



Presented to City of Hollywood

Proposal Date: October 29, 2019

Revised Date: November 5, 2019 – All changes highlighted in red

Property Renewal
Proposal

Risk, Reinsurance, Human Resources.

I. Executive Summary

Aon is pleased to provide City of Hollywood with the following proposal for the 2019 – 2020 Property, Terrorism, and Equipment Breakdown Insurance Program.

As presented during the renewal strategy meeting, Aon has conducted a broad, global marketing effort of COH's Property, Terrorism and Equipment Breakdown program to ensure that optimal pricing, terms and conditions are being achieved in the global property marketplace. In conjunction with the Aon Global Broking Center in Miami, London, Bermuda, RT and AmWINS Wholesalers have engaged with over 50 property insurers on behalf of City of Hollywood.

The 2019 renewal is set amidst the backdrop of a hardening property market for CAT exposed accounts and accounts with challenging loss experience. Insurance companies continue to push for rate while simultaneously scrutinizing their aggregate CAT exposure across their entire portfolios. These conditions come on the heels of two years of some of the largest catastrophic loss years in history.

The enclosed Property, Terrorism and Equipment Breakdown Program represents a 6.65% increase in combined account rate year-over-year (for an applies-to-applies program). COH's total insurable value on a combined basis (Municipality and Utilities) has increased 5.61% over expiry. Of the \$186,664 year-over-year premium increase, \$82,836 is allocated to the lift in values and \$103,828 is attributed to the rate increase.

	Municipality		Utilities		Combined	
	2018 - 2019	2019 - 2020	2018 - 2019	2019 - 2020	2018 - 2019	2019 - 2020
Total Insured Value	\$195,993,023	\$205,365,476	\$297,965,101	\$316,279,100	\$493,958,124	\$521,644,576
% of Change	-	4.78%	-	6.15%	-	5.61%
Property Premium x Terrorism ¹	\$934,759	\$1,002,282	\$518,456	\$641,805	\$1,453,215	\$1,644,087
Property Rate	\$0.477	\$0.488	\$0.174	\$0.203	\$0.294	\$0.315
% of Rate Change ²	-	2.33%	-	16.62%	-	7.13%
Equipment Breakdown	\$5,681	\$6,329	-	-	\$5,681	\$6,329
Equipment Breakdown Rate	\$0.0029	\$0.0031	-	-	\$0.0029	\$0.0031
% of Rate Change	-	6.31%	-	-	-	6.31%
Combined Terrorism	-	-	-	-	\$19,000	\$14,144
Terrorism Rate	-	-	-	-	\$0.0039	\$0.0027
% of Rate Change	-	-	-	-	-	-29.49%
Composite Premium	\$940,440	\$1,008,611	\$518,456	\$641,805	\$1,477,896	\$1,664,560
Composite Rate	\$0.480	\$0.491	\$0.174	\$0.203	\$0.299	\$0.319
% of Rate Change	-	2.35%	-	16.62%	-	6.65%

¹excluding Taxes, Fees and Surcharges

Aon has secured the following options for consideration:

- Municipal Program – reduce program limit from \$205M to \$30M for a premium savings of \$77,706 which reflects an annual property premium x terrorism¹ of \$924,576 and a -5.60% YoY rate reduction² over expiry.
- Utilities Program – increase program limit from \$150M to \$180M for an additional premium of \$50,000 which reflects an annual property premium x terrorism¹ of \$691,805 and a 25.71% YoY rate increase² over expiry.

As a part of the 2019 renewal, all markets have agreed to support Aon's broker manuscript form for the Municipal program in order to drive consistency and concurrency across the entire placement. City of Hollywood is a valued client of Aon and we thank you for your continued business.

II. Marketing Results – Achievements

Renewal Strategy Objectives	Achievements
<ul style="list-style-type: none"> Conduct broad, global marketing effort of COH's Property Program 	<ul style="list-style-type: none"> Engaged our Global Broking Centers in London and Bermuda as well as utilizing our preferred Wholesalers at RT and AmWINS Aon has engaged with over 50 insurers as a part of the 2019 Property Renewal
<ul style="list-style-type: none"> Implement Aon Manuscript property policy 	<ul style="list-style-type: none"> Successfully negotiated the transition from a carrier based form to the bespoke Aon Manuscript form to cover the Municipal portfolio <ul style="list-style-type: none"> Storm Surge is now defined in Named Windstorm affording \$30M of cover in lieu of the expiring annually aggregated Flood limit of \$5M Secured blanket policy limits on Municipal program in lieu of the expiring scheduled policy which included a 115% Margin Clause <ul style="list-style-type: none"> Per Unit of Insurance deductible wording (expiring % of TIV) Starr supports the majority of the Utilities program and require the use of their Starr Tech policy form Should COH purchase \$175M xs \$30M, RSUI is seeking a scheduled policy with a 115% Margin Clause
<ul style="list-style-type: none"> Mitigate potential rate increases by leveraging competition 	<ul style="list-style-type: none"> Leveraged worldwide open marketplace to foster competition in the Primary \$30M layer on the Municipal program Although Starr quoted 100% support of Utilities program, we successfully negotiated a lower layer price with AmRisc to offset the overall blended rate increase On a combined basis, Aon secured a 6.65% increase over expiry Optional NWS indication obtained for the Municipal program to increase limit from \$30M to \$40M at an additional premium of \$100,000
<ul style="list-style-type: none"> Maintain Standalone Programs 	<ul style="list-style-type: none"> Obtained renewal terms for Municipal Boiler and Machinery program at a 6.31% increase year-over-year Achieved a -29.49% rate decrease by moving the Terrorism placement to Aon's exclusive ALPHA facility placed out of London