



Gallagher

Insurance | Risk Management | Consulting



Augusta-Richmond County

Risk Management & Insurance Executive Summary

1.26.2023

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About Gallagher

Gallagher companies plan and administer a full array of insurance, risk management, self-insurance, claims management, and employee benefit products and services. Areas of industry specialization include higher education, healthcare and senior living, life sciences, construction, media and entertainment, public entity, and real estate.

1927	39,000+	850+	150	\$6.9B	28+
FOUNDING YEAR	EMPLOYEES WORLDWIDE	OFFICES IN 68 COUNTRIES	COUNTRIES SERVED	REVENUE (2021)	INDUSTRY PRACTICES

To support these market segments, we have developed coverage specialties that include Surety, Property, General Liability, Employee Benefits, Executive Lines, Workers' Compensation, Cyber Liability, Fine Arts, Aviation, Foreign Liability, Marine, and Owner- and Contractor-Controlled Insurance Programs, among others.

Gallagher is comprised of several divisions; all working in tangent to provide you with the best services possible depending on your unique needs. Our primary US divisions are:

RETAIL



Insurance | Risk Management | Consulting

REINSURANCE



CLAIMS



WHOLESALE

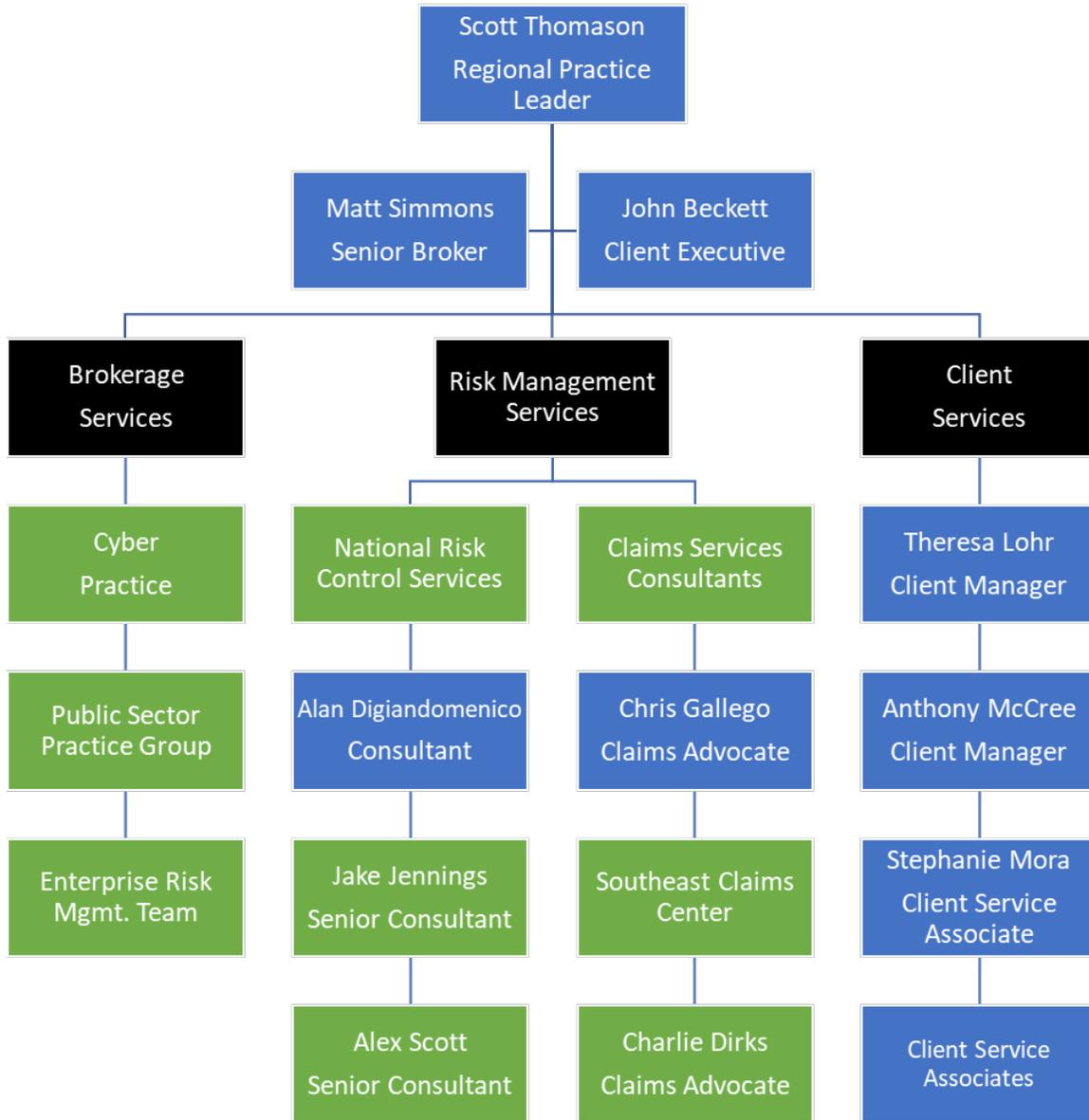


ALTERNATIVE RISK



Your Gallagher Team

Your core service team is based in Atlanta and specializes in Public Sector business. Our Atlanta team is responsible for placing coverage for approximately \$40m in premium and managing a total cost of risk of over \$60m through over 50 southeast public entities.



Our Core 360 Approach

CORE360® is our unique comprehensive approach of evaluating our clients' risk management program that leverages our analytical tools and diverse resources for customized, maximum impact on six cost drivers of their total cost of risk. The term Total Cost of Risk (TCOR) is not new and is widely used throughout the insurance industry.

