

# **Fiscal Year 2018**

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## **Risk Management Report**



Prepared by

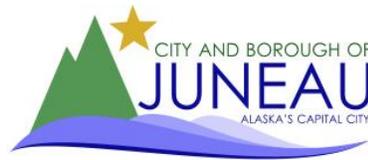
City & Borough of Juneau  
Risk Management



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## Mission

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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

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The City and Borough of Juneau, Juneau School District and Bartlett Regional Hospital (hereafter referred to as, the City) are exposed to various risks which may or may not be insured. Also, certain risks may be avoided, reduced, spread, 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 working person's health and property 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.

Exceptions may be made:

- ❖ When insurance is not available at any cost; when cost of insurance, compared with the risk, indicates purchase of insurance is not financially sound; or,
- ❖ The decision process for the insurance and risk management programs, including uninsured risks and the selection of large deductibles has involved the participation of Risk Management staff, actuaries, consultants, insurance brokers, and other appropriate staff within the organization.

## Risk Management Program Overview

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

Risk Management also administers the employee health and life insurance benefits program for the City and Bartlett Regional Hospital.

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 help from outside legal and claims services. Workers' Compensation claims are administered by a third party adjuster, which is prescribed by Alaska statutory law. City & Borough of Juneau's Risk Management staff, in consultation with the City Manager, has final settlement authority for Workers' Compensation claims. The staff also has 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 over 900 City and Hospital employees and their dependents.

## Operations and Exposures

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### 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 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.



NOTE: This report includes claims data represented in the form of tables, charts and graphs. The data presented on the next several pages is based on a snapshot of claim payment information. The data does not include outstanding reserves for the many claims that remain currently open, except where otherwise noted.

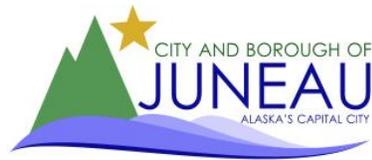


Exhibit A – Workers’ Compensation

**Workers Compensation  
Breakout of FY 14-18  
Total Incurred Claims History**

Departments	FY14	FY15	FY16	FY17	FY18	Total	Department % of Total	Annual Average
City and Borough of Juneau	\$428,821	\$368,966	\$287,166	\$596,875	\$196,746	<b>\$1,878,574</b>	40.4%	<b>\$375,715</b>
Bartlett Regional Hospital	\$131,368	\$77,743	\$545,054	\$253,307	\$228,300	<b>\$1,235,772</b>	26.6%	<b>\$247,154</b>
School District	\$273,639	\$318,469	\$236,313	\$468,684	\$238,190	<b>\$1,535,295</b>	33.0%	<b>\$307,059</b>
<b>Total</b>	<b>\$833,828</b>	<b>\$765,178</b>	<b>\$1,068,533</b>	<b>\$1,318,866</b>	<b>\$663,236</b>	<b>\$4,649,641</b>		

# Workers Compensation Report

## Workers Compensation Costs Incurred

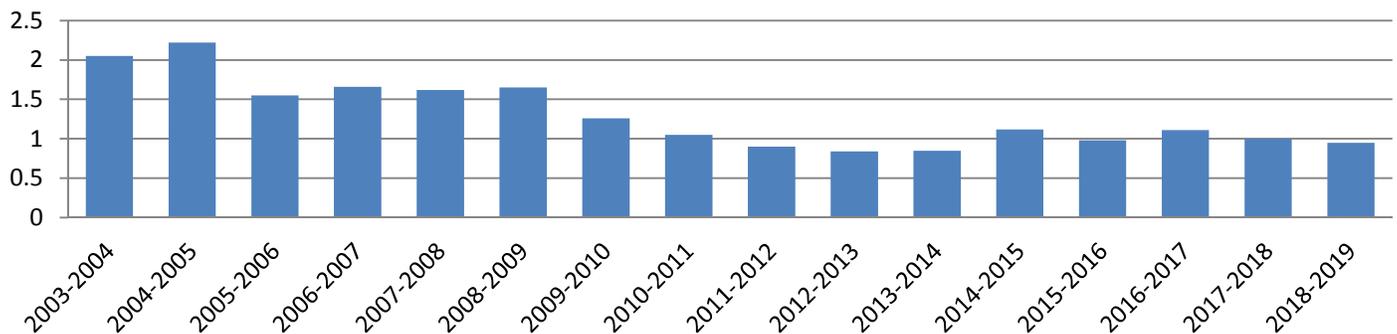
	Total Incurred FY13- FY17	Annual Average FY13-FY17	Total Incurred FY18 As of June 30, 2018	Percent Change
<b>BRH</b>	\$1,187,954.59	\$237,590.92	\$228,299.66	-4%
<b>JSD</b>	\$1,429,034.96	\$285,806.99	\$238,189.89	-17%
<b>CBJ</b>	\$1,612,752.36	\$322,550.47	\$196,745.87	-39%
<b>Total</b>	\$4,229,741.91	\$845,948.38	\$663,235.42	-22%

