

Fiscal Year 2020

Risk Management Report



Prepared by

**City & Borough of Juneau
Risk Management**



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Mission

For humanitarian, social, legal, and financial reasons, the City and Borough of Juneau will make reasonable efforts to protect the health and safety of its employees and members of the community from any hazards incidental to operations of the City, Juneau School District, and Bartlett Regional Hospital. We strive to preserve and protect our resources against losses arising out of any occurrence, thereby enabling the City to carry out its goals and purpose. In order to fulfill these objectives, we will consider all types of risks, including but not limited to, natural, environmental, compliance, economic/business, and technological risks. We will strive to maintain a compliance structure built on best practices, while protecting the organization's decentralized and collaborative culture.

Policy and Objectives

The City and Borough of Juneau, Juneau School District, and Bartlett Regional Hospital (hereafter collectively referred to as, the City) are exposed to various risks which may or may not be insured. Also, certain risks may be avoided, reduced, transferred, or prevented. Recognizing the need and responsibility to keep risk management relevant, maintain support and understanding of the organization's mission, and to preserve the City's resources, the following policy and guidelines have been prepared for the managing of insurance and risks:

- The City is committed to preserving the health and safety of our employees as well as the general public and will seek to attain the greatest possible level of commitment to safety and safest work practices in the workplace and in the community.
- We will strive to achieve and maintain a low cost of risk (both insurance and self-insurance) as compared with similar municipal organizations, without placing the City in a position of risk exposure which could have significant impact on its financial security and mission.
- All risks of loss and need for insurance are to be evaluated from both a single department viewpoint as well as the perspective of the entire organization. Conditions and practices which may cause loss are to be eliminated or modified whenever possible. Risks are to be assumed or self-insured whenever the amount of potential loss would not significantly affect the City's financial position.
- We will evaluate the cost/benefit of both the insurance programs and the safety programs and look for ways to continually improve them.

Risk Management Program Overview



The City & Borough of Juneau's (CBJ's) Risk Management program administers the insurance programs for the CBJ, the Juneau School District, and Bartlett Regional Hospital (BRH). Services include insurance coverage for exposures related to workers' compensation, property damage, general liability, automobile liability, educator's legal liability, medical malpractice, aviation liability, marine liability, and ski area liability.

Risk Management also administers the employee health insurance and other employee benefits programs for the CBJ and Bartlett Regional Hospital, and starting in FY21, some Juneau School District employees.

The risks and exposures for accidental loss are covered through a comprehensive insurance program. Self-insurance, coupled with catastrophic excess insurance, is used to cover the general liability, workers' compensation and health benefits programs. Specialty risks for aviation, marine, ski areas, and medical malpractice are covered through lower deductible insured programs. This mix of self-insurance and purchased insurance has been a successful program, keeping costs affordable while providing the coverage needed to protect CBJ's assets.

Risk Management also administers the property and casualty claims management for the comprehensive insurance program. The claims for the property/casualty losses are managed by the risk management and legal staff, with occasional assistance from outside legal counsel and claims adjusting. Workers' Compensation claims are administered by a third party adjuster, which is prescribed by Alaska statutory law. CBJ's Risk Management staff, in consultation with the City Manager, have final settlement authority for Workers' Compensation claims. The staff also have oversight of and settlement authority for most areas of specialty risk claims. Premera Blue Cross Blue Shield of Alaska administers the health benefit claims for approximately 1,000 CBJ, BRH, and JSD employees along with their dependents.

Operations and Exposures

PUBLIC ENTITY LIABILITY INSURANCE PROGRAM

This insurance includes Commercial General, Auto, Educator's Legal, Police Professional, Employment Practices and Public Officials coverage for the exposures identified below:

Commercial General Liability

This type of insurance provides coverage for **bodily injury** and **property damage** arising out of Government's ownership of property and conducting routine Government operations. Operations considered "non-routine" are marinas, airports, ski areas and hospitals which are excluded from this coverage.

Automobile Liability

This coverage includes bodily injury and property damage arising out accidents caused by Government's covered autos.



Educators Legal Liability

This coverage specifically provides coverage to the Juneau School District for claims alleging failure to provide adequate educational opportunities and programs for students. This coverage does not cover bodily injury or property damage.

Police Professional Liability

This insurance specifically provides coverage to the Juneau Police Department for errors and omissions committed while performing their professional duties. Typical claims for this coverage can involve allegations of bodily injury, property damage, false arrest or civil rights violations.



Employment Practices Liability

This covers the wrongful acts arising from the employment process. The most frequent types of claims alleged under this coverage include wrongful termination, discrimination, and sexual harassment. This coverage applies to all governmental, school and hospital employees.



Public Officials Liability

This covers the wrongful acts arising from actions of officials, members of governing bodies or other agencies and any employees or volunteers while acting as such. Typical claims for this coverage would include allegations of violations of public meeting laws, wrongful permit grants, or mismanagement of funds.

HOSPITAL INSURANCE

Hospital Insurance

This insurance provides professional liability and health care general liability for Bartlett Regional Hospital, which provides a variety of health care services to our community, Southeast Alaska, and a large influx of visitors during the summer months.



MARINE INSURANCE



Marine Liability

This insurance provides coverage for bodily injury or property damage for the exposures related to operating cruise ship docking facilities, marinas, and launch ramp facilities. It also provides some additional coverage for acts of terrorism.

Hull/Protection & Indemnity

This insurance provides coverage for physical damage to watercraft owned by the CBJ and for the liability exposures for operating these watercraft.

AVIATION INSURANCE

Airport Liability

This insurance provides coverage for bodily injury and property damage for the exposures related to owning and operating Juneau International Airport. This policy provides some additional coverage for acts of terrorism.



SKI AREA INSURANCE



Ski Area Liability

This insurance provides coverage for bodily injury and damage to other's property relating to the ownership and operation of Eaglecrest Ski Area.

PROPERTY INSURANCE

This insurance provides coverage for replacement cost for damage to property and contents of real property owned by the CBJ, Juneau International Airport, Juneau School District and Bartlett Regional Hospital.

WORKERS' COMPENSATION INSURANCE

This insurance provides coverage for medical costs and lost work time for injured City employees. Each year hundreds of thousands of our dollars are spent on medical bills, lost time, and rehabilitation for injured employees.

Risk management believes in and emphasizes adherence to safety and health regulations to reduce the frequency and severity of workplace injuries.



