

**CORAL GABLES INSURANCE & RISK MANAGEMENT ADVISORY BOARD**

Minutes of March 11, 2019 – 8:00am

427 Biltmore Way – 2<sup>nd</sup> Floor Large Conference Room

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTED BY
	19	19	19	19	19	19	19	19	19	19	19	19	
Gary Reshefsky													Mayor Raul Valdes-Fauli
Jose Soto													Vice-Mayor Frank Quesada
James Blough													Commissioner Pat Keon
Juan C. Diaz Padron													Commissioner Vincent Lago
Patricia Fuller													Commissioner Michael Mena

**STAFF:**

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

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

**GUESTS:**

Mr. Tony Abella – Arthur J. Gallagher & Co.  
Ms. Maria Perez – Arthur J. Gallagher & Co.  
Ms. Calah Bullard – Arthur J. Gallagher & Co

**PUBLIC GUEST:**

None

**RECORDING SECRETARY:**

Eglys Hernandez, Administrative Assistant

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**OPENING:**

The Chairperson, Juan C. Diaz Padron, opened the meeting. Meeting was called to order at 8:08am. Quorum was reached.

**MINUTES APPROVAL:**

February 11, 2019

Motion by: Mr. Soto / 2<sup>nd</sup> Mr. Blough / All approved unanimously

**SECRETARY’S REPORT:** None

**BOARD MEMBERS REPORTS:** None

## NEW BUSINESS:

### *Insurance Renewal – Presentation by Arthur J. Gallagher*

Presentation and review of Insurance Renewal Executive Summary (Exhibit 1) was conducted by Arthur J. Gallagher (“AJG”) staff – Ms. Maria Perez, Mr. Tony Abella and Ms. Calah Bullard

The following was discussed:

- A) Package (liability and workers’ compensation): Exhibit 1 – Page 10  
The Board recommended that the City renew with BRIT, which offered a .4% premium decrease, however also recommended AJG go back to BRIT and seek a 2-year renewal guarantee and possibly obtain a low claims discount or any other additional reduction.
- B) Property: Exhibit 1 – Page 10  
The Board recommended that the City reduce its property coverage for “all other perils” (“AOP”) to \$75 million from the current Total Insured Values (“TIV”) of approximately \$242 million. AJG provided a quote for \$50 million for AOP. Ms. Perez advised that getting a quote for \$75 million would increase the \$50 million quote by an estimated \$10,000 however, the total property premium would decrease by approximately \$26,000. The insurance renewal will continue to include \$50 million in windstorm coverage with the same deductibles and limits.
- C) Excess Workers Compensation: Exhibit 1 – Page 11  
The Board recommended that the City renew with Midlands, the incumbent carrier, which offered a 2% premium reduction.
- D) Business Travel, and ADD for Police and Fire: Exhibit 1 – Page 11  
The Board recommended to renew with the incumbent carrier that offered a flat renewal.
- E) Cyber Risk: Exhibit 1 – Page 11  
The Board recommended renewing with BRIT who quoted a 1% premium reduction.
- F) Equipment Breakdown: Exhibit 1 – Page 12  
The Board recommended AJG go back to market and research for a possible lower quote. If none available, remain with Travelers, the incumbent carrier who quoted an 8% premium increase.
- G) Crime Liability: Exhibit 1 – Page 12  
The Board recommended staying with Travelers, the incumbent carrier who quoted a 3% premium decrease.
- H) Sports Liability and Accidental Death and Dismemberment: Exhibit 1 – Page 12  
Regarding Sports Liability, the Board recommended further review of current information provided to the carrier as it related to the increase in the number of participants before accepting the quote from Nationwide, the incumbent carrier, who quoted a 16% premium increase.

Regarding Accidental Death and Dismemberment coverage, the Board recommended changing carriers to Philadelphia Insurance who quoted a premium decrease of 17%. The Board also requested that AJG look into possibly broader coverage.

I) Storage Tank and Pollution Liability: Exhibit 1 – Page 13

The Board recommended the City obtain the expanded coverage called Pollution Liability to include not just coverage for the gas tanks covered under the current Storage Tank liability policy, but to also cover all other storage tanks (such as propane tanks), sewer back-up and release of other pollutants.

J) Terrorism Liability: Exhibit 1 – Page 13

The Board recommended to change carriers (Roanoke), unless Indian Harbor could provide a better package rate to include Terrorism Property and provided that Roanoke's coverage was similar to Indian Harbor. The Board wanted to make sure that the definition of Terrorism was as broad as possible and for City to choose the provider with the broadest coverage and best premium.

K) Terrorism Property: Exhibit 1 – Page 13

The Board recommended to proceed with Indian Harbor as it appeared to have better sub-limits, unless Roanoke or another carrier came back with better policy terms and premiums.

L) Active Assailant: Exhibit 1 – Page 14

There was only one quote presented which was by Indian Harbor. The Board recommended to obtain this coverage if AJG was not able to obtain other carriers with better coverage and premium.