## Averages for the past five fiscal years (FY2014-FY2018)\*

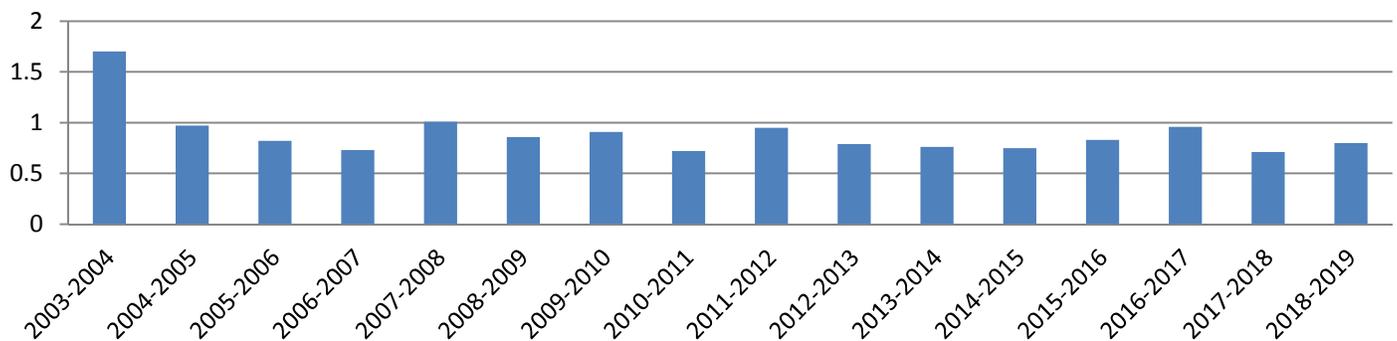
Number of Time Loss & Medical Only Claims	Days away cases per calendar year 2018	Days missed per calendar year 2018	Loss rate per \$100 payroll*	Frequency per \$1 million payroll
<b>127 (÷)</b>	25 (↓)	668 (↓)	0.80 (↓)	1.01 (↑)

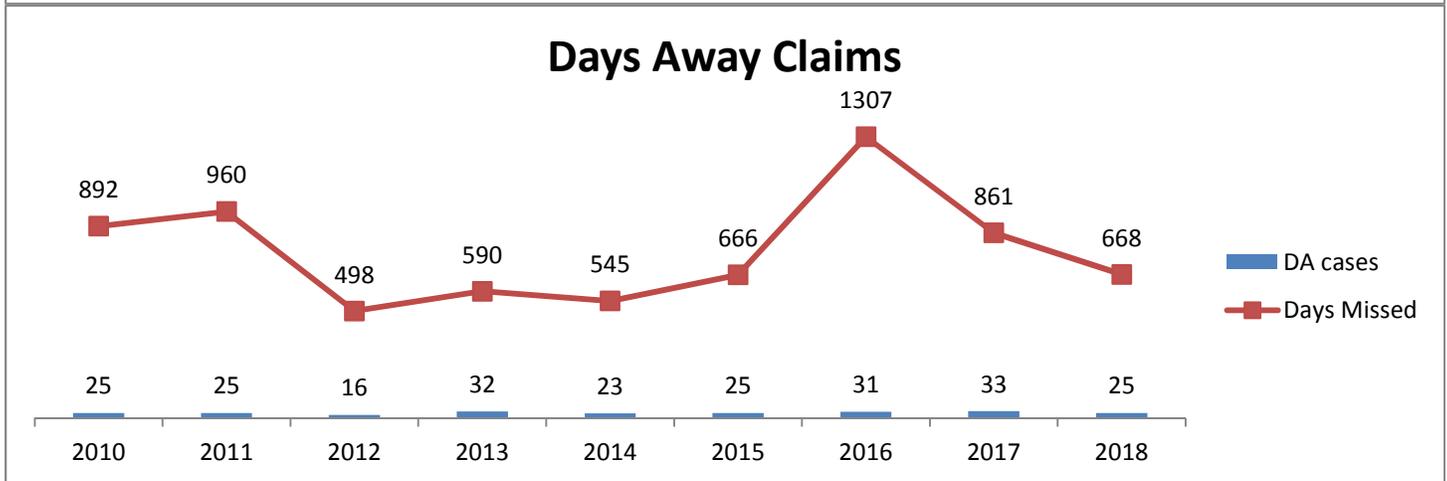
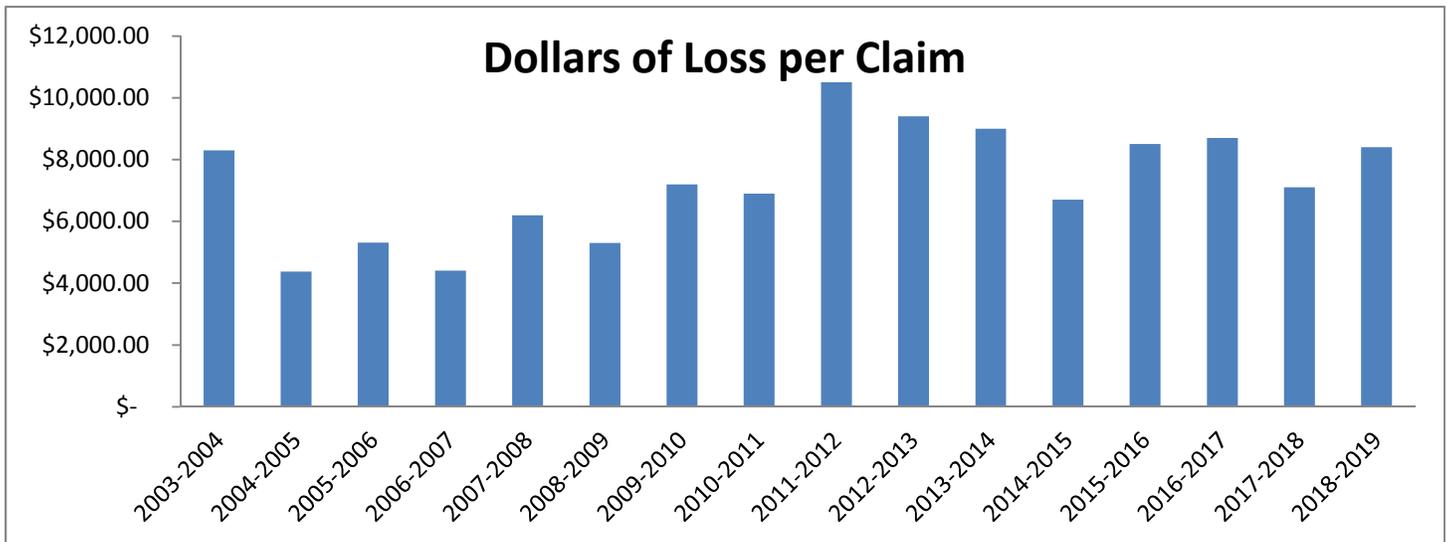
\* Loss/Frequency rates from Bickmore actuary report Sept 28, 2018, Days away rate/missed days from OSHA 300A Summaries, Number of TL and MO claims from Northern Adjusters Loss Run reports  
(↑,↓) indicate movement up or down from last year's Risk Management Report