Property/Casualty Program Expenditures

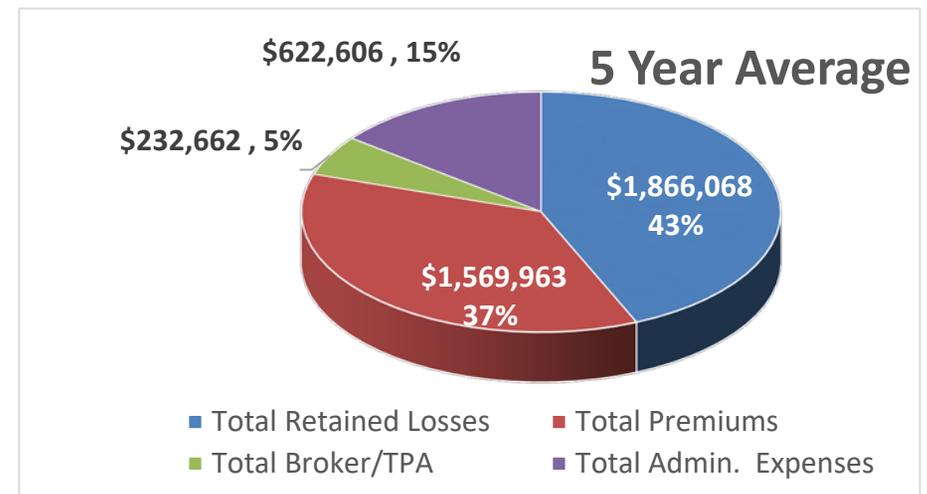
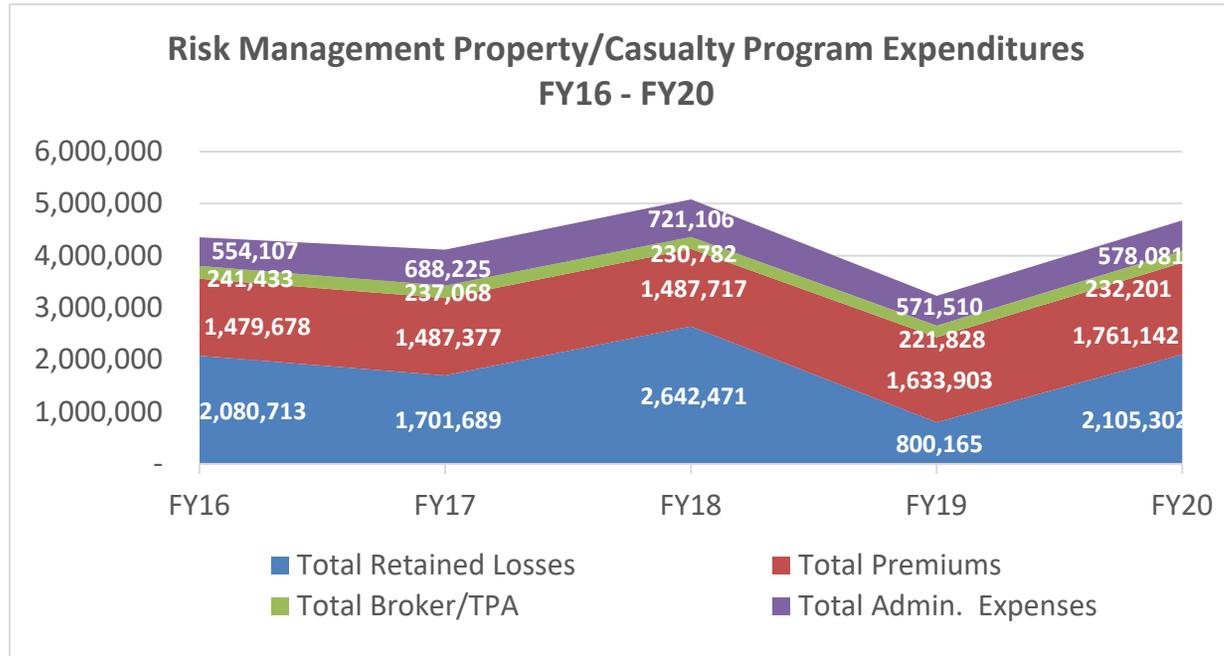


Exhibit A – Workers Compensation

WORKERS COMPENSATION INCURRED COST

	FY20 COSTS	5 YEAR COSTS	EXPECTED FY21 COSTS*
BARTLETT REGIONAL HOSPITAL (BRH)	\$77,430	\$1,676,861	\$335,372
CITY AND BOROUGH OF JUNEAU (CBJ)	\$222,330	\$1,698,793	\$339,759
JUNEAU SCHOOL DISTRICT (JSD)	\$230,940	\$1,720,898	\$344,180

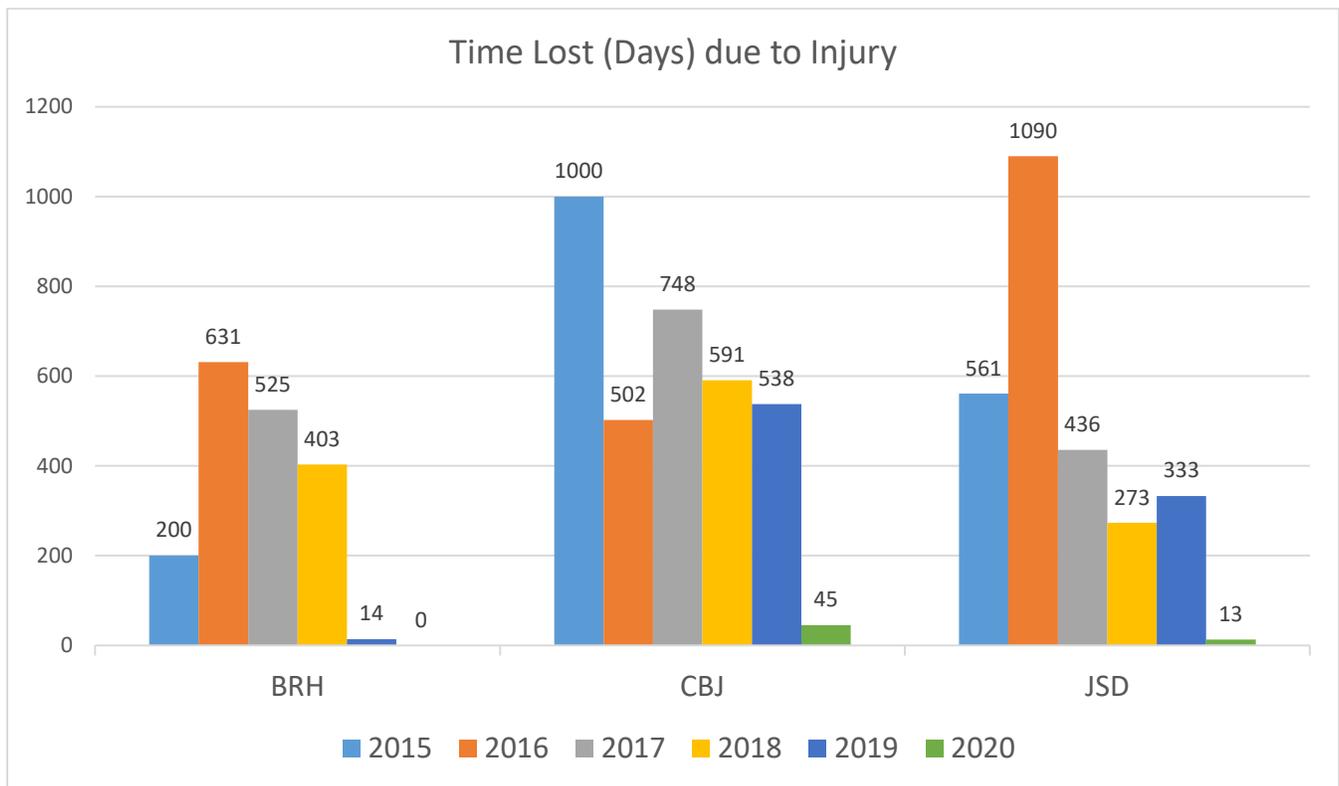
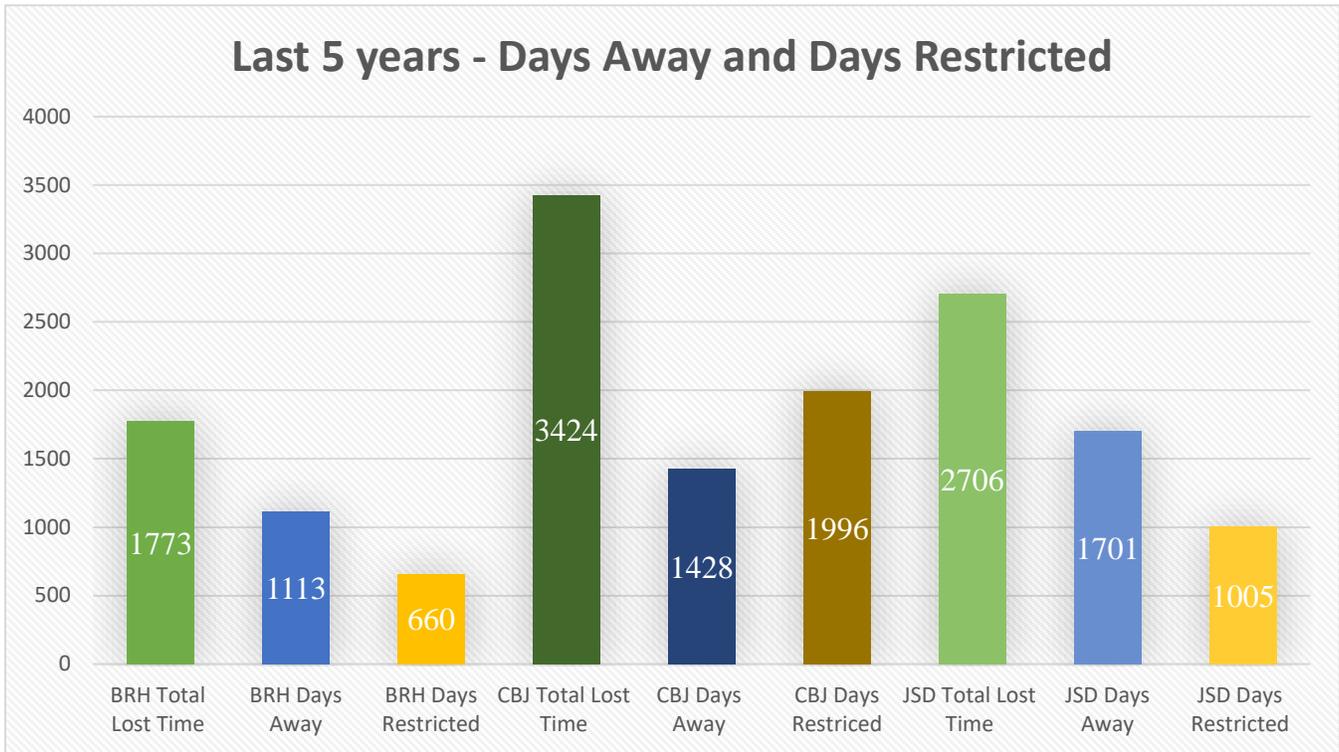
*BASED ON A 5-YEAR AVERAGE