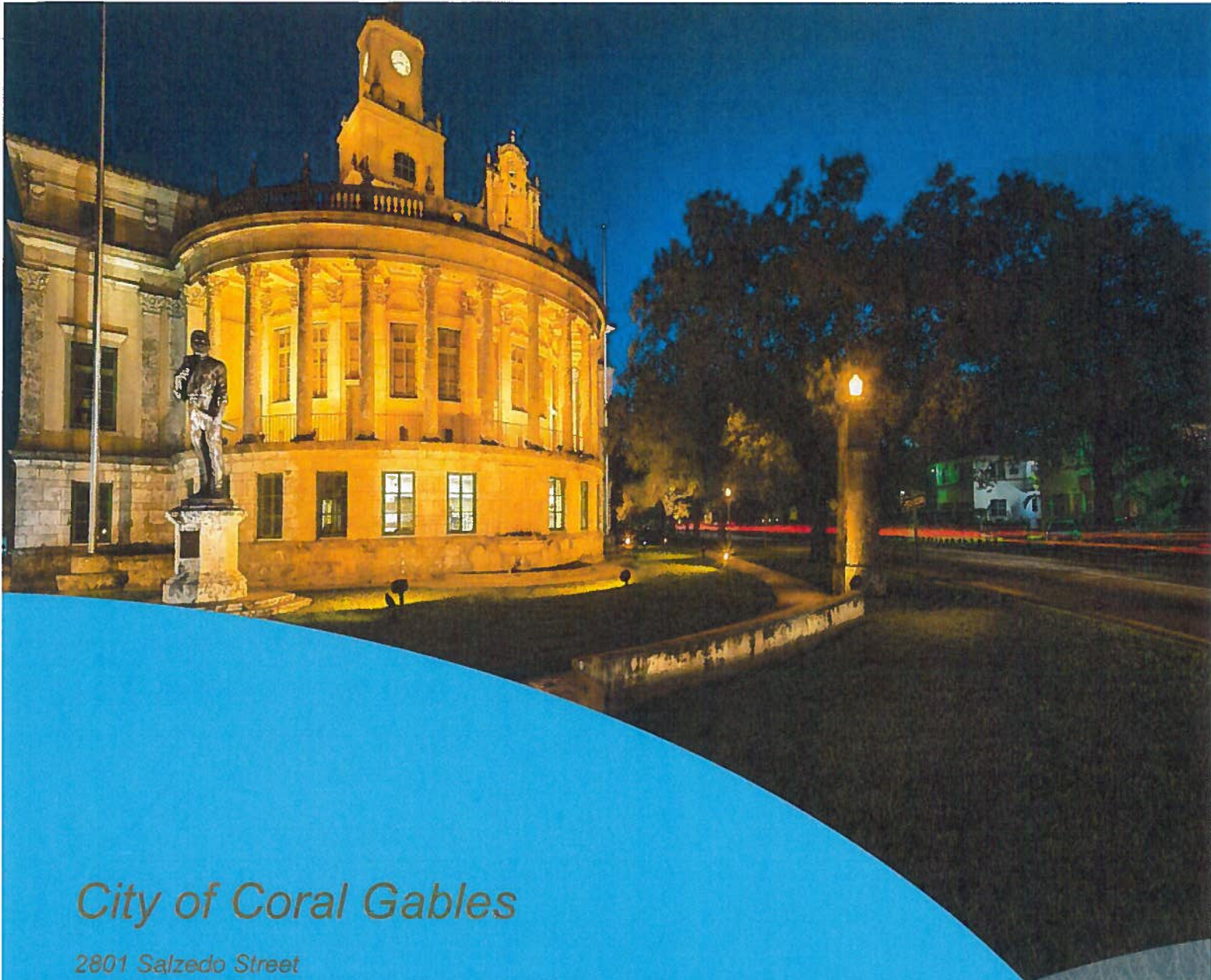
M) Flood: Exhibit 1 – Page 14

The Board recommended to proceed with the purchase of "Write Your Own" (WYO) Flood Option instead of from the National Flood Insurance Program ("NFIP") as the WYO costs less and has replacement cost value coverage, unlike the NFIP which only has actual cash value coverage and add 2 properties to such policy.

The Board was informed that there would be no City Commission meeting in April and that the City's insurance renewal would come before the City Commission on March 26, 2019. There also was discussion to meet during April to finalize any open issues.

**MEETING ADJORNED: 10:45am**

# **EXHIBIT 1**



## *City of Coral Gables*

*2801 Salzedo Street  
Coral Gables, FL 33134*

### Insurance Renewal Executive Summary May 1, 2019 – 2020

Arthur J Gallagher Risk Management Services, Inc.

Maria Perez | Area Senior Vice President  
Maria\_Perez@ajg.com | 305.639.3136  
Antonio Abella Sr. | Area Senior Vice President  
Tony\_Abella\_Sr@ajg.com | 305.639.3102  
March 11th, 2019