### Loss Frequency per \$1 million payroll



### Loss Rate per \$100 payroll





**Top 5 Causes of Injury by Total Incurred FY18**

Cause of Injury	Incurred	Claims	Avg. Cost
Fall/Slip	\$271,710.59	74	\$3,671.76
Strain	\$235,258.53	68	\$3,459.68
Struck	\$116,337.23	138	\$843.02
Repetitive Motion	\$96,204.42	3	\$32,068.14
Strike	\$64,607.94	13	\$4,969.84

**Top 5 Body Parts Injured by Total Incurred FY18**

Part of Body	Incurred	Claims	Avg Costs
Upper Extremities	\$336,603.29	89	\$3,782.06
Lower Extremities	\$175,939.39	60	\$2,932.32
Multiple	\$173,189.17	79	\$2,192.27
Trunk	\$66,982.04	58	\$1,154.86
Head	\$46,488.12	55	\$845.24



Exhibit B – General Liability

**General Liability  
FY 2014 - 2018  
Claims History by Department**

Departments	FY 14	FY 15	FY 16	FY 17	FY 18	Total	Department % of Total
Airport				\$2,752		\$2,752	0.4%
Docks & Harbors	\$422	\$12,101	\$2,157	\$5,000	\$1,493	\$21,173	2.8%
Finance				\$5,338		\$5,338	0.7%
Parks and Recreation	\$8,964	\$750	\$360	\$979	\$7,022	\$18,075	2.3%
Police Department		\$20,128	\$480	\$1,672	\$554	\$22,834	3.0%
Public Works, Engineering		\$2,805				\$2,805	0.4%
Public Works, Sewer	\$54,320	\$6,373	\$1,749	\$65,770		\$128,212	16.7%
Public Works, Streets	\$6,518	\$830	\$5,687		\$4,995	\$18,030	2.3%
Public Works, Transit	\$500	\$1,697		\$2,150		\$4,347	0.6%
Public Works, Water	\$4,385	\$3,521	\$12,288	\$42,169	\$4,103	\$66,466	8.6%
Bartlett Regional Hospital		\$717				\$717	0.1%
School District	\$229,150			\$250,000		\$479,150	62.2%
<b>Totals</b>	<b>\$304,259</b>	<b>\$48,922</b>	<b>\$22,721</b>	<b>\$375,830</b>	<b>\$18,167</b>	<b>\$769,899</b>	

**Large Claims:**

- FY 14 School District life insurance claims
- FY 15 Docks & Harbors total indicates total paid by D&H. Does not include \$25,627 paid by insurance.
- FY 15 JPD Civil Claim (ongoing litigation)
- FY17 Public Works/Water - Douglas Hwy slope failure (ongoing litigation)
- FY17 Public Works/Wastewater - Sewer back-up into commercial building
- FY17 School District student injury claim, \$382,308 total cost, \$250,000 paid by CBJ self-insured fund