Unlike traditional Total Cost of Risk conversations, we consult with you to understand all of your actual *and potential* costs, and the strategic options to reallocate these costs with smart, actionable insights. This will empower you to know, to control and to minimize your total cost of risk and improve your budget and financial results.





INSURANCE PREMIUMS
Cost for all your existing insurance policies. It also includes our compensation as your broker.



UNINSURED & UNINSURABLE LOSSES
Potential or actual costs of any risks you knowingly or unknowingly leave uninsured or uninsurable.



PROGRAM STRUCTURE
How the individual pieces of your program work together, as well as how you balance your risk appetite against your loss experience.



LOSS PREVENTION & CLAIMS
Your participation in a loss, and how you minimize costs through appropriate loss prevention programs and claims management.



COVERAGE GAPS
Potential costs from any gaps in existing policies, such as sublimits, removable exclusions and extensions of coverage.



CONTRACTUAL LIABILITY
Costs resulting from the unsuccessful transfer of risk to, or assumption of uninsured liability from, a third party.

Expiring Program

A strategic approach to marketing and impacting your premiums and total cost of risk.



Renewal Premium and Exposure Comparison March 1st, 2022 to March 1st, 2023

	Expiring Program 2021-2022	Renewal Program 2022-2023 Bound	% Change vs Expiring
Carrier Information	Safety National	Safety National	
Financial Rating	A++, XV	A++, XV	
Broker Commission	15%	15%	
<u>COVERAGE</u>			
Workers Comp Limit	STATUTORY	STATUTORY	
Employers Liability Limit	\$1,000,000	\$1,000,000	
Self-Insured Retention (SIR)	\$1,000,000	\$1,000,000	
Police/Fire SIRs	\$1,000,000	\$1,000,000	
Corridor Deductible	None	None	
Terrorism / TRIA Coverage	Included	Included	
Aggregate Limit	None	None	
Aggregate Retention	None	None	
Aggregate Loss Limitation	None	None	
<u>EXPOSURE & RATING</u>			
Estimated Annual Payroll	\$113,253,745	\$130,700,718	15.4%
Policy Premium	\$349,048	\$422,948	21.2%
Rate per \$100 Payroll	0.3082	0.3236	5.0%
Minimum Earned	90%	90%	
Risk Management Fee	None	None	
Claims TPA Fee	Corvel	Corvel	
Total Cost	\$349,048	\$422,948	21.2%
Net Change			5.8%