# Gallagher

Insurance | Risk Management | Consulting

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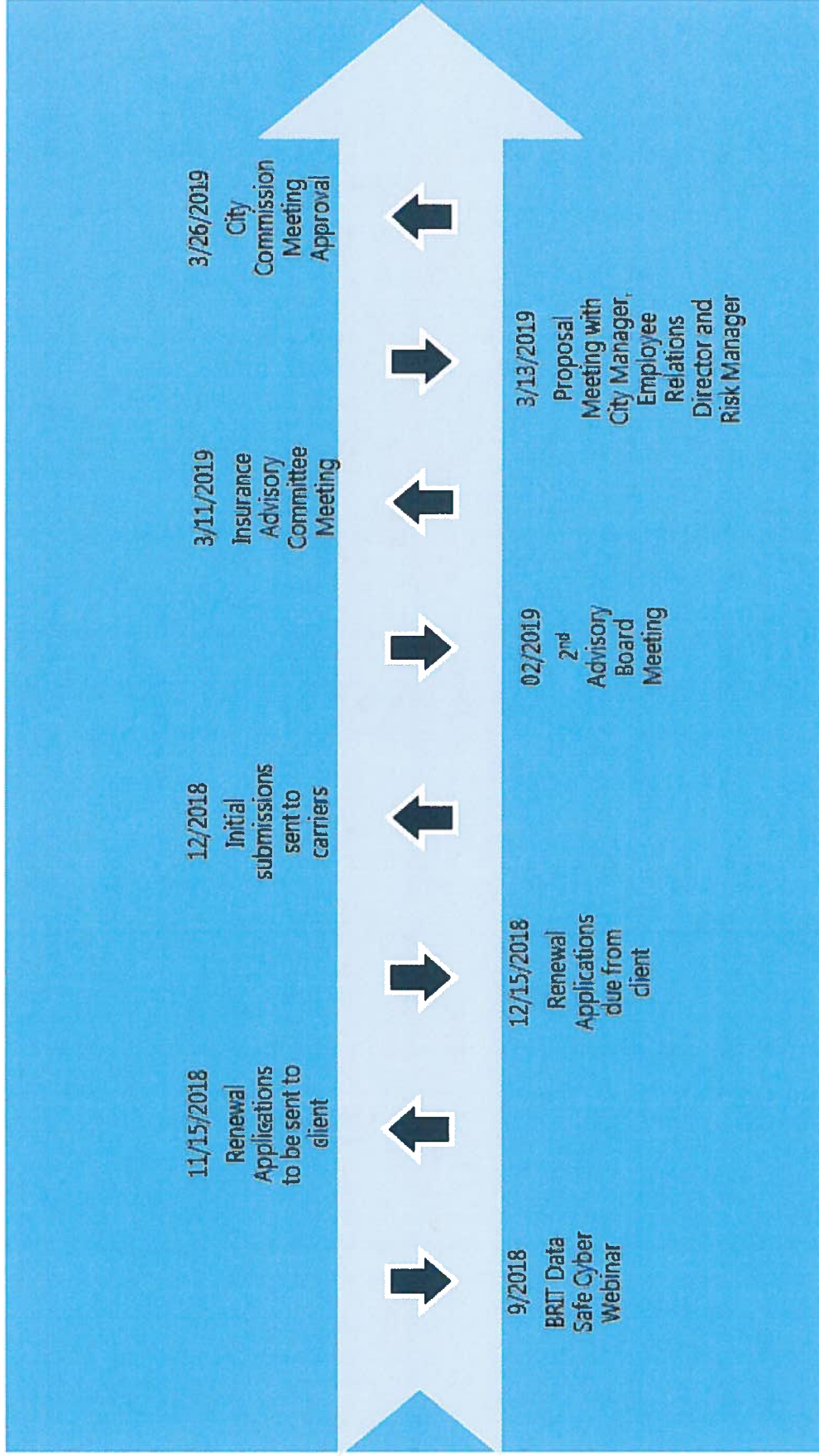
## Your Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.