### General Liability 5 Year Claims Average FY14 - FY18

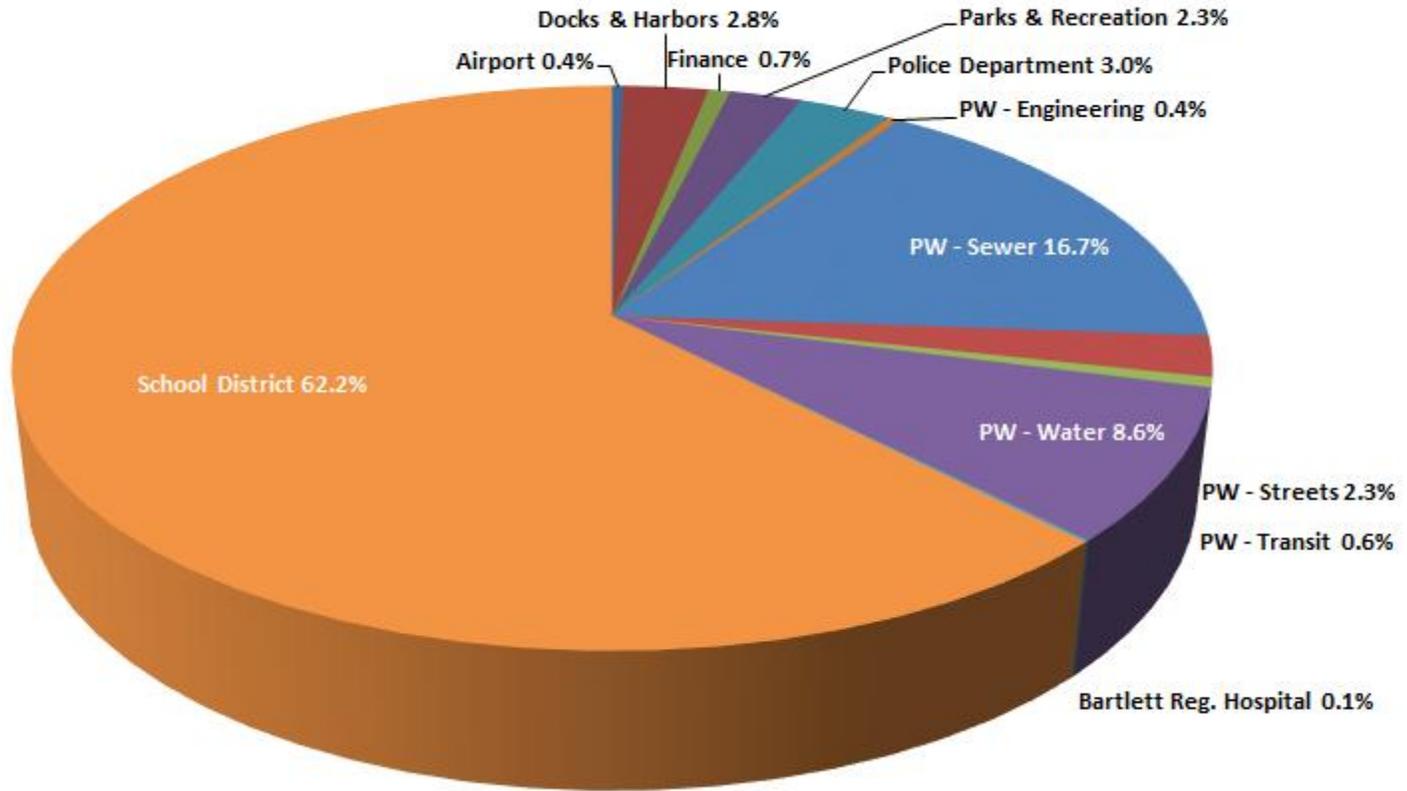
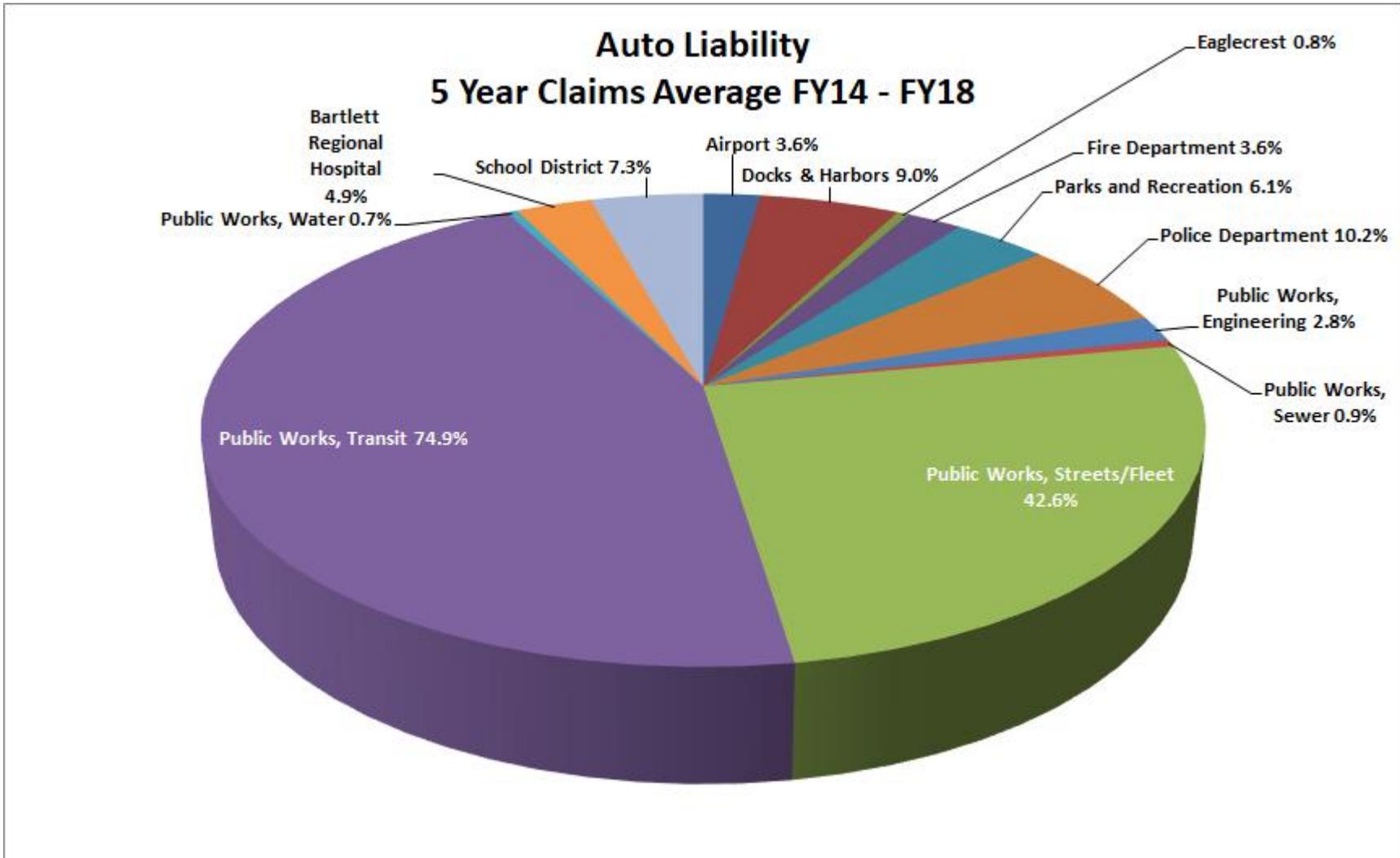