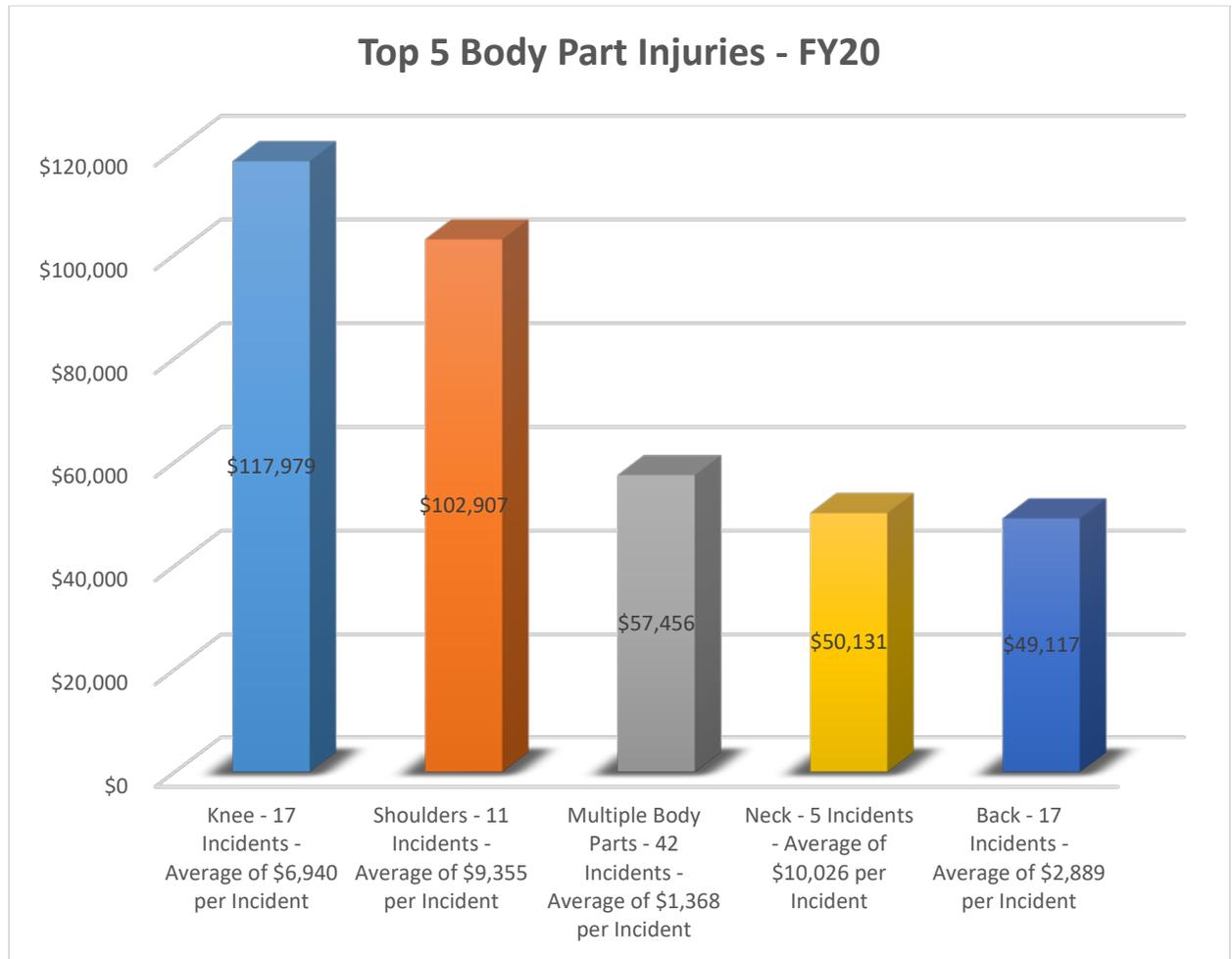
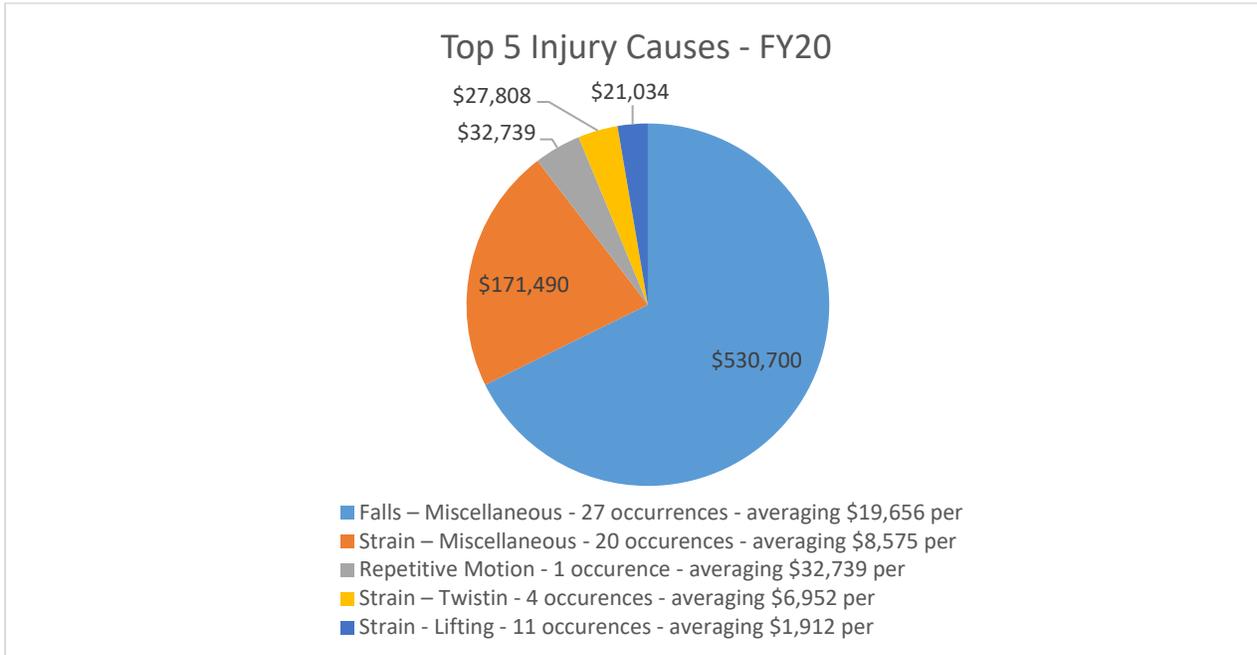
COST ASSOCIATED BY CLAIM TYPE FY20