## Renewal Timeline



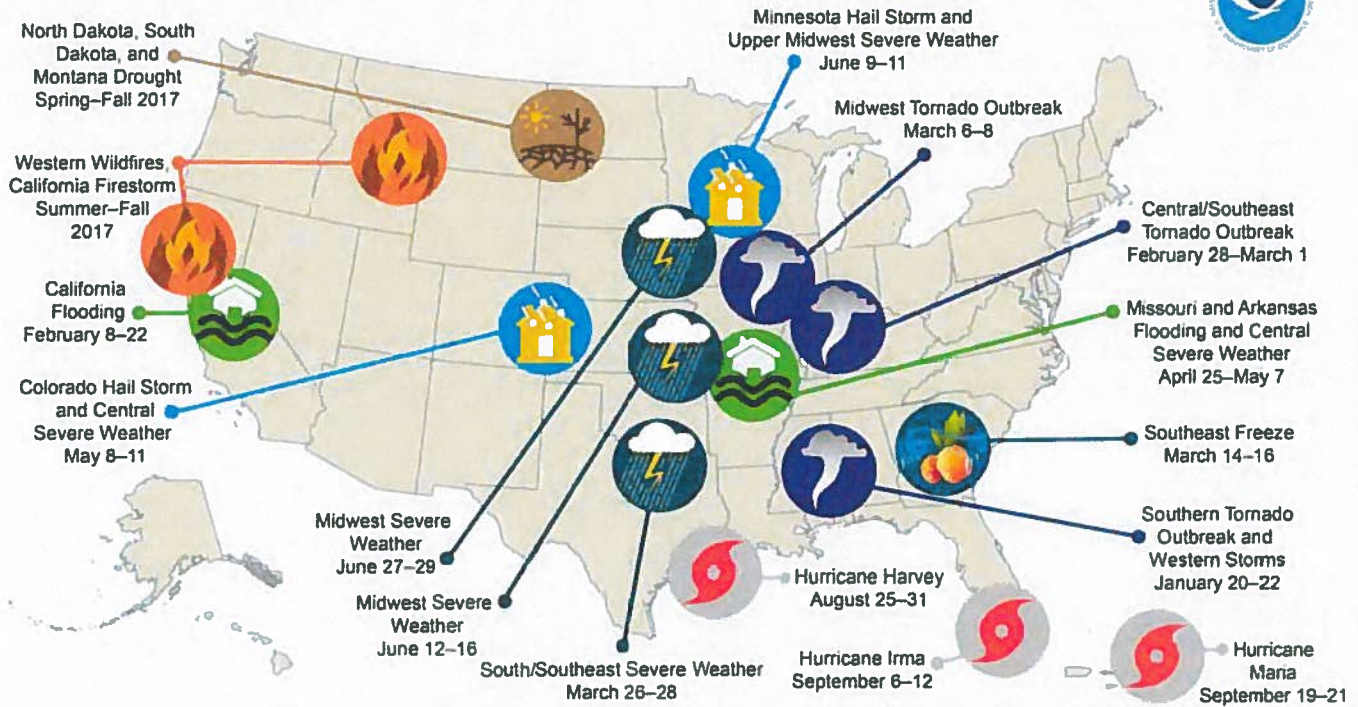


# State of the Market

## Property Insurance

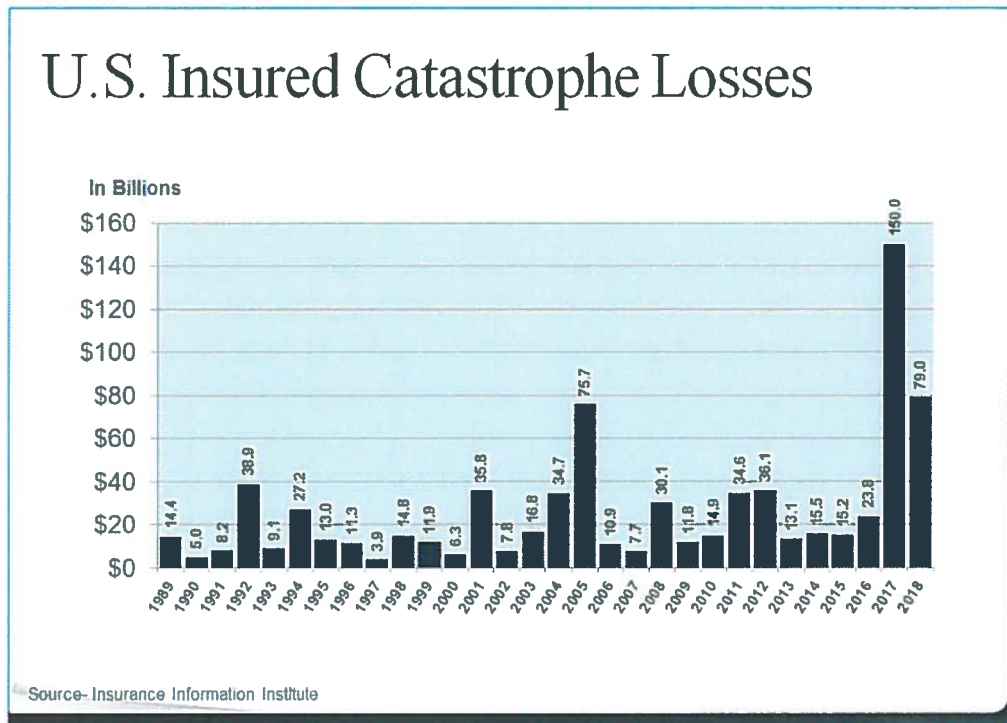
2017 was a year of property disasters ranging from floods of catastrophic proportion with Harvey to the devastation of Irma and the categorical wipe out of Puerto Rico by Maria. These events (aka "HIM") are projected to have total costs of approximately \$265 Billion or roughly \$100 Billion in insured losses. This doesn't take into account estimates from the Mexico Earthquake within Northern California; the \$1+ Billion wild fire losses in Southern California nor the resultant landslide and flood damage in Montecito. None of these losses begin to account for the human or environmental toll. The chart below captures the sixteen (16) \$1+ Billion losses in the United States for 2017.

## U.S. 2017 Billion-Dollar Weather and Climate Disasters



The combined loss ratios for virtually every property insurer are well in excess of 100% with some exceeding 300%. Reinsurers have also been tagged. This is a capital event which is forcing carriers to re-examine their underwriting strategies for catastrophic limits, deductibles and over all approach to underwriting in earthquake, flood, hail and wind prone areas. Rate reductions will be rare and carriers will be underwriting every risk on its own merits with a focus on the particular loss history and the geographic footprint. Those accounts exposed to catastrophic loss conditions (earthquake, fire, flood or wind) might expect to see their deductibles increase and available maximum loss limits reduce

On the heels of the costliest year on record for insurers in 2017, with insured loss estimates as high as \$150 billion, 2018 provided the insurance industry with a second consecutive year with higher than average catastrophe loss. The initial insured loss figures for 2018 are projected at \$79 billion, making 2018 the second worst year ever for insured cat losses. Losses from hurricane Florence are estimated to range between \$2 billion and \$5 billion, losses from hurricane Michael are projected between \$6 billion and \$10 billion and the California wildfire losses are estimated at a little over \$15 billion.