Exhibit C – Auto Liability (Combined PD & Liability)

**Auto Liability  
FY 2014 - FY 2018  
Claims History by Department**

Departments	FY14	FY15	FY16	FY17	FY18	Total	Department % of Total
Airport	\$4,871	\$1,639		\$1,605	\$3,974	\$12,089	3.6%
Docks & Harbors		\$10,420	\$12,964	\$2,987	\$3,580	\$29,951	9.0%
Eaglecrest					\$2,500	\$2,500	0.8%
Fire Department	\$1,349				\$10,449	\$11,798	3.6%
Parks and Recreation	\$4,979		\$290		\$14,968	\$20,237	6.1%
Police Department	\$12,737	\$2,972	\$9,001	\$1,327	\$7,620	\$33,657	10.2%
Public Works, Engineering			\$9,370			\$9,370	2.8%
Public Works, Sewer		\$836	\$2,060			\$2,896	0.9%
Public Works, Streets/Fleet	\$40,773	\$500	\$60,971	\$11,013	\$27,963	\$141,220	42.6%
Public Works, Transit	\$544	\$69,308	\$74,984	\$350	\$102,866	\$248,053	74.9%
Public Works, Water		\$2,238				\$2,238	0.7%
Bartlett Regional Hospital	\$5,778		\$9,379		\$1,012	\$16,170	4.9%
School District	\$11,859	\$2,291	\$2,248		\$7,663	\$24,061	7.3%
<b>Totals</b>	<b>\$82,890</b>	<b>\$90,204</b>	<b>\$181,268</b>	<b>\$17,282</b>	<b>\$182,595</b>	<b>\$371,644</b>	
<b>Expected Recoveries</b>			<b>-\$32,981</b>		<b>-\$7,328</b>	<b>-\$40,309</b>	
<b>Total Incurred Net of Recoveries</b>			<b>\$148,287</b>		<b>\$175,267</b>	<b>\$331,335</b>	



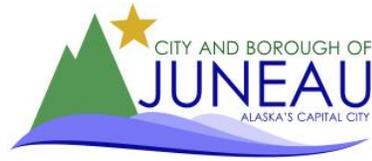


Exhibit D – Employment Practices

**Employment Practices  
FY 2008 - Present  
Claims History by Department**

Departments	FY14	FY15	FY16	FY17	FY18	Total	Department % of Total
Law			\$2,640			\$0	0.0%
Police		\$83,732				\$0	0.0%
School District	\$159,522					\$159,522	100.0%
<b>Totals</b>	<b>\$159,522</b>	<b>\$83,732</b>	<b>\$2,640</b>	<b>\$0</b>	<b>\$0</b>	<b>\$159,522</b>	



## Exhibit E – Property

### Property FY 2014 - 2018 Claims History by Department

Departments	FY14	FY15	FY16	FY17	FY18
Administration			\$208	\$4,865	
Airport		\$1,083	\$4,224		
Docks & Harbors	\$407,983	\$8,530		\$3,467	\$1,347
Eaglecrest					\$56,466
Fire Department				\$788	
Libraries			\$797	\$1,930	
Parks and Recreation	\$32,465	\$233	\$1,893	\$2,031,270	\$1,200
Parks and Rec - Centennial Hall			\$75,606		\$6,786
Police Department			\$2,111		\$3,512
Public Works, Admin					\$7,795
Public Works, Sewer		\$1,260			\$936,420
Public Works, Streets		\$2,527	\$38,686	\$126	\$36,018
Public Works, Transit				\$90	
Public Works, Water	\$4,225		\$2,274		
Bartlett Regional Hospital		\$137,367			\$36,180
School District			\$12,526		\$3,336
<b>Total Claim Costs</b>	<b>\$444,673</b>	<b>\$151,000</b>	<b>\$138,325</b>	<b>\$2,042,536</b>	<b>\$1,089,059</b>
<b>Total Recovered (Anticipated)</b>	<b>-\$298,463</b>	<b>-\$47,089</b>	<b>-\$43,519</b>	<b>-\$1,900,000</b>	<b>-\$830,000</b>
<b>Total Costs Net of Recoveries</b>	<b>\$146,210</b>	<b>\$103,911</b>	<b>\$94,806</b>	<b>\$142,536</b>	<b>\$259,059</b>

Notable Large Claims

- FY14 D&H - Statter Harbor float damage
- FY14 P&R - Auke Lake gangway damage
- FY15 BRH - Arson and associated water damage
- FY16 Centennial Hall Ballroom floor water damage
- FY16 PW Streets - traffic light damaged by truck
- FY17 P&R Project Playground fire (total expenses/insurance reimbursement are projections)
- FY17 P&R - Marine Parking Garage restroom water pipe break
- FY18 Eaglecrest - bridge failure near base of Hooter
- FY18 Public Works, Wastewater - forcemain break from Maier Dr. Lift Station across Mendenhall River to Mendenall WW Treatment Plant (total expenses/insurance reimbursement are projections)