	MEDICAL ONLY CLAIMS	TIME LOSS CLAIMS	TOTAL CLAIMS	COST PER INCIDENT AVERAGE
BRH	\$19,705	\$57,888	\$77,592	\$2,771
NUMBER OF CLAIMS	24	4	28	
CBJ	\$50,744	\$198,752	\$249,496	\$4,302
NUMBER OF CLAIMS	42	16	58	
JSD	\$23,419	\$203,271	\$226,690	\$6,869
NUMBER OF CLAIMS	17	16	33	

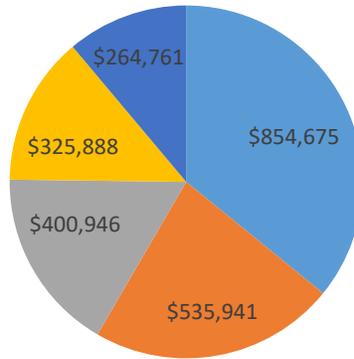
Cost Associated by Claim Type 5-Year Trend

	MEDICAL ONLY CLAIMS	TIME LOSS CLAIMS	TOTAL CLAIMS	COST PER INCIDENT AVERAGE
BRH	\$112,476	\$1,564,385	\$1,676,861	\$9,864
NUMBER OF CLAIMS	130	40	170	
CBJ	\$238,632	\$1,460,161	\$1,698,793	\$5,940
NUMBER OF CLAIMS	203	83	286	
JSD	\$218,326	\$1,502,572	\$1,720,898	\$8,042
NUMBER OF CLAIMS	136	78	214	



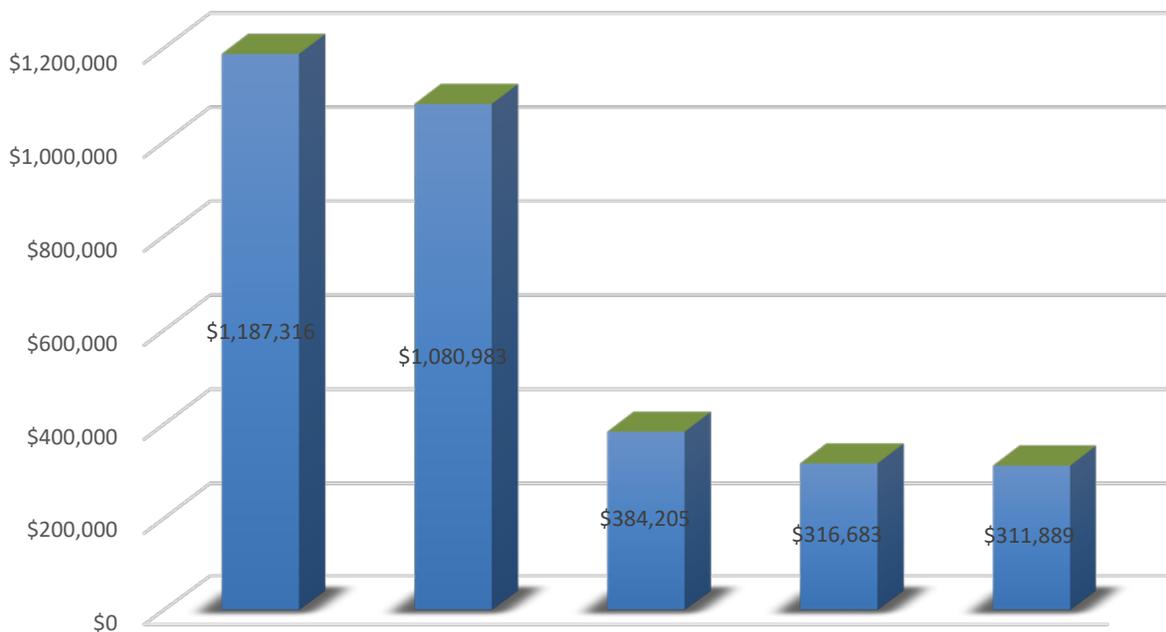


Top 5 Injury Causes - 5 Year Trend



- Falls – From a Different Level - 19 occurrences - averaging \$44,983 per
- Falls – Miscellaneous - 96 occurrences - averaging \$5,582 per
- Strain - Miscellaneous - 81 occurrences - averaging \$4,950 per
- Strain – Pushing or Pulling - 26 occurrences - averaging \$12,534 per
- Strain - Lifting - 70 occurrences - averaging \$3,782 per

Top 5 Body Part Injuries - 5 Year Trend



Multiple Body Parts - 315 Incidents - Average of \$3,769 per Incident

Shoulders - 50 Incidents - Average of \$21,620 per Incident

Knee - 96 Incidents - Average of \$4,002 per Incident

Ankle - 38 Incidents - Average of \$8,334 per Incident

Back - 113 Incidents - Average of \$2,760 per Incident

■ Top 5 Body Part Injuries - 5 Year Record ■ Incident ■ Average \$

Exhibit B – General Liability

General Liability Claims Experience FY16 - FY20

Department	FY16	FY17	FY18	FY19	FY20	5 Year Total
Admin. - Emergency Programs		3,452	25,214			\$ 28,666
Finance - Assessors		5,338			5,490	\$ 10,828
Finance - Controllers				329,630		\$ 329,630
Libraries					200	\$ 200
P&R - Park Maintenance	360	979	6,921	1,456	1,621	\$ 11,337
P&R - Eagle Valley Center	2,629					\$ 2,629
P&R - Pool - Downtown			4,325			\$ 4,325
P&R Zach Gordon Youth Center			100			\$ 100
Police	480	14,587	554	1,228	758	\$ 17,607
Public Works (PW) - Capital Transit		2,150				\$ 2,150
PW CIP Engineering				400		\$ 400
PW - General Engineering			1,275			\$ 1,275
PW - Streets	5,687		46,691	9,852	209,336	\$ 271,566
PW - Wastewater	4,344	65,770		7,331	1,307	\$ 78,752
PW - Water	12,288	114,247	9,561	3,458		\$ 139,554
Juneau School District		382,308				\$ 382,308
Juneau International Airport		2,752	340			\$ 3,092
Docks & Harbors	2,157	11,091	1,493			\$ 14,741
Total Claims Paid	\$ 27,945	\$ 602,674	\$ 96,474	\$ 353,355	\$ 218,712	\$ 1,299,160
Insurance Amount Paid		\$ (138,015)		\$ (250,000)		\$ (388,015)
Total Self-Insured Fund Expense	\$ 27,945	\$ 464,659	\$ 96,474	\$ 103,355	\$ 218,712	\$ 911,145

