WASHOE COUNTY

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STAFF REPORT
BOARD MEETING DATE: July 14, 2026

DATE: Thursday, July 09, 2026

TO: Board of County Commissioners

FROM: Doreen Ertell, Sr. Risk Management Analyst, Risk Management Division
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THROUGH: Cathy Hill, Comptroller
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SUBJECT: Recommendation to retroactively authorize the Comptroller's Department to renew Property, Auto Physical Damage, Boiler & Machinery, Mobile Equipment, Cyber Liability and Pollution Liability with the Public Entity Property Insurance Program (PEPIP) for a one-year term with an estimated annual cost of [$1,561,915], effective July 1, 2026, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, funding from the Risk Management Fund source. Comptroller. (All Commission Districts.) FOR POSSIBLE ACTION

SUMMARY

Seeking Board authorization to renew the policies for Property, Auto Physical Damage, Boiler & Machinery, Mobile Equipment, Cyber Liability and Pollution Liability for annual policy terms effective date of July 1, 2026.

Washoe County Strategic Objective supported by this item: Stewardship of Our Community.

PREVIOUS ACTION

On June 24, 2025, the Board authorized the renewal of the above-mentioned coverage for a one-year term.

On June 25, 2024, the Board authorized the renewal of the above-mentioned coverage for a one-year term.

On June 27, 2023, the Board authorized the renewal of the above referenced coverage for a one-year term.

On June 28, 2022, the Board authorized the renewal of the above-mentioned coverage for a one-year term.

AGENDA ITEM # ______

On June 29, 2021, the Board authorized the renewal of the above referenced coverage for a one-year term.

On June 23, 2020, the Board authorized the renewal of the above referenced coverage for a one-year term.

On June 25, 2019, the Board authorized the renewal of the above referenced coverage for a one-year term.

On June 19, 2018, the Board authorized the renewal of the above-mentioned coverage for a one-year term.

BACKGROUND

The County's broker is USI Insurance Services (USI). USI continues to provide brokerage and consulting services through its experienced, local team based in Reno. USI is one of the largest insurance brokerage and consulting firms in the world with local team members in Washoe County. They monitor changes in the marketplace and, when appropriate, solicit bids from qualified insurers.

Insurance Market Updates

According to Swiss Re, insured natural catastrophe losses were expected to exceed $100 billion for the sixth consecutive year in 2025. Thanks to a quiet hurricane season, this was 24% lower than 2024 and 3% below the ten-year average. The U.S. property/casualty (P/C) industry recorded a $13.7 billion underwriting gain for the first six months of 2025 according to NAIC, following a 25.3 billion gain for the full year in 2024. The industry's combined ratio of losses and expenses improved to 96.4% for the first half of 2025 and is expected to remain in this range for the full year. Although property rates have improved, rates for casualty, auto and excess still face upward pressure.

Property, Boiler & Machinery, Cyber Liability & Pollution Liability Insurance.

The County's current program, including property, auto physical damage, boiler & machinery, mobile equipment, cyber liability, and pollution liability insurance, is marketed each year and includes over thirty insurance carriers and reinsurers. Each program layer is negotiated to obtain the best terms, conditions, and pricing in the current insurance market.

USI Insurance also actively monitors the insurance marketplace to identify competitive markets and options. In recent years, USI requested quotes from various carriers, including large and international property insurers, but none were able to provide competitive terms, conditions, and pricing.

Public Entity Property Insurance Program (PEPIP)

Property insurance rates increased steadily from 2018 to 2024 due to increased natural catastrophe losses and other market conditions. Following a 7.5% rate decrease in 2025, the program has provided an estimated 8% rate decrease for the 2026 renewal.

Property insurance premiums are based on replacement cost values. The expiring program was based on $999,846,481 in insured property values. This included buildings, contents, vehicles and mobile equipment.

With annual construction cost trending and updated replacement costs for vehicles and mobile equipment, the renewal values increased 9.7% to $1,097,538,038.

The County has evaluated flood insurance quotes for buildings and contents but chose not to purchase due to the prohibitive cost. Flood coverage continues to be included for scheduled vehicles only, subject to an aggregate limit of $20,000,000.

PEPIP is among the largest property insurance placements in the world. Formed by Alliant Insurance Services in 1993, PEPIP has grown from 65 members in one state and $600 million in total insurable values to more than 10,000 members in 45 states and over $500 billion in total insured values. The program's tremendous growth is a result of highly competitive terms, comprehensive coverage, and, most importantly, working closely with members to get claims paid in a timely manner.

PEPIP is divided into tower groups which include various other public entities. The County has been placed in a tower with several other members. The insureds in each tower share a $1 billion each occurrence limit for the all-risk coverage (i.e., fire). However, the earthquake limit of $50 million is specifically purchased by and dedicated to Washoe County. Washoe County's tower does not include any other northern Nevada entities.

The program provides a broad manuscript form which includes coverage for all-risk property, terrorism, boiler and machinery, and physical damage to scheduled vehicles (both on and off premise). In addition, the program includes limited pollution and cyber liability. Appraisal services for locations with over $5 million in replacement value are available once every five years at no cost to the County. Claims will be paid through Alliant Insurance Services Inc., located in San Francisco.