Loss Analytics

Augusta-Richmond County

Ground Up, Unlimited, and Incurred Losses

Years: 10
Valuation: 12/1/2022



Incurred Loss Summary		
Policy Year	# Claims	Losses
2013	299	\$1,769,808
2014	319	\$5,653,553
2015	249	\$2,225,816
2016	272	\$4,114,672
2017	254	\$2,460,130
2018	284	\$3,336,245
2019	268	\$3,350,605
2020	262	\$6,572,074
2021	265	\$2,400,573
2022	199	\$942,646
Totals	2,671	\$32,826,123
Annual Average	267	\$3,282,612

Losses XS
\$750,000
\$0
\$2,543,967
\$0
\$564,019
\$0
\$0
\$0
\$0
\$1,520,382
\$0
\$0
\$0
\$4,628,368
\$462,837

Losses XS
\$1,000,000
\$0
\$2,293,967
\$0
\$314,019
\$0
\$0
\$0
\$0
\$1,020,382
\$0
\$0
\$0
\$3,628,368
\$362,837

Losses XS
\$1,250,000
\$0
\$2,043,967
\$0
\$64,019
\$0
\$0
\$0
\$0
\$520,382
\$0
\$0
\$0
\$2,628,368
\$262,837

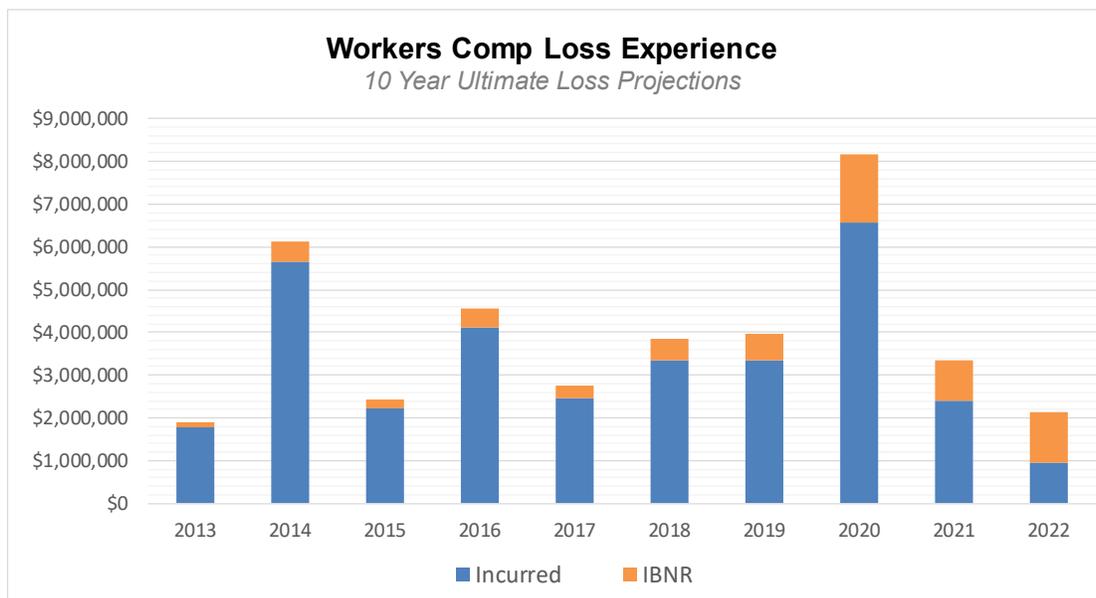
Losses XS
\$1,500,000
\$0
\$1,793,967
\$0
\$0
\$0
\$0
\$0
\$0
\$263,007
\$0
\$0
\$0
\$2,056,974
\$205,697

Selected Ultimate Loss Projection		
Policy Year	Months	Losses
2013	118	\$1,769,808
2014	106	\$5,653,553
2015	94	\$2,225,816
2016	82	\$4,114,672
2017	70	\$2,460,130
2018	58	\$3,336,245
2019	46	\$3,350,605
2020	34	\$6,572,074
2021	22	\$2,400,573
2022	10	\$942,646
Totals		\$32,826,123
Annual Average		\$3,282,612

Loss Develop Factors*
1.074
1.084
1.095
1.105
1.119
1.151
1.182
1.240
1.394
2.261

Incurred But Not Reported
\$130,495
\$475,440
\$210,467
\$432,534
\$292,755
\$503,773
\$609,810
\$1,577,298
\$945,826
\$1,188,676
\$6,367,076
\$636,708

Estimated Ultimate
\$1,900,303
\$6,128,993
\$2,436,284
\$4,547,207
\$2,752,885
\$3,840,018
\$3,960,415
\$8,149,372
\$3,346,399
\$2,131,322
\$39,193,199
\$3,919,320



Note*: Gallagher uses NCCI and industry data for loss development, trending factors like inflation(CPI), benefit level adjustment factors.

