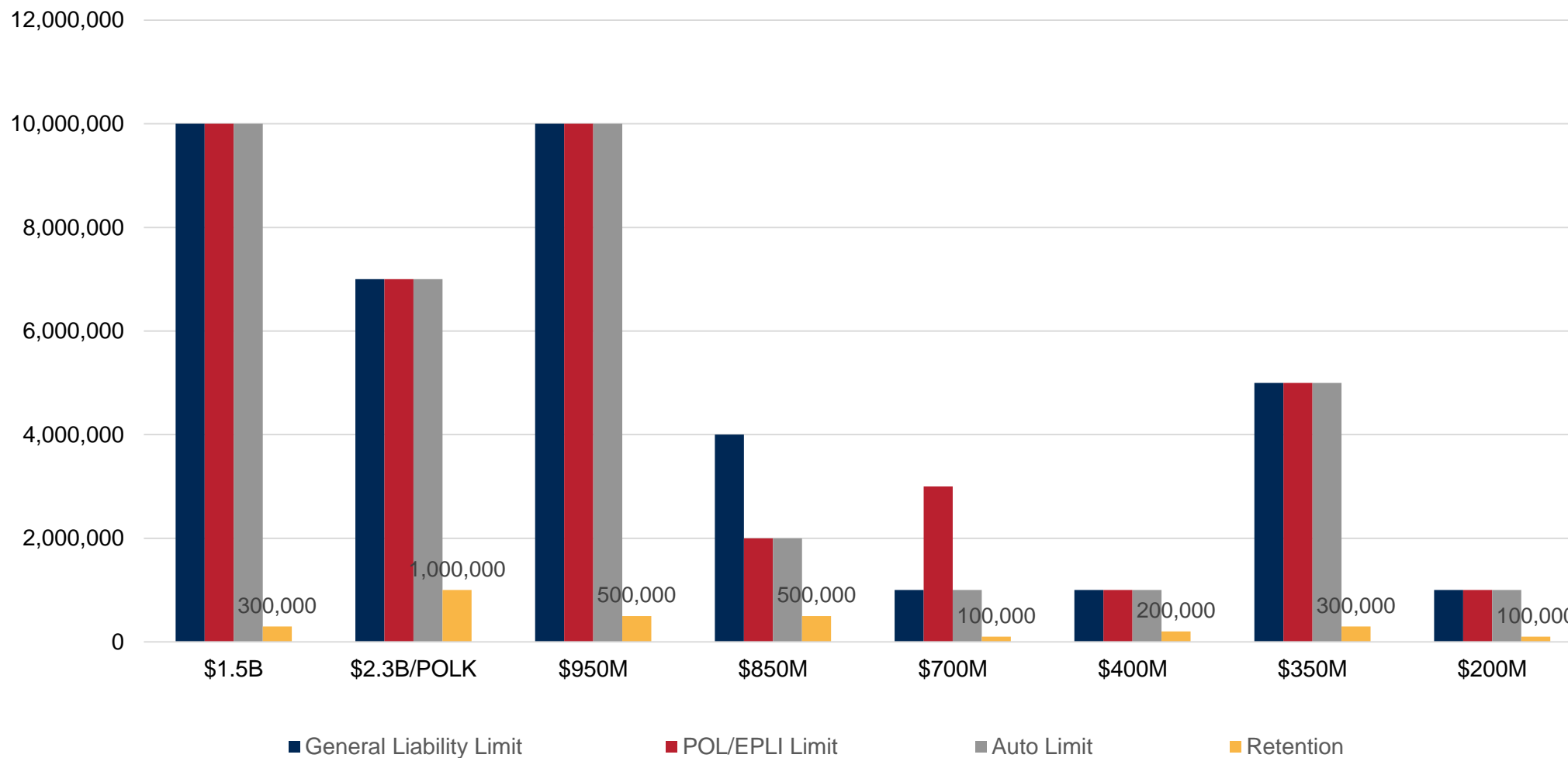


Polk County Liability 10 Largest Claims in 10 Years

Department	Description	Policy	Loss Date	Loss Paid
Sheriff	Class Action-juvenile offenders being house in PCJ, not receiving proper treatment	General Liability	10/1/2011	\$2,025,260
County Manager	Company's contract put out for bid and not reviewed after blowing the whistle on hiring of employee who was not fit for duty	Errors & Omissions	2/15/2015	\$595,593
Sheriff	Claimant passed away at LWMC after a suicide attempt at the South County Jail	General Liability	10/24/2010	\$305,885
Sheriff	Assaulted while being held in the PCJ	General Liability	2/24/2012	\$305,013
Sheriff	IV struck CV on the right side as CVD attempted to make a left turn	Auto	4/1/2015	\$304,012
Sheriff	Allegation: excessive force, wrongful death, medical negligence, death of mentally ill son	General Liability	3/20/2018	\$282,481
Public Safety	Death of wife in structure fire	General Liability	11/23/2018	\$203,815
Sheriff	5 car rear end accident	Auto	1/13/2015	\$200,230
Sheriff	IV side-swiped the CV causing the CV to flip over (The front of the IV made contact with the passenger side rear quarter panel of claimant's vehicle causing it to flip over)	Auto	1/19/2016	\$191,988
Sheriff	Allegation: Civil rights violation - false arrest, false imprisonment, malicious prosecution, negligent/intentional infliction of emotional distress resulting in emotional and psychological trauma	General Liability	10/14/2013	\$186,610

Liability Benchmark

Florida Counties



Liability Year Over Year

General Liability	2021	2022
Limit of Liability	\$5M/\$10M	\$5M/\$10M
Retention	\$1M	\$1M

Employee Benefits	2021	2022
Limit of Liability	\$5M/\$10M	\$5M/\$10M
Retention	\$1M	\$1M

Auto Liability	2021	2022
Limit of Liability	\$5M/\$10M	\$5M/\$10M
Retention	\$1M	\$1M
GarageKeepers Liability	\$2M	\$2M

Law Enforcement Liability	2021	2022
Limit of Liability	\$5M/\$10M	\$5M/\$10M
Retention	\$1M	\$1M

Public Officials Liability	2021	2022
Limit of Liability	\$5M/\$10M	\$5M/\$10M
Retention	\$1M	\$1M

Employment Practices Liability	2021	2022
Limit Of Liability	\$5M/\$10M	\$5M/\$10M
Retention	\$1M	\$1M

Liability Exposures Year Over Year

	2021	2022	%Change
Armed Officers	1079	1087	0.74%
Sheriff Autos	1287	1407	9.32%
Other Autos	1429	1450	1.47%
FT Employees	4638	4700	1.34%
Budgeted Expenditures	\$ 2,132,844,075	\$ 2,395,906,019	12.33%

*** Daily Inmate Population Increase 13% Year Over Year***

Liability Limit Options and Historical Premiums

Liability Options	2017	2018	2019	2020	2021	2022
\$7M/\$14M Limit	\$564,950	\$564,075	\$502,912	\$517,308 (\$619,800)		