Even in light of these loss estimates, initial reinsurance renewals have seen only a moderate increase as the brunt of the 2018 losses were being borne by the primary insurers as opposed to the reinsurers. Increases varied and were applied to individual accounts that had losses rather than broadly applied across participants. Modest decreases were still possible on some of the European and Asian/Pacific Rim reinsurance programs that were not impacted by losses. Further reinsurance market hardening is anticipated into the March/April renewal periods, as this is when the majority of the U.S. CAT reinsurance programs typically renew.

We have once again seen some market participants closing down their property teams that were writing US CAT exposed business on a direct basis, as the margins they have been yielding on these books of business have come in below investor's expected yields. We anticipate that we will see other insurers take similar actions if they are unable to get the rate increases that they have targeted. Capacity has not yet demonstrated signs of contraction, as we have seen the Insurance Linked Securities (ILS) market continue to function smoothly, optimistic that risk premiums will improve over the next renewal cycle.

Overall, we are seeing a continued price hardening on property accounts.

## CASUALTY INSURANCE

Casualty rates in Public Sector have been relatively consistent in recent years. Rate pressure on the General Liability line is primarily one of rate adequacy – as well as a growing concern on the potential financial impact of sexual abuse, traumatic brain injury and the various shootings within the past year. Casualty markets continue to ‘right-size’ their General Liability rates as their loss history matures. Rate changes will largely be governed by the loss experience of the individual account.

Auto is consistently seeing rate increases, regardless of risk profile. While distracted driving continues to be a growing problem, also contributing to the increase in Auto premiums is the improving economy (more people are driving more frequently and/or for longer distances) and the increase in loss costs (vehicles are more expensive to repair).

The Public Officials/School Leaders E&O and Employment Practices Liability marketplace continues to harden. The trend is for more claims (and more unique claims) to be filed under this line of coverage. In addition to seeing rate increases, we are seeing some carriers implement new restrictions.

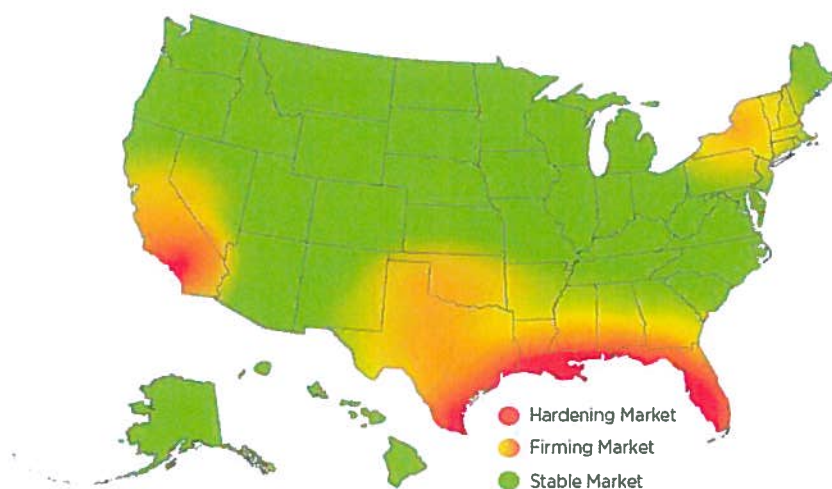
## EXCESS WORKERS COMPENSATION INSURANCE

Workers’ Compensation trends are more positive than negative. We continue to see flat rates overall as lost costs and claim frequency are decreasing, more than the increasing rate of medical inflation. It is a market that can shift at any time given one large work comp loss. Employee injuries are an exposure every entity has and they are challenging to control.

Although rates overall are flat or decreasing, some states continue to struggle with legislative and/or other legal challenges allowing for larger-than-desired claim settlements.

In addition, with the purchase of Midlands Insurance by Safety National, there are less Excess Workers Compensation markets in the State of Florida.

**The table and heat map below show that overall pricing on most lines of coverage remained flat to a single-digit rate increase, with the CAT Property Market increasing up to 15%.**



LINE OF COVERAGE	CURRENT MARKET PLACE (RANGE OF RATE INCREASES)
Property	0% to +5%
General Liability	-3% to +2%
CAT Property	+5% to +15%*
Umbrella	0% to +5%
Management Liability (Private)	0% to +5%
Management Liability (Public)	+5% to +10%
Auto	+5% to +15%
Workers Compensation	-10% to +0%

\*CAT Property defined as a location portfolio with exposure to catastrophic loss (i.e., California EQ, Flood, Florida/Texas/Gulf Coast – wind/hail, the Carolinas, etc.)