Note: Property claims have a \$100,000 deductible. Amounts shown above are total claim costs; Insurance payments and subrogation amounts are included in the "Total Recovered" line



## Premium History

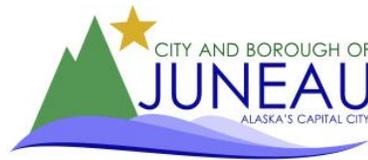
COVERAGE	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018-2019
Property	\$ 327,183	\$ 374,554	\$ 438,891	\$ 481,167	\$ 480,117	\$ 475,947	\$ 487,117	\$ 480,456	\$ 575,701
<b>TOTAL PROPERTY VALUES</b>	<b>\$636,240,606</b>	<b>\$716,329,909</b>	<b>\$751,032,502</b>	<b>\$787,576,757</b>	<b>\$820,116,371</b>	<b>\$853,155,724</b>	<b>\$901,866,638</b>	<b>\$910,716,940</b>	<b>\$948,606,150</b>
<b>AVERAGE PROPERTY RATE</b>	<b>.0514 (-4.5%)</b>	<b>.0522 (+1.5%)</b>	<b>.05844 (+12%)</b>	<b>.061 (+4.3%)</b>	<b>.059 (-3.3%)</b>	<b>.0557 (-5.1%)</b>	<b>0.054 (-3.1%)</b>	<b>0.0527 (-2.41%)</b>	<b>0.0607 (+15.18%)</b>
Excess Liabilities	\$ 331,518	\$ 297,591	\$ 282,586	\$ 288,617	\$ 283,050	\$ 281,605	\$ 283,305	\$ 286,141	\$ 291,075
Excess Workers' Compensation	\$ 112,630	\$ 118,236	\$ 160,638	\$ 177,018	\$ 202,417	\$ 218,354	\$ 227,229	\$ 225,656	\$ 194,386
Liability - Eaglecrest	\$ 64,134	\$ 58,394	\$ 64,470	\$ 64,705	\$ 51,645	\$ 41,570	\$ 35,231	\$ 34,131	\$ 34,463
Professional Liability - Quorum	\$ 6,300 <sup>(1)</sup>	\$ 6,300 <sup>(1)</sup>	No Longer Needed						
Marine Insurance	\$ 92,596	\$ 80,781	\$ 80,781	\$ 80,781	\$ 79,847	\$ 79,576	\$ 77,138	\$ 81,080	\$ 87,060
Crime	\$ 5,978	\$ 5,975	\$ 5,517	\$ 5,517	\$ 9,192 <sup>(4)</sup>	\$ 9,260	\$ 9,260	\$ 9,260	\$ 9,260
Airport Liability/War, Hi-Jacking & Other Perils/TRIA	\$ 90,000 <sup>(2)</sup>	\$ 90,000	\$ 90,246 <sup>(3)</sup>	\$ 90,970	\$ 90,859	\$ 90,859	\$ 90,859	\$ 79,105	\$ 79,105
Hospital Liability - BRH	\$ 355,881	\$ 355,388	\$ 331,289	\$ 249,687	\$ 261,836	\$ 237,724	\$ 204,000	\$ 212,440	\$ 216,168
<b>Total NET PREMIUM</b>	<b>\$ 1,386,220</b>	<b>\$ 1,387,219</b>	<b>\$ 1,454,418</b>	<b>\$ 1,438,462</b>	<b>\$ 1,458,963</b>	<b>\$ 1,434,895</b>	<b>\$ 1,414,139</b>	<b>\$ 1,408,269</b>	<b>\$ 1,487,218</b>
Population	31,275	31,275	31,275	32,660	32,660	33,000	33,000	33,000	33,000
Workers' Compensation - Payrolls	\$114,928,379	\$114,946,588	\$114,741,529	\$112,369,195	\$107,849,246	\$116,339,440	\$117,652,874	\$121,255,268	\$117,170,437
Eaglecrest - Revenues	\$1,427,505	\$1,744,775	\$1,728,530	\$1,703,868	\$1,014,723	\$1,061,403	\$1,045,850	\$1,439,000	\$1,451,000
Airport - Enplanements (Calendar Year)	390,000	355,000	353,000	360,000	376,000	404,000	405,000	405,000	405,000
Student Count	4,669	4,977	4,977	4,757	4,853	4,790	4,733	4,783	4,624

(1) Includes Taxes & Fees

(2) Limit raised from \$200,000,000 to \$250,000,000

(3) Limit raised from \$250,000,000 to \$300,000,000

(4) Limit increased from \$1,000,000 to \$2,000,000



## Renewal Overview: 2012 – 2018

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### July 1, 2011/2012 Renewal

**Property:** During the year, appraisals were performed on certain buildings for Juneau. It was found that several of the buildings were undervalued, and a substantial increase of 23% of total values insured was warranted. It was negotiated with underwriters that only one-third of this increase would be taken for each of the next three renewals, allowing the City some time to catch up their values. In addition, there was a small increase in the property rate, brought about by market concerns stemming from the Japan tsunami followed by serious tornado and flood damage around the U.S. during the first half of 2011.

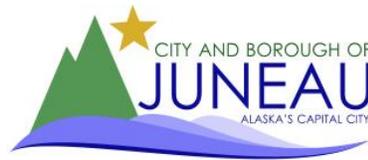
The property premium did increase approximately 14% over expiring.