Augusta-Richmond County

Ground Up, Unlimited, and Incurred Losses

Years: 10

Valuation: 12/1/2022

Claim Metrics	Claim Count	Open Claim Count	Closed Claim Count	Report Only Claim Count	Medical Claim Count	Indemnity Claim Count
2013	299	0	299	68	201	30
2014	319	2	317	73	189	57
2015	249	2	247	5	190	54
2016	272	6	266	7	187	78
2017	254	3	251	13	158	83
2018	284	4	278	6	200	78
2019	268	6	257	14	172	82
2020	262	14	246	8	156	98
2021	265	27	232	12	161	92
2022	199	66	130	16	130	53
Totals	2,671	130	2,523	222	1,744	705
Annual Average	267	13	252	22	174	71

Pure Loss Rate Calculation		Developed Losses	Payroll Trend Factors*	Ultimate Losses	Loss per \$100 Payroll
Policy Year	Payroll				
2013	\$98,164,143	\$1,900,303	1.254	\$2,382,528	\$2.43
2014	\$100,167,492	\$6,128,993	1.247	\$7,643,489	\$7.63
2015	\$102,211,727	\$2,436,284	1.251	\$3,048,067	\$2.98
2016	\$104,297,681	\$4,547,207	1.221	\$5,552,279	\$5.32
2017	\$106,426,205	\$2,752,885	1.199	\$3,301,533	\$3.10
2018	\$108,598,168	\$3,840,018	1.176	\$4,515,423	\$4.16
2019	\$111,822,420	\$3,960,415	1.146	\$4,538,129	\$4.06
2020	\$111,822,420	\$8,149,372	1.097	\$8,938,176	\$7.99
2021	\$113,253,745	\$3,346,399	1.059	\$3,544,841	\$3.13
2022	\$130,700,718	\$2,131,322	1.061	\$2,260,267	\$1.73
TOTALS	\$1,087,464,719	\$39,193,199		\$45,724,731	
Pure Loss Rate	\$108,746,472	\$3,919,320		\$4,572,473	\$4.20

Ultimate & Trended Large Losses			Losses XS	Losses XS	Losses XS	Losses XS
Policy Year			\$750,000	\$1,000,000	\$1,250,000	\$1,500,000
2013			\$0	\$0	\$0	\$0
2014			\$3,703,376	\$3,453,376	\$3,203,376	\$2,953,376
2015			\$0	\$0	\$0	\$0
2016			\$1,023,118	\$773,118	\$523,118	\$273,118
2017			\$0	\$0	\$0	\$0
2018			\$0	\$0	\$0	\$0
2019			\$0	\$0	\$0	\$0
2020			\$2,607,791	\$2,107,791	\$1,607,791	\$1,107,791
2021			\$0	\$0	\$0	\$0
2022			\$0	\$0	\$0	\$0
Totals			7,334,285	6,334,285	5,334,285	4,334,285
Annual Average			\$733,428	\$633,428	\$533,428	\$433,428

Loss Projections		Incurred Loss Pick	Developed Loss Pick	Pure Rate Loss Method	Selected Loss Pick
Policy Year	Est Payroll				
2023	\$135,000,000	\$3,282,612	\$3,919,320	\$5,676,358	\$4,292,763

Note*: Gallagher uses NCCI and industry data for loss development, trending factors like inflation(CPI), benefit level adjustment factors.