Large Claims >\$50,000

FY17 Docks and Harbors insurance payment above \$5,000 deductible - MV Whimsea fire
 FY17 Public Works, Water settled litigation - Engstrom vs. CBJ
 FY17 Public Works, Wastewater two sewer back-ups into buildings from main
 FY17 School District student injury settlement
 FY19 Finance - wire fraud theft
 FY20 Public Works, Streets October 2019 Extreme Rain Event

Notes:

Totals include theft claims paid out of GL Risk Fund.
GL Claims are subject to a \$250,000 self-insured retention.

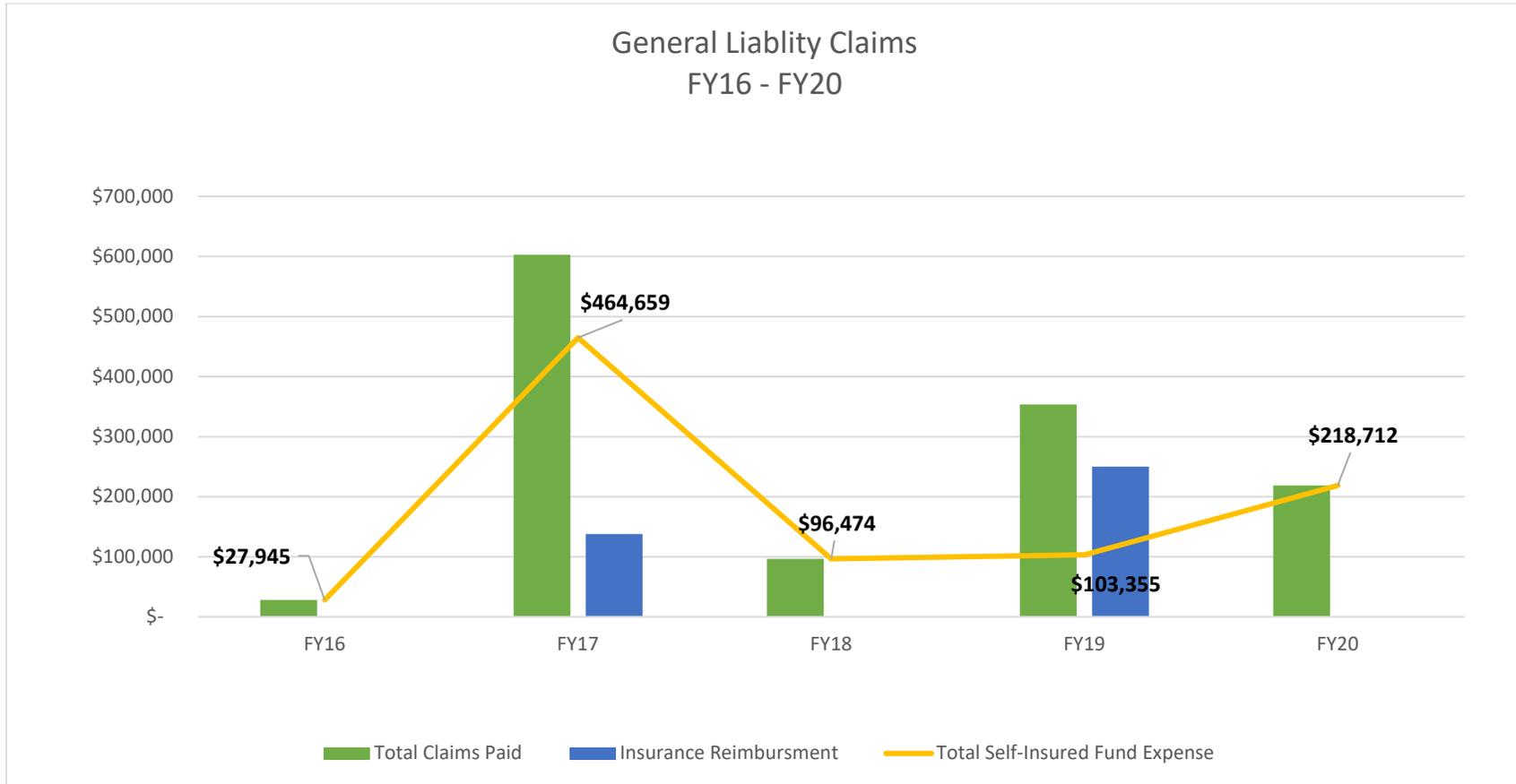


Exhibit C – Auto Liability (Combined PD & Liability)

Auto Liability Claims Experience FY16 - FY20

	FY16	FY16 Recovered	FY17	FY17 Recovered	FY18	FY18 Recovered	FY19	FY19 Recovered	FY20	FY20 Recovered	5 Year Claim Total
Finance - Assessors							5,281				5,281
Community Development					37,790						37,790
P&R Park Maintenance	290				1,116				965		2,371
P&R Zach Gordon YC					13,852						13,852
Police	9,001		4,671	(3,345)	10,449		23,862	(12,156)	16,423	(14,541)	64,406
Fire	37,500				10,325	(6,286)			1,011		48,836
Public Works - Capital Transit	75,309	(25,325)	5,759	(5,409)	558,533	(2,245)	8,842	(1,677)	9,744	(5,595)	658,187
Public Works - General Engineering	9,370										9,370
Public Works - Solid Waste Management							10,009	(10,009)			10,009
Public Works - Streets	67,124	(1,926)	11,013		27,963		4,384		6,822		117,306
Public Works - Wastewater	2,060										2,060
Public Works - Water							7,428				7,428
Eaglecrest					2,500						2,500
Juneau School District	2,398	(150)			4,532		1,727		1,206		9,863
Juneau International Airport			1,605		3,634		7,219	(2,815)	7,887		20,345
Bartlett Regional Hospital	9,379				1,012				2,043		12,434
Docks & Harbors	12,964		2,987		3,580		1,863				21,394
Total Paid Party*	225,395	(27,401)	26,035	(8,754)	675,285	(8,531)	70,615	(26,657)	46,101	(20,136)	1,043,431
CBJ Insurance Amount Paid						(284,464)					(284,464)
Total Self-Insured Fund Expense	197,994		17,281		382,290		43,958		25,965		667,488

*Includes anticipated recoveries through subrogation, restitution, and collections.