Carrier	Lloyds	Lloyds	Lloyds	Argonaut (Lloyds)		
\$5M/\$10M Limit					\$517,500	\$541,250
Carrier					Lloyds	Lloyds

Retention Options: \$1,250,000 Premium: \$491,875
 \$1,500,000 \$459,625

Liability Market Summary

Carrier \$5M	Response
Allied Public Risk	Decline-cannot include law enforcement
Ambridge	Quoted Renewal
Berkley	Decline- cannot offer the competitive terms
Chubb	Decline- cannot offer the abuse limits or retro dates
Euclid/Hudson	Decline- unable to compete
Genesis	Decline- only can offer limits after \$5M
Munich Re	Decline- Cannot compete. Cannot honor retro dates
Old Republic	Decline- will not cover Employers Liability
Safety National	Decline- have to write the WC



Cyber

Cyber Market Update

Public Entities

At the end of 2021, renewal premiums consistently exceeded 100% increases. Halfway through 2022, renewals still face heavy increases of around 65%. However, these increases are notably lower than in 2021, indicating a stabilization of rates may happen in the foreseeable future.

- Insurance industry officials say the higher premiums for both public and private organizations are a result of rising demand for coverage amid more frequent and costly cybercrime incidents — often ransomware attacks. That means insurers have had to pay out more, which has led them to raise premiums and tighten standards for getting a policy. Some companies also have lowered caps on coverage or limited how many policies they write.
- In 2020, ransomware attacks accounted for 75% of cyber insurance claims in the U.S., according to AM Best, a credit rating agency.
- In the past several years, there has been a rash of ransomware attacks on cities, county governments, school districts, police agencies and health care systems. Local governments, especially smaller ones, can be easy prey because they may have fewer resources and staff with cybersecurity expertise.
- In 2021, there were at least 77 successful attacks on local and state governments and another 88 on school districts, colleges and universities. This year, as of late June, there were at least 28 attacks on governments and 33 on schools.
- In Baltimore, where thousands of computers were crippled in a massive ransomware attack in 2019, it wound up costing the city at least \$18 million — a combination of lost or delayed revenue and the expense of restoring systems. The city, which didn't pay the ransom and didn't have cyber insurance, decided to spend about \$835,000 for one year to buy \$20 million worth to cover any additional disruptions to its networks. It continued to purchase cyber insurance annually.