Large Loss Development

Claim_Number	Location Level	Date of Loss	Incurred 12.20	Incurred 12.20	Change in Pa	Change in Reserv	Change in Incurr
0604-WC-17-0000046	000020 - AUGUSTA- FIRE DEPARTMENT	2/18/2017	\$434,985	\$519,275	\$32,303	\$51,987	\$84,290
0604-WC-11-0500526	000039 - AUGUSTA- ROADS & BRIDGES	1/25/2012	\$462,679	\$1,471,164	\$62,821	\$945,664	\$1,008,485
0604-WC-14-0500395	000040 - AUGUSTA- SHERIFF	3/21/2014	\$645,397	\$3,293,967	\$80,059	\$2,568,512	\$2,648,570
0604-WC-13-0500286	FACILITIES MAINTENANCE	1/15/2013	\$698,093	\$996,959	\$49,799	\$249,067	\$298,866
0604-WC-95-0500506	000020 - AUGUSTA- FIRE DEPARTMENT	4/28/2020	\$703,451	\$703,459	\$8	\$0	\$8
0604-WC-20-0000217	000052 - AUGUSTA- LANDFILL	8/26/2020	\$713,452	\$1,763,007	\$230,368	\$819,187	\$1,049,555
0604-WC-03-0500531	000040 - AUGUSTA- SHERIFF	1/31/2014	\$732,853	\$732,853	\$58,304	(\$58,304)	\$0
0604-WC-09-0500551	000040 - AUGUSTA- SHERIFF	11/3/2009	\$795,699	\$795,699	\$33,941	(\$33,941)	\$0
0604-WC-11-0500281	000020 - AUGUSTA- FIRE DEPARTMENT	2/8/2011	\$811,916	\$811,916	\$35,700	(\$35,700)	\$0
0604-WC-20-0000240	000040 - AUGUSTA- SHERIFF	9/2/2020	\$835,625	\$1,257,375	\$226,913	\$194,837	\$421,750
0604-WC-90-0500241	000040 - AUGUSTA- SHERIFF	12/8/2004	\$1,254,688	\$1,254,688	\$17,717	(\$17,717)	\$0
0604-WC-98-0500967	000056 - AUGUSTA- TRANSIT	11/20/1998	\$1,279,212	\$1,279,212	\$31,573	(\$31,573)	\$0
0604-WC-16-0000114	000052 - AUGUSTA- LANDFILL	5/5/2016	\$1,314,019	\$1,314,019	\$45,993	(\$45,993)	\$0
0604-WC-06-0500436	000056 - AUGUSTA- TRANSIT	7/6/2006	\$1,692,241	\$787,918	\$22,221	(\$926,544)	(\$904,324)

Renewal Forecast

Augusta Richmond County Commission

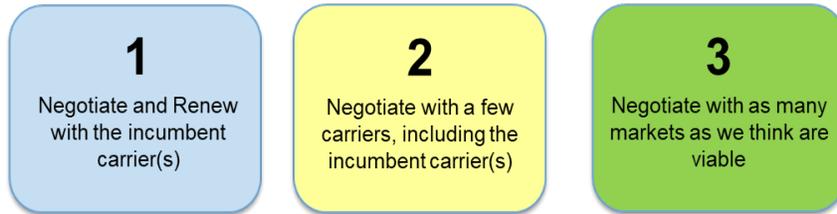
Forecasted 2023 Excess Workers Comp Insurance Costs

Line of Business	Expiring Premium+	Exposure Change	Market Changes	Account Modifier	Forecasted Premium+	Premium Change	Overall Change
Property							
Equipment Breakdown							
Inland Marine							
Terrorism - Stand Alone							
Automobile Liability							
Auto Physical Damage							
General Liability							
Law Enforcement Liability							
Employment Practices							
Errors & Omissions							
Excess - First Layer							
Excess - Second Layer							
Excess - Third Layer							
Primary Workers Comp							
Excess Workers Comp	\$422,948	5%	5%	35%	\$629,505	\$206,557	48.8%
Buffer Layer Workers Comp		<i>The SIR may increase to \$1.5m</i>					
Risk Management Fees	Nil				Nil		
Claims TPA Fees							
Cyber - Primary							
Cyber - Excess							
Crime - Primary							
Crime - Excess							
Fiduciary Liability							
Bonds							
Off-Duty Liability							
Municipal Workforce AD&D							
Pollution Liability							
Total Premium+	\$422,948				\$629,505	\$206,557	48.8%

DISCLAIMER: Premium+ includes premiums and any surplus lines taxes and/or fees if applicable. This is a subjective premium+ forecast only and does not represent actual market conditions or available insurance products.