Auto Liability Claims Expenses
FY16 - FY20

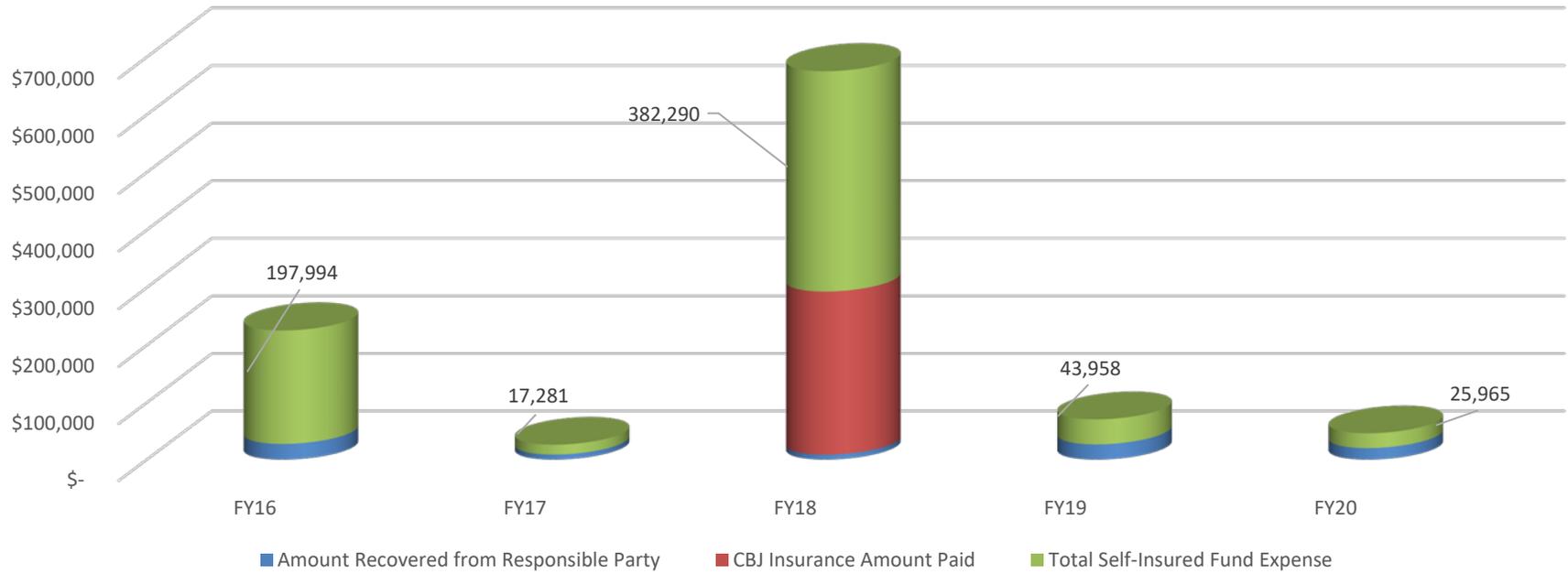
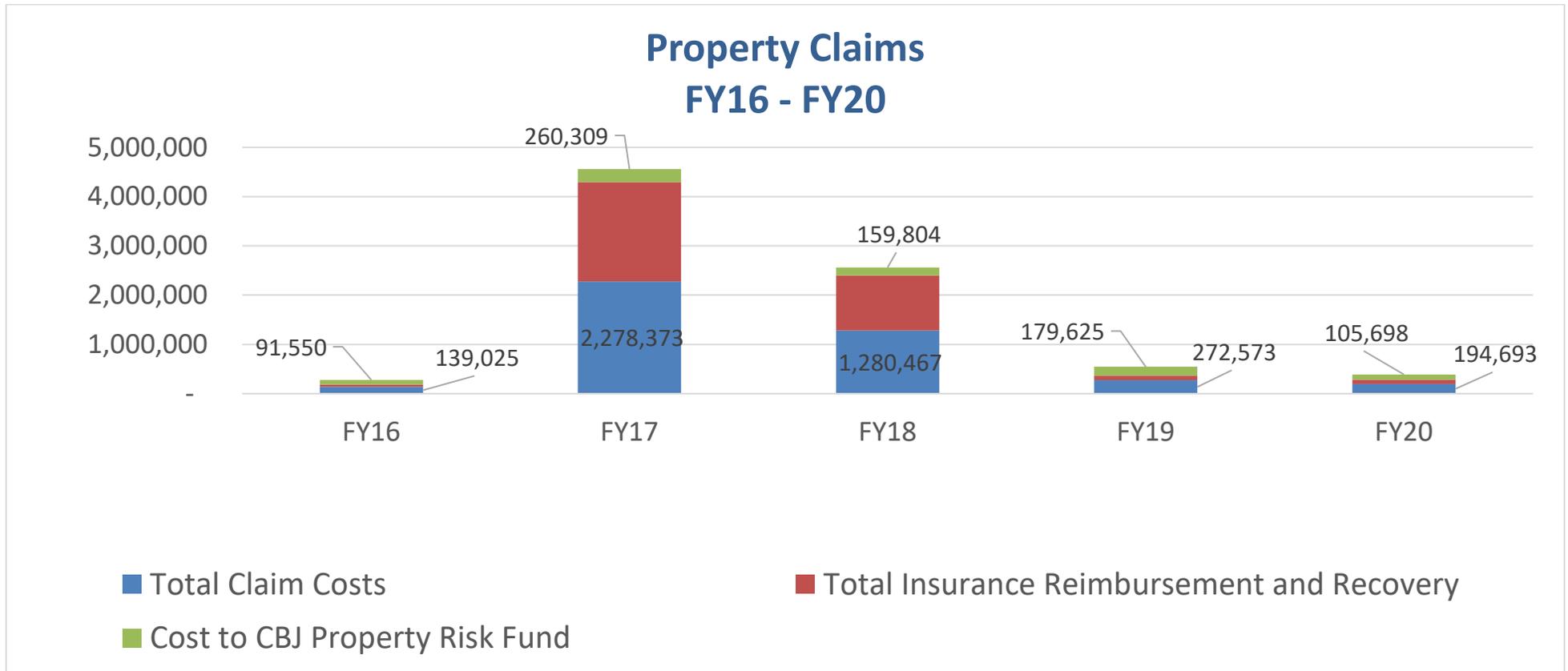


Exhibit E – Property



Notable Large Claims - > \$50,000:

- FY16 Centennial Hall Ballroom floor water damage
- FY17 Project Playground fire - total expenses/insurance reimbursement not yet finalized
- FY17 Marine Parking Garage restroom water pipe break
- FY18 Eaglecrest bridge failure near base of Hooter chairlift
- FY18 Public Works, Wastewater forcemain break at Mendenhall WW Treatment Plant (total expenses and insurance reimbursement not finalized)

Property claims have a \$100,000 deductible

Insurance Reimbursement and Recovery includes subrogation demands and restitution orders