## Exposure Comparison

### COMPARISON OF LIABILITY EXPOSURES

	2018-2019	2019-2020	% Change
<b>Expenditures</b>	\$ 161,913,702	\$ 167,444,013	3%
<b># of Employees (FT &amp; PT)</b>	1003	937	-7%
<b># of Autos</b>	643	581	-10%
<b>EMTs</b>	11	Included below	
<b>Paramedics</b>	121	139	5%
<b>Armed Officers</b>	192	192	0%
<b>Population</b>	50,815	50,815	0%
<b>Payroll</b>	\$74,684,272	\$73,542,191	-1.5%
<b>TIV</b>	\$ 252,314,816	\$ 242,485,035	-4%

	2018-2019	2019-2020	% Change
<b>Sports Program # of participants</b>	17,620	19,102	8%

### COMPARISON OF YOUR TOTAL INSURED VALUES

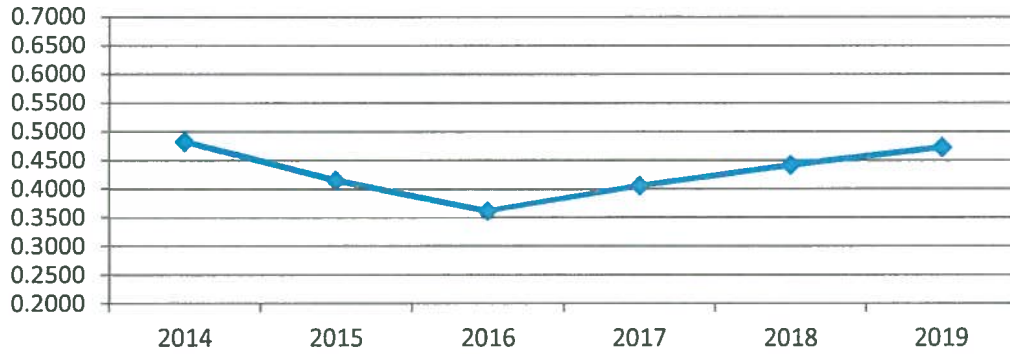
	2018-2019	2019-2020	% Change
<b>Building</b>	\$ 184,883,000	\$ 181,647,000	-2%
<b>Contents</b>	\$ 11,395,000	\$ 11,510,000	1%
<b>Vehicles</b>	\$ 17,714,261	\$ 17,714,261	0%
<b>Golf Carts</b>	\$ 488,214	\$ 179,433	-63%
<b>BI</b>	\$ 5,285,000	\$ 5,285,000	0%
<b>EDP</b>	\$ 16,163,341	\$ 16,163,341	0%
<b>EDP EE</b>	\$ 2,000,000	\$ 2,000,000	0%
<b>Account Receivable</b>	\$ 7,400,000	\$ 1,000,000	-86%
<b>Fine Arts</b>	\$ 3,500,000	\$ 3,500,000	0%
<b>Valuable Papers</b>	\$ 500,000	\$ 500,000	0%
<b>Pump Stations</b>	Included	Included	
<b>Fountains</b>	Included	Included	
<b>Seawalls &amp; Docks</b>	\$ 2,986,000	\$ 2,986,000	0%
<b>Total</b>	\$ 252,314,816	\$ 242,485,035	-4%

### LARGE LOCATIONS AT RISK

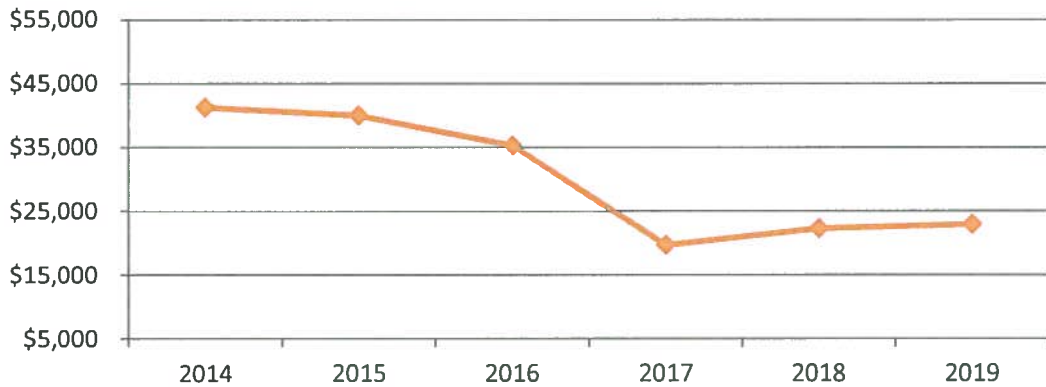
Building Name	Address	Total Insured Value
<b>Fire and Police / Central Garage</b>	2801 SALZEDO STREET	\$ 36,603,000
<b>Parking Garage 2</b>	220 ARAGON AVENUE	\$ 20,637,000
<b>Parking Garage 6</b>	1 ARAGON AVENUE	\$ 14,730,000
<b>Museum</b>	285 ARAGON AVENUE	\$ 11,678,000
<b>City Hall</b>	405 BILTMORE WAY	\$ 11,201,000