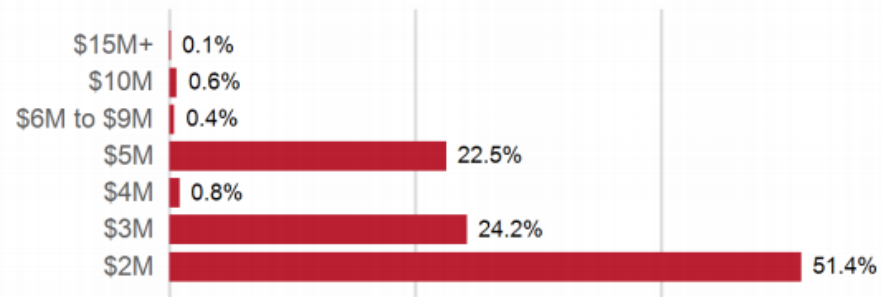
Cyber Benchmark

2021

PEER GROUP ACCOUNT LIMITS

Peer Accounts: 1,279

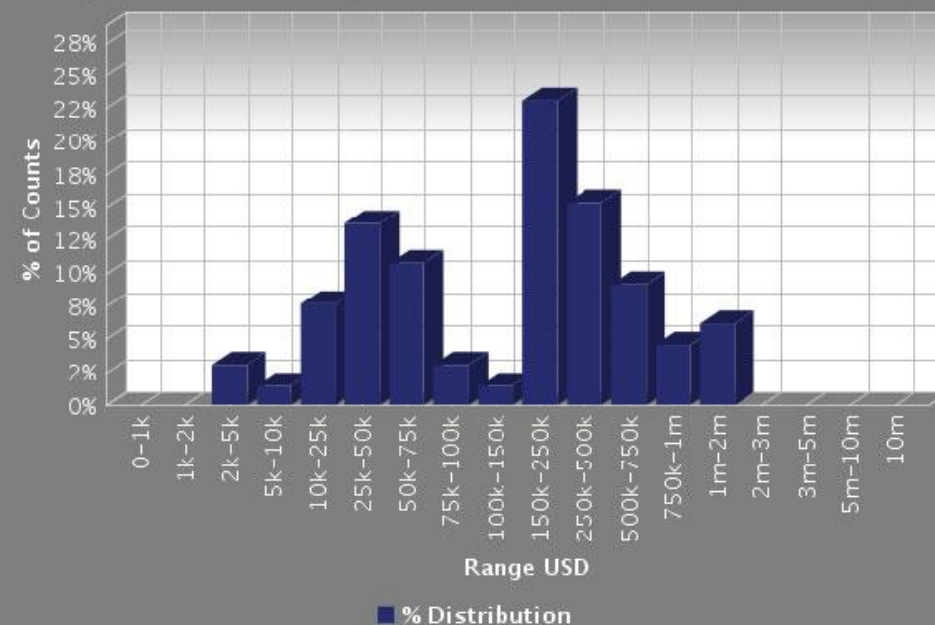
Accounts with Less than \$1M in Limits	6%
Accounts with \$1M in Limits	66%
Over \$1M in Limits (Breakout below)	29%



The benchmarking information above is derived from CRC Group's proprietary book of Cyber business and aggregated cyber loss data, but filtered to show results only for Institutional / Government companies with \$50M+ in annual revenues.