Premium / Exposure History

COVERAGE	2012 – 2013	2013 – 2014	2014 – 2015	2015 – 2016	2016 – 2017	2017 – 2018	2018 - 2019	2019 - 2020	2020 - 2021
Property	\$ 438,891	\$ 481,167	\$ 480,117	\$ 475,947	\$ 487,117	\$ 480,456	\$ 575,701	\$ 650,672	\$ 924,920
TOTAL PROPERTY VALUES	\$751,032,502	\$787,576,757	\$820,116,371	\$853,155,724	\$901,866,638	\$910,716,940	\$948,606,150	\$1,002,995,194	\$1,044,408,082
AVERAGE PROPERTY RATE	.058 (+12%)	.061 (+4.3%)	.059 (-3.3%)	.056 (-5.1%)	.054 (-3.1%)	.053 (-2.41%)	.061 (+15.18%)	0.065 (+6.56%)	0.089 (+36.53%)
Excess Liabilities	\$ 282,586	\$ 288,617	\$ 283,050	\$ 281,605	\$ 283,305	\$ 286,141	\$ 291,075	\$ 318,835	\$ 686,510
Excess Workers' Compensation	\$ 160,638	\$ 177,018	\$ 202,417	\$ 218,354	\$ 227,229	\$ 225,656	\$ 194,386	\$ 221,049	\$ 263,210
Liability – Eaglecrest	\$ 64,470	\$ 64,705	\$ 51,645	\$ 41,570	\$ 35,231	\$ 34,131	\$ 34,463	\$ 35,411	\$ 43,857
Marine Insurance	\$ 80,781	\$ 80,781	\$ 79,847	\$ 79,576	\$ 77,138	\$ 81,080	\$ 87,060	\$ 92,621	\$ 86,112
Crime	\$ 5,517	\$ 5,517	\$ 9,192	\$ 9,260	\$ 9,260	\$ 9,260	\$ 9,259	\$ 9,259	\$ 9,259
Airport Liability/War, Hi-Jacking & Other Perils/TRIA	\$ 90,246	\$ 90,970	\$ 90,859	\$ 90,859	\$ 90,859	\$ 79,105	\$ 79,105	\$ 83,763	\$ 86,404
Hospital Liability - BRH	\$ 331,289	\$ 249,687	\$ 261,836	\$ 237,724	\$ 204,000	\$ 212,440	\$ 216,168	\$ 281,941	\$ 327,653
Total NET PREMIUM	\$ 1,454,418	\$ 1,438,462	\$ 1,458,963	\$ 1,434,895	\$ 1,414,139	\$ 1,408,269	\$ 1,487,217	\$ 1,693,551	\$ 2,427,925
Population	31,275	32,660	32,660	33,000	33,000	33,000	33,000	33,000	33,000
Workers' Compensation – Payrolls	\$114,741,529	\$112,369,195	\$109,233,941	\$117,810,220	\$119,228,418	\$123,117,297	\$128,720,008	\$138,676,492	\$141,510,980
Eaglecrest – Revenues	\$1,654,500	\$1,661,500	\$1,652,500	\$1,452,000	\$1,529,072	\$1,239,063	\$1,346,997	\$1,410,579	\$1,508,500
Airport – Enplanements (Calendar Year)	353,000	360,000	376,000	359,291	375,828	403,538	420,442	422,266	422,266
Student Count	4,977	4,757	4,853	4,790	4,733	4,783	4,783	4,615	4,620

Renewal Overview: 2017 – 2020

July 1, 2017/2018 Renewal

Property: In 2017 the property insurance market continued to perform very well, driven once again by a lack of meaningful natural catastrophe activity. As policy holder surplus continues to hover at industry record levels, carrier capacity is abundant. This supported rate reductions in 2017 for desirable insureds with good loss history. The full impact of Juneau's playground fire hadn't hit the loss record yet. For Juneau, this translated into a 2.41% rate reduction for the July 1, 2017 renewal. With insured property growing by a little under 1%, this translated into a total cost decrease year over year of 1.4%.

Liabilities: The liability marketplace for public entities has experienced mixed conditions during the most recent 12 months. Risks like Juneau, with market perceived challenging exposures such as transit and law enforcement liability, are carefully evaluated during the underwriting process; especially in judicial environments where public entities lack broad tort protections. Those risks with bad loss experience have faced significant upward pressure on price and attachment point. Fortunately for Juneau, the liability market has been supportive due to a lack of material excess losses. Juneau's excess liability premium increased by 1% during the most recent renewal.

Excess Workers' Compensation: Workers' compensation remains the most difficult line of coverage for public entities, and Juneau in particular, due to combination of relatively recent catastrophic loss activity and also the existence of high risk police and fire related exposures. Further complicating this coverage is the fact that there are only a handful of insurance companies that write this line of insurance. While coverage for Juneau was broadly marketed for the renewal, the incumbent carrier initially quoted a flat rate with a 6.8% premium increase over expiring – due to an increase in payroll. Subsequent negotiations resulted in a rate reduction of 7% over expiring. Once again, other carriers are not able to compete with the incumbent carrier's offering at the current self-insured retention level of \$1,250,000.

Marine Liabilities: This market is stable, producing steady pricing and terms for risks with a lack of loss activity. Juneau's many years of good loss experience is helping to defray any would be premium increase. Coverage renewed at no change in premium for the seventh year in a row – except, for the vessel coverage there was a slight increase due to three additional boats.

Renewal Overview: 2017 – 2020 (cont'd)

July 1, 2018/2019 Renewal

Property: Leading up to 2017, prices fell to their lowest point in 17 years, according to a Guy Carpenter index of global property – catastrophe reinsurance pricing. However, the market began to change at the end of 2017 as combined global insurance losses from Hurricanes Harvey, Irma and Maria and California wildfires reached \$144B, making 2017 the largest single insured loss year on record. Unfortunately, Juneau also experienced 2 large property claims in 2017, each claim with total incurred amounts in excess of \$1,000,000. This combination of poor industry performance and Juneau's own loss history translated into the first rate increase for CBJ in five years. Overall, property premium increased 20%, with 15% of that attributable to rate, and the remaining 5% to an increase in CBJ's insurable values.

Liabilities: The liability marketplace for public entities continues to pose challenges as larger liability claims surface. Markets are carefully evaluating exposures such as: transit, law enforcement liability, streets and roads, and sexual abuse. Several carriers have either completely withdrawn from the market, or reduced their offerings in recent years. It is not unusual to see upward premium pressure and reductions of available limits from a single carrier. For Juneau, the liability market has been supportive due to a lack of material excess losses but this is changing – we anticipate the need to find new Excess Liability partners for Juneau's 2019-2020 renewal. Juneau's excess liability premium increased by 3.8% for the 18/19 renewal.

Excess Workers' Compensation: The market for Excess Workers' Compensation is very narrow. For Juneau in particular, due to combination of relatively recent catastrophic loss activity and also the existence of high risk police and fire related exposures, there are even fewer competitive options. Despite this challenging backdrop, coverage for Juneau was marketed in 2018-2019 and yielded a new option with a 20% reduction in cost from the incumbent's premium. The incumbent carrier quoted a competitive option to retain Juneau's business and coverage was renewed with the incumbent due to the strength of the relationship. The marketing result was favorable. Through market consolidation in 2018 the market who quoted the 20% reduced premium option was purchased by the incumbent market which reaffirms the challenge of only having a few markets to choose from for Excess Workers' Compensation coverage.

Marine Liabilities: The Marine market is seeing an adjustment due to restructuring of carriers, primarily in London. Domestic markets remain stable and are performing well. Historically the marine markets have produced steady pricing and terms for risks with a lack of loss activity. Juneau's many years of good loss experience has helped defray any premium increases. Recent market shifts in 2018 caused some coverage changes and Juneau saw an adjustment to the limit structure on the Primary and Excess policies that resulted in an increase in premium. These are market driven changes. There had been no change in premium for several years in a row – except for the Hull & Machinery/P&I coverages where premium changes were initiated by vessel schedule updates. We anticipate a stable renewal in 2019 with the incumbent markets.