If purchased, the insurance contract would be issued pursuant to the Nevada insurance laws by insurers neither licensed by nor under the supervision of the Division of Insurance of the Department of Business and Industry of the State of Nevada. If any insurer is found insolvent, a claim under this contract is not covered by the Nevada Insurance Guaranty Association Act.

Property, Boiler & Machinery, Cyber & Pollution Program Renewal Highlights

Property Coverage Description	**2026/27**
Per Occurrence Limit (Declaration Members)	$1,250,000,000
Per Occurrence Limit (Washoe County)	$500,000,000
Earthquake Aggregate Limit	$50,000,000
Flood Aggregate Limit [Scheduled Vehicles Only]	$20,000,000
High Hazard Flood Aggregate Limit	**Not Covered**
Business Interruption/Loss of Income	$100,000,000
Extra Expense	$50,000,000

Property Coverage Description	**2026/27**
Terrorism	Included

Property Terms (including but not limited to)	**2026/27**
General Valuation	Replacement Cost
Vehicle Valuation	Replacement Cost
Communicable Disease	Excluded

Property Deductibles	**2026/27**
General Deductible (unless a more specific deductible applies)	$50,000
Earthquake Deductible	2% min. $100k
Flood Deductible	$100,000
High Hazard Flood Deductible	Not Covered
Unscheduled Infrastructure	$500,000
Time Element Coverage Waiting Period	24 hours
Vehicle Deductibles	$25,000, except for: $50,000: Sheriff vehicles valued under $250k $100,000: Vehicles valued $250k to $750k $250,000: Vehicles valued greater than $750k
Mobile Equipment Deductible	$10,000

Boiler & Machinery (Equipment Breakdown)	**2026/27**
Per Occurrence Limit	$100,000,000
Service/Utility/Off Premises Power Interruption	$10,000,000
Consequential damage/Perishable Goods/Spoilage	Included
Electronic Data Processing Media and Data Restoration	$10,000,000
Hazardous Substances/Pollutants/Decontamination	$10,000,000
Loss Valuation (Physical Damage)	Replacement Cost
Deductibles (varies based on size and type of equipment)	$50,000 to $350,000
Utility Interruption/Time Element Waiting Perio	24 hours

Cyber Coverage (Claims Made Coverage)	**2026/27**
Shared Aggregate Program Limit	$55,000,000
Washoe County Aggregate Limit	$2,000,000
Breach Response Cost Limit (w/approved vendors)	$1,000,000
Business Interruption (BI) and Dependent BI Aggregate Limit	$750,000
Business Interruption resulting from Security Breach	$750,000
Business Interruption resulting from System Failure	$500,000
Cyber Extortion Loss (Aggregate Limit)	Included (sub-limit applies)
Data Recovery Costs (Aggregate Limit)	$750,000
Data & Network Liability (Aggregate Limit)	$2,000,000
Regulatory Defense & Penalties (Aggregate Limit)	$2,000,000
Payment Card Liabilities & Costs (Aggregate Limit)	$2,000,000
Media Liability (Aggregate Limit)	$2,000,000
General Deductible (Per Claim)	$250,000
Time Element Waiting Perio	8 hours

Claims Made Retroactive Exclusion Date	7/1/2013

Pollution Liability Coverage (Claims Made Coverage)	**2026/27**
Aggregate Program Limit	$25,000,000
Each Incident Limit	$2,000,000
Business Interruption	Included
Deductible (each pollution incident prior to 7/1/2021	$500,000
Deductible (each pollution incident after to 7/1/2021	$250,000
Claims Made Retroactive Exclusion Date	7/1/2021

FISCAL IMPACT

Property Program Costs	**Expiring 2025/26**	**Renewal 2026/27**	**Renewal Variance**
Total Insured Values	$999,846,481	$1,097,538,038	9.77%
Cost per $100 of insured values	$0.1547	Est. $0.1423	(8%)
Total Annual Cost	$1,546,619	Est. $1,564,915	1%

The recommended renewal results in an increase of $15,296 from expiring premiums. Funding for the Property, Auto Physical Damage, Boiler & Machinery, Mobile Equipment, Cyber Liability and Pollution Liability estimated renewal premium of [$1,561,915] is available within the FY2027 adopted budget in the Risk Management Fund (619).

RECOMMENDATION

It is recommended that the Board of County Commissioners retroactively authorize the Comptroller's Department to renew the Property, Auto Physical Damage, Boiler & Machinery, Mobile Equipment, Cyber Liability and Pollution Liability with the Public Entity Property Insurance Program (PEPIP) for a one-year term with an annual cost not to exceed [$1,561,915], effective July 1, 2026, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, funding from the Risk Management Fund source.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

I move to retroactively authorize the Comptroller's Department to renew the Property, Auto Physical Damage, Boiler & Machinery, Mobile Equipment, Cyber Liability and Pollution Liability with the Public Entity Property Insurance Program (PEPIP) for a one-year term with an annual cost not to exceed [$1,561,915] effective July 1, 2026, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, funding from the Risk Management Fund source.