**Liabilities:** Juneau's loss experience continues to be good, with their \$250,000 retention continuing to contain nearly all loss activity. In spite of this, the incumbent carrier demanded a 10% premium increase. Alternatives were found, and for the first time since 2002, Juneau's liability carrier was changed. Coverage was broadened, and a 10% decrease in premium resulted. Over the past 7 years, Juneau's liability premiums have been reduced by 37%. The soft liability market may be winding down, so a premium increase may be incurred at next renewal.

**Workers' Compensation:** Due to industry concerns about "presumptive disability" for firefighters, Juneau's incumbent Excess Workers' Compensation insurer wanted a substantial increase in Juneau's retention (deductible) for firefighters. Juneau felt this was inappropriate, particularly in light of Juneau's excellent Workers' Compensation loss experience, including both police and fire. A new carrier was found, and while there was a nominal increase in the retention, the rate remained very competitive.

**Note:** The actual cost for Excess Workers' Compensation insurance is negligible. The important costs under this exposure are the actual payment of claims by Juneau under their retention. This is an area of constant focus by Juneau's Risk Management Department, and control of costs in this area has been excellent.

**Marine Liabilities:** Using a restructuring of the liability limits carried by Juneau for their substantial marine exposure including the docking of large cruise ships, premiums for marine liabilities were reduced by 14% this year.



## Renewal Overview: 2012 - 2018 (cont'd)

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### July 1, 2012/2013 Renewal

**Property:** The Japanese tsunami in 2011 threatened to impact the property rate for the 2012 renewal, but the renewal rate increase was very small. Unfortunately, the remainder of 2011 included additional serious losses to property insurers, including many claims from floods and tornadoes. And, late in the year, Hurricane Irene struck the East Coast, causing multi-billion dollars' worth of damage.

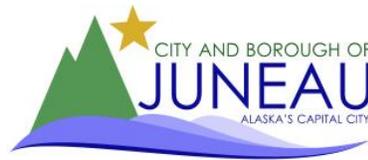
Due to this, a rate increase was impossible to avoid in 2012, and the property rate did go up 12%. Combined with the value increases necessitated by "truing up" the values to meet the appraisals done a year earlier, the property premium went up 17%. Even at this higher rate, though, the rate Juneau pays for property insurance is 18% less than it was 5 years ago.

**Liabilities:** The casualty marketplace continues to firm, and Juneau's expiring liability insurer wanted to double Juneau's liability deductible and charge the same premium. Fortunately, Juneau had options. Using different insurance carriers, the renewal premium actually went down 5%, and the deductible did not change.

**Workers' Compensation:** This proved to be the most difficult renewal in 2012. Juneau unfortunately had an employee injured badly, resulting in a quadriplegia, and the claim is going to cost the excess insurer several million dollars. In addition, Alaska's increased medical benefit schedule means that all employee injuries will cost more for the medical portion.

For these reasons, Juneau's deductible for Workers' Compensation went up by 67%, and the premium increased 26%. There are only 6 carriers who offer this type of coverage, and the competing carriers either were not interested in providing this coverage in Alaska, or they were not able to compete with even the higher terms offered by the incumbent carrier.

**Marine Liabilities:** This coverage renewed with no change in premium this year. The insurance carrier has continued to reduce the premiums every year, so they declined to do so this year. The marine market is stable, but the insurance carriers within this market are pushing for rate increases wherever possible, so a flat renewal was a good result, in light of this pressure.



## Renewal Overview: 2012 - 2018 (cont'd)

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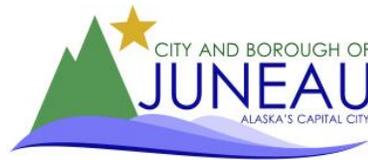
### July 1, 2013/2014 Renewal

**Property:** Like the end of 2011 with Hurricane Irene hitting the East Coast, Hurricane Sandy hit the East Coast again at the end of 2012, and there was concern that this would impact the 2013 renewal for property. Fortunately, the reinsurance treaty renewals went well on January 1, 2013. This year the rate went up 4.3%, which was an excellent result compared to the 12% increase the year before. Premium went from \$438,891 to \$481,167, but this was impacted by the 5% increase in values due to inflationary pressures on property valuations.

**Liabilities:** While there has been upward pressure on liability premiums, Juneau's excellent loss history in this area helped mitigate this pressure. The renewal premium went up only 2%. Juneau's retention for liabilities is \$250,000, and Juneau's excellent loss control efforts have contained losses under this retention. This aided in avoiding any pressure by underwriters to raise the retention. Juneau changed liability insurance carriers last year since the incumbent at that time wanted to double Juneau's retention (deductible). This renewal demonstrates a stable relationship with Juneau's current liability insurer.

**Workers' Compensation:** Due to a constricted marketplace for this coverage, a catastrophe loss for Juneau in 2012, and Alaska's increased medical benefits schedule, this line experienced continued upper pressure on rates. While the incumbent carrier increased the rate 27% last year, and wanted another 20% this year, the actual final rate increase was reduced to 10%. Markets other than the incumbent could not compete at this rate level, or would have wanted significantly increased retentions (deductibles).

**Marine Liabilities:** This market tightened quite a bit in 2013 as they had been hit by major losses. The grounding of the "Costa Concordia" and Hurricane Sandy both had a significant impact on the reinsurance market. Thus underwriters were not willing to give reductions. Because Juneau has been with Navigators for many years and they have a very good loss record this coverage renewed again with no change in premium – in spite of the continued increase in revenues for the docks and harbors over the past couple of years. A flat renewal was a very good result.