2022

Advisen Premium Distribution by % of Counts
Gov Company Type Custom Industry Peer Group by Revenues - [1B or Greater]
For Cyber in USA / All Policy Years



Advisen

Polk County Cyber Claims/Vulnerabilities

Claims	Loss Date	Loss Paid	Status
Alleging Possible Breach of Sensitive Information	8/25/2020	\$0	Closed
Matter Involves an Allegation Someone Hacked the System	6/25/2020	\$178,567	Closed
Bank Account Information was Compromised	9/18/2019	\$1,521	Closed
Ransomware Matter	7/29/2019	\$0	Closed
Alleged Lost Thumb Drive Sent Through Mail	3/29/2017	\$4,617	Closed

AIG Cyber Year Over Year

Media Content	2021	2022
Sublimit of Liability	\$5M	\$2M
Retention	\$100K	\$750k
Retroactive Date	Full Prior	Full Prior
Continuity Date	10/1/11	10/1/11

Event Management	2021	2022
Sublimit of Liability	\$5M	\$2M
Retention	\$100K	\$750k
Retroactive Date	N/A	N/A
Continuity Date	N/A	N/A

Security Privacy	2021	2022
Limit of Liability Inc Regulatory	\$5M	\$2M
Retention	\$100K	\$750k
Retroactive Date	Full Prior	Full Prior
Continuity Date	10/1/11	10/1/11

Cyber Extortion	2021	2022
Limit of Liability	\$5M	\$2M
Retention	\$100K	\$750k
Retroactive Date	N/A	N/A
Continuity Date	N/A	N/A

Network Interruption	2021	2022
Limit of Liability	\$5M	\$2M
Retention	\$100K	\$750k
Waiting Period	12H	12H
Retro/Continuity	N/A	N/A

Reputation Guard	2021	2022
Limit Of Liability	\$50K	\$50K
Retention	\$0	\$0
Retroactive Date	N/A	N/A
Continuity Date	10/1/11	10/1/11

Ransomware Sublimit of \$1,000,000 and Coinsurance of 50%

Cyber Limit Options

Cyber Options	2021	2022	% Change	Carrier
\$2M with \$1M Ransomware Sublimit	\$145,471	\$204,709	29%	AIG
\$1M with \$500k Ransomware Sublimit	\$0	\$115,000		AIG

\$750,000 Retention on Both Options

Cyber Market Summary

Carrier	Response	Carrier	Response	Carrier	Response
Admiral	Decline-Class of Business	CFC	Decline-Class of Business and Controls	Ironshore	Decline-Class of Business
Allianz	Decline-Class of Business	Coalition	Decline-Class of Business/ Risk Assessment	Markel	Decline-Used to Write Large Counties. Last They Wrote was 7/1 Effective Date.
AWAC	Decline-Class of Business	Corvus	Decline-Class of Business/Too Large	Munich Re	Decline
Arch	Decline-Class of Business	Cowbell	Decline-\$1MM Max Limit/Class of Business	PGU	Decline-Class of Business
Argo	Decline-No longer writing class	Crum & Forster	Decline-size Of Account-too Large- Not Writing Over \$150MM Revenues	Philadelphia	Decline-Class of Business
Ascot	Decline-Class of Business	CV Starr	Decline-Class of Business	Resilience	Decline-Class of Business
Aspen	Decline- Class of Business	Dual	Decline-Underwriting Guidelines-No New Business	RSUI	Decline-Class of Business
At-Bay	Decline-Class of Business	ERisk	Decline-Class of Business	Sompo	Decline-Class of Business
AXAXL	Decline-Class of Business-Temporary Pause in Writing Class of Business	Emerging Risk	Decline	Travelers	Decline-Class and Losses/Controls
Axis	Decline-Class of Business	Everest Re	Decline-Class of Business	Tysers (Lloyds)	Decline-Class of Business-Lack of Consistency Through the Applications, Such as No MFA in Place.
Beazley	Decline-Class of Business/Too Large	Great American	Decline-Controls-Vulnerabilities Due to Scan	Westchester	Decline-Class and Controls
Berkley	Decline-Class of Business	Hartford	Decline-Class of Business	Zurich	Decline-Lack of Controls
Berkshire Hathaway	Decline-Class of Business	HCC	Decline-Class of Business-Municipalities Related Risk >150K Population		
BRIT/Ambridge	Decline-Class of Business	Hiscox	Decline-Class of Business		
C N A	Decline-Class of Business	Hudson	Decline-Not a Market for Stand Alone Cyber		
Cap Specialty	Decline-Class of Business	IAT	Decline-Class of Business		
Celerity Pro	Decline-Class of Business	Intact	Decline-Class of Business-Operations Outside of Underwriting Appetite		



***The Cheetah:** Since our beginning, we have known that doing the best for our customers requires constant persistence and vision. The cheetah, which represents vision, swiftness, strength, and agility, embodies our company culture and has served as a symbol for Brown & Brown since the 1980s.*

For Additional Information: Nicole Long

Senior Vice President, CIC | (407) 468-3309 | nlong@bborlando.com