Go To Market Strategy

Based on forecasted market conditions, your risk profile and your loss experience Gallagher has recommended a Go-To-Market strategy as follows:



Augusta-Richmond County

#	Line of Coverage	Incumbent Market	GTM Strategy	Notes/Comments
1	Excess Workers Comp	Safety National	3 Full Marketing	Full marketing effort in 2023 due to recent loss experience
2	Buffer Workers Comp	N/A	2 Few Markets	Buffer layer levels and markets will be marketed once excess layer is completed
3				

Typical Underwriting Information Requested:

1. Updated Exposures – Estimated Payroll by Class Code
2. Completed Carrier Applications
3. Qualitative Information / Risk Control Program Accomplishments

Marketing Results

1. Safety National - Quoted

- A. Provided multiple retention options of \$1M (Expiring), \$1.25M and \$1.5M

2. Midwest Employers - Declined

- A. Would require split retentions of \$1M/\$2.5M (All other employees/Police and Fire)
- B. Premium indication would not be competitive starting at \$500k for higher retentions

3. Arch - Declined

- A. Minimum retention would be at least \$2M
- B. Pricing would not be competitive

4. Buffer Market - Fortegra

- C. Not competitive – verbal indication only

Renewal Options

Augusta Richmond

Policy Effective Date:	3/1/2023	Broker:	Scott Thomason
Policy Expiration Date:	3/1/2024	Issue Date:	1/23/2023

Program Overview	Expiring	Option 1	Option 2	Option 3
Excess Workers Compensation				
Carrier	Safety National	Safety National	Safety National	Safety National
AM Best Rating	A++, XV	A++, XV	A++, XV	A++, XV
Estimated Payroll	\$130,700,718	\$134,621,738	\$134,621,738	\$134,621,738
Minimum Premium	90%	90%	90%	90%
Policy Term	1 Year	1 Year	1 Year	1 Year
Exposure Change		3.0%	3.0%	3.0%

Coverage Details				
Excess Workers Comp				
Workers Comp Limit	Statutory	Statutory	Statutory	Statutory
Employers Liability Limit	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Self-Insured Retention (SIR)	\$1,000,000	\$1,000,000	\$1,250,000	\$1,500,000
Police/Fire SIRs	\$1,000,000	\$1,000,000	\$1,250,000	\$1,500,000
Aggregate Attachment				
Aggregate Limit				

Premium+ Details				
Excess Workers Comp				
Annual (Deposit) Premium	\$422,948	\$510,620	\$457,445	\$399,692
Payroll Basis	<i>Estimated</i>	<i>Estimated</i>	<i>Estimated</i>	<i>Estimated</i>
Buffer Layer				
Annual (Deposit) Premium				
Payroll Basis				
Risk Management Services				
Risk Mgmt Fee	N/A	N/A	N/A	N/A
Total Premium+	\$422,948	\$510,620	\$457,445	\$399,692
Net Rate Change		17.73%	5.16%	-8.50%

Ground up Loss Projection	\$3,282,612	\$3,919,320	\$3,919,320	\$3,919,320
Projected Excess Losses	-\$362,837	-\$633,428	-\$533,428	-\$433,428
Total Cost of Risk	\$3,342,723	\$3,796,512	\$3,843,337	\$3,885,584
Net TCOR Change		13.6%	15.0%	16.2%
Cost per \$100/Payroll	\$2.56	\$2.82	\$2.85	\$2.89

DISCLAIMER: Premium+ includes any surplus lines taxes and fees if applicable. Broker Compensation is included unless specified as a broker fee. Risk management fees are for additional risk consulting services unrelated to the coverage placement. This summary is an outline of certain terms and conditions of the insurance proposed and does not include all of the terms, coverages, exclusions, and conditions of the actual policy language. We make no warranties with respect to policy limits, deductibles, or coverage considerations of the carrier.