

**City of Coral Gables City Commission Meeting
Agenda Item J-4
April 10, 2018
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Raul Valdes-Fauli
Commissioner Patricia Keon
Commissioner Vince Lago
Vice Mayor Frank Quesada
Commissioner Michael Mena**

City Staff

**City Manager, Cathy Swanson-Rivenbark
City Attorney, Miriam Ramos
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Labor Relations and Risk Manager, Raquel Elejabarrieta**

Public Speaker(s)

Agenda Item J-4: Start 11:42:17 a.m.]

A Resolution authorizing the renewal of the Property and Casualty Insurance Program which includes, but is not limited to property, general liability, automobile liability, public officials errors and omissions, excess workers compensation, crime liability, cyber liability, terrorism property and liability, as well as other ancillary lines of insurance coverage and insurance broker fees through Arthur J. Gallagher Risk Management Services Inc. for a not to exceed amount of \$2,147,777, for the policy period of May 1, 2018 to May 1, 2019 (Funding Source: Insurance Fund)

Mayor Valdes-Fauli: Next item J-4.

City Attorney Ramos: A Resolution authorizing the renewal of the Property and Casualty Insurance Program which includes, but is not limited to property, general liability, automobile liability, public officials errors and omissions, excess workers compensation, crime liability, cyber liability, terrorism property and liability, as well as other ancillary lines of insurance

coverage and insurance broker fees through Arthur J. Gallagher Risk Management Services Inc. for a not to exceed amount of \$2,147,777, for the policy period of May 1, 2018 to May 1, 2019.

City Manager Swanson-Rivenbark: So before Director Elejabarrieta presents, Tony Abella, who has been with Gallagher Basset for how many years, 40 years, chose to go to Italy rather than to come here today. He could have presented on the 24th but because this expires May 1, we wanted to go ahead and jump over that and have it presented today, but Raquel has managed this process well.

Ms. Elejabarrieta: Good morning. So, before you is the approval of the renewal terms of the City's 2018-2019 commercial property and casualty insurance program. The City's insurance program consists of public entity liability package, excess workers compensation, cyber liability, crime liability, storage tanks, oil and machinery, terrorism property, and terrorism liability. In addition, we also have six other ancillary insurance policies. The coverage limits for all of the insurance lines have remained the same, except for cyber liability. We've chosen to increase the cyber liability coverage from \$3 million to \$5 million, taking advantage of a reduction in our premium. So, even though we've increased our cyber liability from \$3 million to \$5 million, we still obtain a 37 percent premium reduction in our insurance premium for cyber liability. The renewal rate for the City's public entity liability package, which includes general liability, auto liability, public official liability, employee benefits, law enforcement liability, has remained flat. There has been a slight increase in the total premium of four percent, but that is the result of the City's increased payroll, increased expenditures, a number of employees and automobiles, but the rate is flat. The same insurance carrier has agreed to provide the City with a rate guarantee for next year and they also provide us with \$7,000 in loss control funds for the City to use each year. Our City's excess workers compensation liability insurance is decreased, the renewal rate, has resulted in a 3 percent reduction; and the applied insurance rate offered to the City for the coverages that I just mentioned are the result of the City's bill to advance the safety and health of its benefits of its employees, residents, and visitors and its continued goal to reduce the injuries and claims in the City. We take a very proactive approach to make sure that our employees are safe, that the residents are safe, and we actively are conducting site assessments of the different City properties and training our employees. As to the City's property insurance, the coverage limits have remained the same. As you may recall last year, we doubled our wind storm insurance from \$25 million to \$50 million. We are continuing with that coverage for the next coming year. We are going to see a slight increase of approximately 14 percent in our property insurance policy. Of that 14 percent, 4 percent is attributed to our increased insured values. We had our City properties were recently re-indexed and so our property values increased by 4 percent and the remaining 10 percent is a result of the market adjustment after Hurricane Irma. In addition to these four main insurance policies that I've just described, we're also obtaining the same coverage for the remaining policies, which are storage tank, our sports liability, our crime,

our terrorism liability, and property insurance. The City, as already mentioned, the total premium for the recommended coverage is \$2,147,777; and I would like to thank also and acknowledge the Insurance and Risk Management Advisory Board. We met with them, I believe, three times throughout this process and they played a very active role and provided great insight and challenged the process. If you have any questions.

Vice Mayor Quesada: I move the item for approval.

Mayor Valdes-Fauli: This is a public hearing.

City Attorney Ramos: These are not sir. We can go ahead and vote, these are not, we can go ahead and vote.

Mayor Valdes-Fauli: Sorry.

Commissioner Keon: [Inaudible Off mic]...what does that mean?

Ms. Elejabarrieta: That's accidental death insurance.

Commissioner Keon: OK.

Ms. Elejabarrieta: That's accidental death and dismemberment, I believe.

Commissioner Keon:...boiler and machinery.

Ms. Elejabarrieta: That is for equipment break down and any property damage that results if any of our equipment breaks down and causes significant damage to our buildings.

Commissioner Lago: Just one quick question. In reference to the 14 percent increase; from what I remember last year, we didn't have an increase, correct?

Ms. Elejabarrieta: We actually received a decrease and we were able to obtain double our wind storm coverage from \$25 million to \$50 million.

Commissioner Lago: It's a pretty significant jump, 14 percent.

Ms. Elejabarrieta: It is a significant jump, but if you look at our Executive Summary, the rate is still significantly lower; our property rate is still significantly lower than it was ten years ago. In the last ten years, we've seen a significant decrease in our property insurance renewal rates; and this year because of Hurricane Irma, we are seeing a ten percent increase, but it's still much lower rate, it's still much lower than it was ten years.

Commissioner Lago: So, we are talking about probably about an increase of around \$300,000 this year.

Ms. Elejabarrieta: About \$138,000.

Commissioner Lago: \$138,000 – OK.

Ms. Elejabarrieta: We suffered approximately \$4 million dollars in damages to our different properties and our storage tanks and we estimate that we will receive about \$2.3 million dollar reimbursement from the insurance based on that claim. So that also affected our renewal.

Commissioner Lago: Because most of the damage like leaks from roofs...

Ms. Elejabarrieta: About half of it was to our physical buildings and the other half was to our not our storage tanks, our...

Commissioner Lago: OK.

Mayor Valdes-Fauli: It's been moved and seconded. Will you call the roll please?

City Clerk Foeman: I didn't hear a second.

Commissioner Mena: Second.

Vice Mayor Quesada: Yes

Commissioner Keon: Yes

Commissioner Lago: Yes

Commissioner Mena: Yes

Mayor Valdes-Fauli: Yes

(Vote: 5-0)

City Manager Swanson-Rivenbark: And just so you know, our outside insurance consultant is also here, so it's a two-tiered review that happens in addition to the Insurance Advisory Board. We thank you for being here for the review.

Commissioner Lago: Thank you.

Mayor Valdes-Fauli: Thank you.

[End: 11:48:56 a.m.]