HISTORICAL PROPERTY COMPARISON

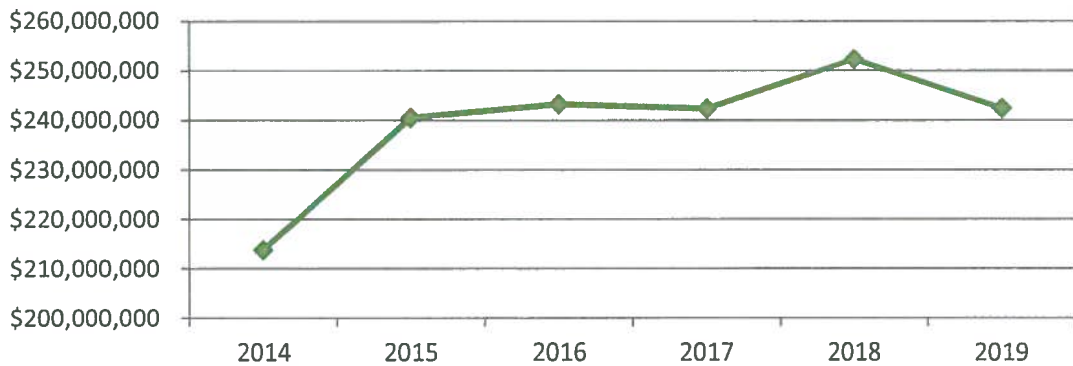
### Rate per \$100 of Property Coverage



### Price per \$1 Million of Named Windstorm



### Total Insured Values



## Marketing Summary

CARRIER	LINE OF COVERAGE	CARRIER POSITION
Certain Underwriters at Lloyd's, London	Public Entity Package	Recommended Quote
Safety National Casualty Corporation	Public Entity Package	Quoted
Safety National Casualty Corporation	Excess Workers Compensation	Recommended Quote
Hartford Fire Insurance Company	Public Official Bond	Recommended Quote
Commerce and Industry Insurance Company	Storage Tank Liability	Recommended Quote
Indian Harbor	Pollution Liability	Quoted
Scottsdale Insurance Company	General Liability (Sports)	Recommended Quote
Philadelphia Insurance Company	General Liability (Sports)	Declined - Not able to compete
AIG	General Liability (Sports)	Declined - Account too large
Nationwide Life Insurance Company	ADD Amateur Sports	Quoted
Philadelphia Insurance Company	ADD Amateur Sports	Quoted
AIG	ADD Amateur Sports	Recommended Quote
Travelers Property Casualty Co of America	Boiler & Machinery	Recommended Quote
Certain Underwriters at Lloyd's, London	Cyber Risk Liability	Quoted
Indian Harbor	Terrorism Property	Recommended Quote
Hiscox	Terrorism Property	Quoted
Roanoke	Terrorism Property	Quoted
Indian Harbor	Terrorism Liability	Recommended Quote
Hiscox	Terrorism Liability	Quoted
Roanoke	Terrorism Liability	Quoted
Certain Underwriters at Lloyd's, London	Property	Recommended Quote
Evanston	Property	Recommended Quote
Ironshore Specialty Ins. Co.	Property	Recommended Quote
Landmark American Insurance Company	Property	Recommended Quote
Axis Surplus Ins. Co.	Property	Recommended Quote
Endurance American Specialty Insurance Co.	Property	Recommended Quote
Everest National Ins. Co.	Property	Recommended Quote
Arch Specialty Insurance Company	Property	Recommended Quote
Ethos	Property	Recommended Quote
Arrowhead	Property	Declined - Not able to compete
Diamond State Group	Property	Declined- Not interested
Alesco Risk Management Services	Property	Quoted
Aspen Insurance	Property	Declined. Not interested
Allied World Assurance Co.	Property	Declined. Not competitive
AMRisc	Property	Declined. Not enough information
Beazley USA	Property	Declined - Not competitive
Berkshire Hathaway	Property	Declined. Not competitive
BRIT Global Specialty	Property	Declined. Not enough capacity
Canopus Underwriting Agency	Property	Declined. Not competitive
Cum & Forster	Property	Declined - Not able to compete
Colony Insurance Co.	Property	Declined - Not able to compete

Hallmark E&S	Property	Declined. Not enough capacity
Hiscox USA	Property	Declined - Not able to compete
James River Ins. Co.	Property	Declined. Not enough capacity
Kemah Capital LLC	Property	Declined - Not able to compete
Lexington Insurance Company	Property	Declined- Not interested in Deductible Cap
Maxum Specialty Insurance Group	Property	Declined- Not interested
Nationwide E&S	Property	Declined. Not enough capacity
Pioneer Specialty Risk Insurance	Property	Declined-Not interested
Rivington Partners	Property	Declined-Not interested
SRU	Property	Declined. Not competitive
Sompo International	Property	Quoted
Scottsdale	Property	Declined. Not enough capacity
Velocity Risk Underwriters	Property	Declined-Not competitive
Swiss Re	Property	Declined-Not interested in primary
Westchester	Property	Declined-Not competitive
Zurich North America	Property	Declined-Not interested in primary

## Renewal Results

**A. Package:** This will be the sixth renewal year for Lloyds of London (BRIT) as the liability and WC package carrier. The underwriting team offered a renewal premium of \$603,000 which represents a 0.4% premium decrease. This is tied to the rate guarantee BRIT provided last year and the overall changes in exposures. They are also providing \$6,000 for Loss Control as they have done in the past. BRIT has also offered the following SIR options:

Options	Additional Premium	Comments
\$250,000 Liability Lines SIR (WC unchanged from expiring)	\$ 105,000	Liability lines increase limit from \$4.65m to \$4.75m
\$150,000 Liability Lines SIR (WC unchanged from expiring)	\$ 275,000	Liability lines increase limit from \$4.65m to \$4.85m
\$350,000 limit xs \$350,000 SIR for WC (Liability lines unchanged from expiring)	\$ 112,000	

**B. Property:** Total Insurable Values decreased by 4%. However, due to the hardening market as a result of the three major hurricanes the past 2 years, the property carriers provided an overall initial rate increase of 12%. After deliberate negotiations the final total rate increase is 7%. As a result of the TIV decrease and the rate increase the total property premium has increased by 3%.

