

**CORAL GABLES INSURANCE & RISK MANAGEMENT ADVISORY BOARD**  
**WORKSHOP** - Minutes of April 20, 2022, 08:00am  
 2151 Salzedo Street, 3<sup>rd</sup> Floor Conference Room  
 Coral Gables, FL 33134

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTED BY
	2	22	22	22	22	22	22	22	22	22	22	22	
	2												
Juan C Diaz-Padron	-	P	P	*P									Mayor Vince Lago
Austin Tellam	-	P	P	A									Vice Mayor Michael Mena
Paul Susz	-	P	P	P									Commissioner Rhonda Anderson
Matthew Weaver	-	E	E	A									Commissioner Jorge Fors
Gary Reshefsky	-	P	E	*P									Commissioner Kirk Menendez

**\*P = Via Zoom**

A = Absent  
 E = Excused Absence  
 P = Present  
 - = No meeting  
 \* = New Board Member

**STAFF:**

Raquel Elejabarrieta, Director Labor Relations & Risk Mgt  
 David Ruiz, Risk Manager

**GUESTS:**

*Via Zoom:*  
 George Erickson , Siver Consultants  
 Maria Perez, Arthur J. Gallagher

**PUBLIC GUEST:**

**RECORDING SECRETARY:**

Eglys Hernandez, Administrative Assistant

**OPENING:**

In person Quorum was not reached, therefore conducted as Workshop. Chair Juan C. Diaz-Padron commenced workshop at 08:09am. Everyone introduced themselves for the record.

**MINUTES APPROVAL:**

March 30, 2022

April 18, 2022

Unable to approve minutes due to Quorum not reached. Minutes will be entered into legistar as draft minutes.

**SECRETARY'S REPORT:** None

**BOARD MEMBERS REPORTS:** None

**NEW BUSINESS:** None

## **OLD BUSINESS:**

### **Insurance Renewal Review**

Ms. Elejabarrieta advised that this meeting is being called to provide additional information received from FMIT regarding the insurance renewal and to obtain a recommendation from the Insurance Advisory Board. She recapped that during the meeting on March 30, 2022 that the Insurance Advisory Board recommended that the City renew with the open market instead of switching to FMIT as one major issue was the understanding that the docks, bridges and seawalls were not covered for named storms and storm surge, however after that meeting the City received information from FMIT that there was such coverage for the docks, bridges and seawalls and that the quote presented included such coverage.

Ms. Elejabarrieta advised that in the Insurance Advisory Board Meeting on April 18<sup>th</sup>, which FMIT was present, Mr. Reshefsky asked FMIT to look into whether FMIT could: (1) provide a property rate guarantee for at least 2 years; and (2) that FMIT agree not to allow another municipality that was approximately the same size as Coral Gables within a 30-mile radius to join FMIT without the City's consent. Ms. Elejabarrieta also stated that during the April 18<sup>th</sup> meeting FMIT confirmed there is no margin coverage for seawalls and bridges and coverage would be limited to the stated values for those assets. That led to the City, after the April 18<sup>th</sup> meeting, to ask FMIT what the additional premium would be if those assets increase by \$10,000,000.

FMIT provided responses to the questions posed and raised by City on April 19, 2022. FMIT responded that the property rate guarantee, if the City decided to switch their property, liability and workers compensation coverages to FMIT, would be \$1,644,020 for 2 years. FMIT did not confirm they would agree not allowing another municipality that was approximately the same size as Coral Gables within a 30-mile radius be allowed to join FMIT without the City of Coral Gables' consent, they merely responded that they would "discuss" this with the City of Coral Gables. FMIT did not provide a quote for the additional premium if the City increased the value of its bridges, docks and seawalls. However, using the rate guarantee quote provide by FMIT for those assets, which is \$7.613 per \$100 in TIV, the premium would increase by \$761,300 if the values of those assets increased by \$10,000,000. Mr. Reshefsky inquired as to whether the rate of \$7.613 per \$100 in value for seawalls, docks and bridges was accurate. Mr. Erickson advised it appears accurate from what he has seen regarding other clients. Ms. Perez agreed with Mr. Erickson and advised she has seen rates of approximately \$10 per \$100 in value for seawalls, docks and bridges.