Renewal Overview: 2017 – 2020 (cont'd)

July 1, 2019/2020 Renewal

Property: In 2018 global insured losses were estimated to be around \$80B, the 4th costliest year on record, which is well above the 20-year average of \$57B. Combined global insurance losses from Hurricanes Harvey, Irma and Maria and California wildfires reached \$144B, making 2017 the largest single insured loss year on record. Unfortunately, Juneau also experienced 2 large property claims in 2017, each claim with total incurred amounts in excess of \$1,000,000, which continue to weigh on the minds of underwriters who are seeking profitability. This combination of poor industry performance and Juneau's own loss history translated into another rate increase for CBJ in 2019. Overall, property premium increased 13%, with 6.6% of that attributable to rate, and the remaining 5.73% to an increase in CBJ's insurable values.

Liabilities: The liability marketplace for public entities poses challenges as severe liability claims surface – which remain very difficult to underwrite. Markets are carefully evaluating exposures such as: transit, law enforcement liability, streets and roads, and sexual abuse. Several carriers have either completely withdrawn from the market, or reduced their offerings in recent years. It is not unusual to see upward premium pressure, required retention increases and reductions of available limits from a single carrier. For Juneau, the liability market has been supportive due to a lack of material excess losses but this is definitely changing. As anticipated, one of the Excess Liability partners was replaced with a Lloyd's syndicate this year. It is anticipated the 2020-2021 renewal will see more changes. Juneau's excess liability premium increased by 9.5% for the 19/20 renewal.

Excess Workers' Compensation: The market availability for Excess Workers' Compensation remains very narrow. For Juneau in particular, due to a combination of catastrophic loss activity and the existence of higher risk police and fire related exposures, there are even fewer competitive options. Despite this challenging backdrop, coverage for Juneau was marketed again in 2019-2020. The incumbent carrier agreed to a "flat" rate renewal – no rate increase – in order to retain Juneau's business. The premium went up by 13.7% due to an increase in anticipated payroll. The carrier offered a generous loss control subsidy as well to help Juneau identify and manage Workers' Compensation exposures.

Marine Liabilities: The Marine market is still witnessing a tightening with several carriers pulling out of the market due to severe losses and unprofitability. Historically the marine markets have produced steady pricing and terms for risks with a lack of loss activity. Juneau's many years of good loss experience has helped hold their premiums very steady. This year, due to the changing marketplace and an increase in revenues from the cruise lines, the carrier took an overall premium increase of 6.4%. We anticipate another increase in 2020 with the incumbent markets.

Renewal Overview: 2017 – 2020 (cont'd)

July 1, 2020/2021 Renewal

Property: Property underwriters were already pushing for rate increases of 10-20% for non-CAT (Catastrophic Loss [EQ, Flood, Named Wind]) exposed accounts before the COVID-19 pandemic. Accounts with CAT exposure and poor loss experience are realizing 20% or more increases, and tougher classes are experiencing even greater increases. Key factors include: market profitability (carrier loss ratios exceeding 100% for two years brings profitability down), capacity, increased reinsurance costs, loss development, conservative deployment of limits, COVID-19 business interruption and uncertainty. Juneau is witnessing a very difficult property marketplace: Overall, Juneau's property premium increased 42%, with 36.53% of that attributable to rate, and the remaining 4.1% to an increase in CBJ's insurable values.

Liabilities: The broader Casualty insurance market is undergoing a significant realignment in terms of available capacity, underwriter appetites and pricing adequacy. Public entities, with vast operations (relative to private sector), and including diverse exposures such as Transit, Streets & Road Design, Law Enforcement, and Parks & Recreation are experiencing this in an acute way. The Public Schools market in particular is under extreme pressure, relative to other segments of public sector operations. A variety of factors also include defendant mistrust, litigation financing, social inflation/public sector "deep pocket" syndrome and market withdrawal. Pricing pressures are happening for both first layers directly excess of a self-insured retention and subsequent excess layers. Juneau certainly witnessed this severe correction with the excess liability premium increasing by over 200% for the 20/21 renewal.

Excess Workers' Compensation: Unfortunately the Excess Workers' Compensation marketplace has shifted in tandem with the Property and Liability markets. Too many years of "softer pricing" has caught up with the Excess Workers' Compensation underwriting community. Carriers are now increasing rates and increasing retentions, in some cases dramatically (especially for first-responder categories of employment). Two-year policy terms are in the past now, too. Despite Juneau's very high Excess Workers Compensation loss ratio the incumbent carrier desired to retain Juneau's business. They offered a renewal at the existing self-insured retention with a 12% increase in rate.

Marine Liabilities: The Marine market continues to shift while new markets come to the table, as others leave. Domestic markets remain stable and are performing well while London is hardening. Historically the marine markets have produced steady pricing and terms for risks with a lack of loss activity. Market consolidation has resulted in certain carriers cutting back their limits, however. Excess marine liability markets are asking to reduce limit deployment, requiring multiple carriers to complete a single layer of coverage, where historically one market was comfortable taking an entire layer alone. Juneau's many years of good loss experience is still producing favorable results. The 2020 renewal resulted in a reduction in premium due to reduced revenues from cruise ships. We anticipate a stable renewal in 2021 - continuing relationships with incumbent and new markets.



FY 2020 Property/Casualty Program

COVERAGE	DEDUCTIBLE / SELF-INSURED RETENTION	LIMITS OF INSURANCE
PROPERTY – All Risk-owned/leased buildings and contents Time Element Replacement Cost Coverage (EARTHQUAKE & FLOOD)	\$100,000 \$100,000 Earthquake - 10% subject to min. \$1,000,000 Flood - \$100,000 / \$250,000	\$500,000,000 \$100,000,000 \$30,000,000 \$30,000,000
BOILER & MACHINERY	\$50,000	\$100,000,000
CYBER COVERAGE Third Party Liability Privacy Notification Costs First Party Computer Security	\$100,000 / Occurrence 8 Hour Waiting Period	\$2,000,000 Aggregate Dedicated Limits in Excess of \$2,000,000 Aggregate Limits subject to \$45,000,000 Aggregate for All Members \$1,000,000 Aggregate \$2,000,000 Aggregate
PUBLIC ENTITY LIABILITY (including general liability, auto, educator's legal, police professional, public official's, employment practices, etc.)	\$250,000	\$20,000,000
WORKERS' COMPENSATION	\$1,250,000 / Occurrence	Statutory Benefit, subject to \$50,000,000 Max.
MARINE Vessel Hull & Machinery Marine P&I Legal Liabilities Marine Pollution / Sudden & Accidental Wharfingers, Terminal Operations, Marine Liabilities	\$1,000 \$5,000 \$25,000 \$5,000	Declared Values \$20,000,000 \$20,000,000 \$20,000,000
EAGLECREST SKI AREA – LIABILITY	\$10,000 / \$50,000 Aggregate	\$10,000,000 / \$18,000,000 Aggregate
BARTLETT REGIONAL HOSPITAL – LIABILITY INCLUDING PROFESSIONAL	\$100,000 / \$200,000 Aggregate	\$5,000,000 / \$7,000,000 Aggregate
AVIATION LIABILITY Airports Aircraft (Non-owned)	\$5,000 / \$50,000 Aggregate \$5,000 / \$50,000 Aggregate	\$300,000,000 Occurrence/Aggregate \$300,000,000 Occurrence/Aggregate
EMPLOYEE FIDELITY BOND incl. blanket faithful performance and statutory bond coverage	\$10,000	\$2,000,000

This list is not detailed and does not include all policies for special exposures – there are policy extensions and limitations not included in this statement – additional information concerning specific areas of coverage is available from Risk Management on request.

Existing Insurance Program Structure