## Renewal Overview: 2012 - 2018 (cont'd)

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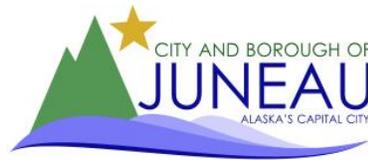
### July 1, 2014/2015 Renewal

**Property:** After several years of significant losses the property insurance market finally showed signs of softening in 2014, driven by a reduction in natural catastrophe activity in the recent year. Simultaneous to the reduction in natural catastrophe activity, industry surplus capacity is abundant having reached record levels, partly due to capital inflows seeking higher rates of return than what is available elsewhere in the market. For Juneau, rates were reduced by 3.3% at the July 1, 2014 renewal while insurable property increased by 4.1%, mainly due to value trending. Overall, property insurance renewal premium was up just under 1%.

**Liabilities:** For Juneau, the liability market has been stable as of late. This is not the case for all public entities, especially those with challenging loss history or transit exposure being the primary operation. Initially, the lead carrier pushed for a premium increase based on medical inflationary trends. Ultimately they agreed to renew for the same premium as expiring. In the upper excess layer we were able to negotiate a 6% premium reduction and overall the excess liability premium was down 2% as compared with the expiring numbers.

**Excess Workers' Compensation:** Workers' compensation remains the most challenging line of coverage for public entities, and Juneau in particular, due to catastrophic loss activity and police and fire related exposures, which tends to drive significant loss activity within the industry. Further complicating this coverage is the fact that there are only a handful of insurance companies that offer this line of insurance. The renewal rate was up 15% over expiring, which is not uncharacteristic of the marketplace especially given Juneau's significant loss activity in this area. No other carriers were able to compete with the carrier's offering.

**Marine Liabilities:** This market is facing a firmer position with carriers seeking higher deductibles and rate increases, market permitting. Juneau's good loss experience in this area has helped defray potential increases again this year and premiums have held flat for the fourth year in a row. As we see the marine market continuing to be unstable we are prepared to market and replace coverage should the need arise.



## Renewal Overview: 2012 - 2018 (cont'd)

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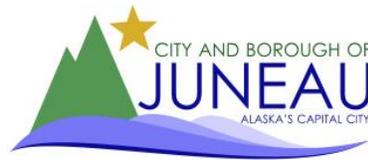
### July 1, 2015/2016 Renewal

**Property:** The property insurance market experienced another robust year, driven by a lack of natural catastrophe activity and in turn record policy holder surplus. This has resulted in continued rate softening. For Juneau, rates were reduced slightly more than 5% for the July 1, 2015 renewal, while insurable property increased by 4% year over year, primarily due to upward trending in valuation. Total cost was down just under 1%.

**Liabilities:** For Juneau, the liability market remains stable. This is not the case for all public entities, especially those with challenging loss history in the area of law enforcement liability. After several rounds of negotiations, Juneau's lead underwriter agreed to renew for the same premium as expiring. In the upper excess layer we were able to negotiate a 1% premium reduction and overall the excess liability premium was down slightly less than 1% as compared with the expiring numbers.

**Excess Workers' Compensation:** Workers' compensation remains the most difficult line of coverage for public entities, and Juneau in particular, due to combination of recent catastrophic loss activity and also the existence of 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. The renewal rate was up 5.5% over expiring, which is not uncharacteristic of the marketplace especially given Juneau's recent and significant loss activity in this area. No other carriers were 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 trying to take a firmer position with carriers seeking higher deductibles and rate increases where they can. Juneau's good loss experience in this area has helped defray potential increases again this year and premiums have held flat for the fifth year in a row.



## Renewal Overview: 2012 - 2018 (cont'd)

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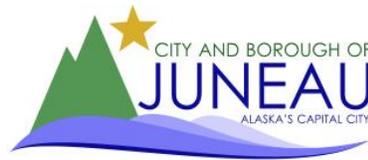
### July 1, 2016/2017 Renewal

**Property:** In 2016 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 2016 for desirable insureds with good loss history. For Juneau, this translated into a 3% rate reduction for the July 1, 2016 renewal. With insured property growing by 6%, this translated into a total cost increase year over year of 2%.

**Liabilities:** The liability marketplace for public entities has experienced mixed conditions during the most recent 12 months. Those 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 a 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 20% rate increase over expiring. Subsequent negotiations resulted in a lesser 7% rate increase over expiring. Once again, no other carriers were 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 sixth year in a row.



## Renewal Overview: 2012 - 2018 (cont'd)

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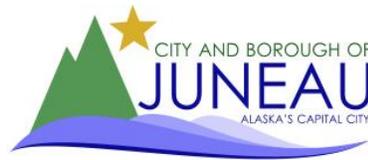
### July 1, 2017/2018 Renewal

**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. Those 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: 2012 - 2018 (cont'd)

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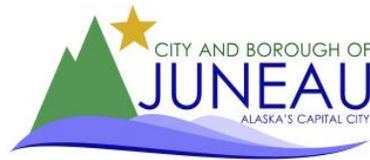
### July 1, 2018/2019 Renewal

**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.

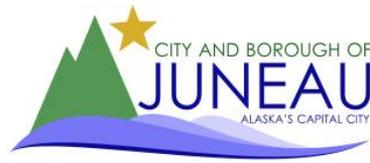
**Marine Liabilities:** The Marine market is seeing an adjustment due to restructuring of carriers, primarily in London. Domestic markets remain stable and are performing well. Historically the marine markets have produced steady pricing and terms for risks with a lack of loss activity. Juneau's many 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.



## FY 2018 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 \$25,000,000 Aggregate for All Members \$500,000 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