Mr. Diaz-Padron wanted to hear from Mr. Erickson, who has served as a consultant for the City for many years. Mr. Erickson advised that he has many clients that are members of FMIT and are happy with FMIT. He had clients that were with FMIT in 2004/2005 and were satisfied with how FMIT handled their large claims. He also had other clients in 2004/2005 who suffered large losses who were on scheduled limits similar to the coverage being offered for the City's bridges and seawalls who discovered after the loss that their structures were undervalued and their loss was larger than the stated values. Mr. Erickson advised that losing blanket coverage for these assets (bridges, seawalls and docs) is a big deal. As such, the City needs to make sure that their valuation is correct. Mr. Erickson stated using the rates that they are guaranteeing, increasing the values of these assets can lead to a big premium increase and therefore any savings that FMIT may provide as compared to the open market could be wiped out. In addition to not providing a

savings, Mr. Erickson stated that there are still the other lingering questions/concerns concerning FMIT such as their financial strength and other issues like the anti-concurrent provision and limitations on law and ordinance. Mr. Erickson said that taking all this into consideration the open market quote looks better.

Ms. Perez added further that the open market quote does provide blanket coverage at replacement cost for these assets (bridges, docks and seawalls). Ms. Perez further stated the open market has a “swing clause” of 10%, in which if it is later found that the City of Coral Gables has undervalued their entire property value, the open market will not charge the City an additional premium unless the difference in value exceeds 10 % of the City’s entire property value combined, which in the case of the City, the 10% would be close to \$30 million.

Mr. Diaz-Padron inquired about how demand surge in materials and labor would affect a large claim. Mr. Erickson advised the models for Probable Maximum Loss has numbers for demand surge which is in the storm models where amplification is added. Ms. Elejabarrieta showed the models and with amplification, a 250-year storm on one model shows a loss of \$14 million which is short of the limits of \$50 million for windstorm that the City is currently carrying and are the same limits in current open market quote . Mr. Reshefsky asked if higher windstorm limits were available and Ms. Perez advised they are available but it is very expensive.

Mr. Diaz-Padron asked Mr. Erickson about his thoughts regarding dedicated limits being offered by FMIT. Mr. Erickson advised that there are 2 things to look at regarding FMIT’s dedicated limits: (1) whether FMIT is contractually obligated to pay the dedicated limits; and (2) whether FMIT has the capacity to pay in the event several members suffer large losses. Mr. Erickson advised that FMIT is contractually obligated to pay the dedicated limits. However, in the event they are not able to, the Florida Guaranty Fund would not be available to the City. Mr. Diaz-Padron inquired regarding the amount of exposure in Miami-Dade County and what does FMIT offer for those clients in terms of windstorm coverage limits as he is aware FMIT has approximately \$600 million in property risk in Miami-Dade County. Ms. Elejabarrieta advised that FMIT indicated that the 2 largest municipalities they have in Miami-Dade County are Doral and Miami Gardens.

At a point when the Insurance Advisory Board did not have any additional questions, Ms. Elejabarrieta requested a recommendation from each of the 3 Insurance Advisory Board Members, Mr. Susz being only Insurance Advisory Board Member present in person.

Mr. Reshefsky advised if the potential additional premium insurance for the increased values for the seawalls, docks and bridges is an issue , he agrees to continue with the open market.

Mr. Susz opined that he is concerned with FMIT’s financial ability and also advised that the potential additional premium for the additional value for the seawalls, docks and bridges is also an issue with him in that it would wipe out any premium savings by going with FMIT.

Mr. Diaz-Padron advised that he agrees that the City should stay with the open market for the same reasons that were stated by Mr. Reshefsky and Mr. Susz. Mr. Diaz-Padron also stated that the City look into disaster bonds.

Mr. Diaz-Padron did commend the City on their efforts to fortify City buildings on placing impact windows at some locations and would like to see the City continue in those efforts, especially in

City Hall and will make a motion to that effect next time there is a quorum. Mr. Diaz-Padron also stated that the City look into disaster bonds.

Ms. Elejabarrieta stated that the City will look into buying additional coverage for windstorm prior to hurricane season and inquire about alternative ways of doing so such as quota sharing and disaster bonds.

**MEETING ADJORNED:** Workshop adjourned 09:06am

**NEXT MEETING:** No date was selected.

DRAFT