### Property Rate Comparison

Layer	2018-2019	2019-2020	Δ%
Primary \$10,000,000	\$0.252	\$0.267	6%
\$15MM xs \$10MM excluding Flood and Earthquake	\$0.106	\$0.117	10%
\$25MM xs \$25MM Named Wind Storm and Tropical Depression	\$0.063	\$0.067	5%
\$217,485,035 xs \$25MM Excluding Flood, Earthquake and Named Windstorm	\$0.022	\$0.023	6%

### Total Property Rate History

	2012	2013	2014	2015	2016	2017	2018	2019
<b>TIV</b>	\$209,201,816	\$209,201,816	\$213,800,562	\$240,506,569	\$243,201,290	\$242,312,608	\$252,314,816	\$242,485,035
<b>Rate/ \$100</b>	0.5188	0.5603	0.4828	0.416	0.3627	0.4065	0.4419	0.4730
<b>Rate Δ</b>		8.0%	-13.8%	-13.8%	-12.8%	12.1%	8.7%	7.0%

We received an additional property option to insure the city for \$50,000,000 in limits in lieu of insuring the city for all of its total insurable values. This would provide the city with a 3% premium savings from the quoted renewal and 0.4% premium savings from the expiring premium.



Coverage	2018 Expiring Premium	2019 Premium (TIV Limit)	2019 Premium (\$50MM Limit)
Primary \$10MM	\$635,000	\$647,999	\$647,999
1st Excess \$15MM xs \$10MM	\$267,000	\$282,740	\$282,740
2nd Excess \$25MM xs \$25MM	\$158,000	\$160,040	\$180,040
3rd Excess \$227MM xs \$25MM	\$55,000	\$56,127	
<b>Total</b>	<b>\$1,115,000</b>	<b>\$1,146,906</b>	<b>\$1,110,779</b>

We have also obtained a quote for a parametric trigger hurricane coverage including debris removal. Based on the pricing of the coverage we do not believe this coverage provides good value:

Options	Deductible	Premium
\$50,000,000 Limits	\$0	\$5,455,244
\$10,000,000 Limits	\$0	\$1,089,049

Below is the payment specification table. The distance shown is the closest distance from the city to the hurricane eye. Claims payment amounts, shown as percentages of limit remaining on the policy are the maximum amounts that can be claimed for the given Category and Distance.

Hurricane Category	0 to 5 Miles	5 to 15 Miles	15 to 30 Miles	30 to 60 Miles	60 to 120 Miles
<b>1</b>	30%	15%	5%	0%	0%
<b>2</b>	50%	30%	15%	5%	0%
<b>3</b>	100%	70%	30%	10%	5%
<b>4</b>	100%	100%	60%	30%	5%
<b>5</b>	100%	100%	80%	50%	10%

**C. Excess Workers Compensation:** We have received a flat rate renewal quote from Midlands this year due to the two year rate agreement we entered with Midlands Last year. The renewal premium is \$184,591 which is 2% less than the expiring premium.

#### Excess WC Rate History

	2016	2017	2018	2019
<b>Payrolls</b>	\$61,875,651	\$ 65,044,750	\$74,684,272	\$73,542,192
<b>Premium</b>	\$184,643	\$ 194,100	\$ 188,735	\$ 184,591
<b>Rate per \$100</b>	0.2967	0.2967	0.2510	0.2510
<b>Δ%</b>		0%	-15%	0%

**D. Business Travel, ADD for Police and Fire:** The incumbent carrier, Hartford, has offered another 2 year policy term with annual billing. The premium is completely flat and the same as what was bound in 2017.

**E. Cyber Risk:** We marketed the cyber coverage for the past 2 years. Last year we achieved a 37% premium decrease while also increasing the limits by \$2,000,000 by moving the coverage from Chubb to BRIT. This year we have obtained a renewal quote from BRIT with a 1% premium reduction.

**F. Equipment Breakdown:** Travelers has offered the city a new 3 year rate guarantee at the same rate the city held for the past 3 years. However, the premium came in at an 8% increase due to the carrier including more rateable exposures.

	2018-2019	2019-2020	% Change
Building	\$184,883,000	\$181,647,000	-2%
Contents	\$ 11,395,000	\$ 11,510,000	1%
BI	\$ 5,285,000	\$ 5,285,000	0%
EDP	Not used to rate	\$ 16,163,341	--
Fine Arts	Not used to rate	\$ 3,500,000	--
<b>Total Exposures</b>	<b>\$201,563,000</b>	<b>\$218,105,341</b>	<b>8%</b>

**G. Crime Liability:** Last year Travelers renewed with a 14% premium increase due to a large claim that was closed and paid out in 2017. This year they are offering a 3% premium decrease. As we move further away from the large pay out and keep claims low premiums should decline.

**H. Sports Liability and Accidental Death and Dismemberment:** We received quotes from your incumbent carriers, Scottsdale and Nationwide. Due to the increase in sports participants the premiums have increased by 6% for the ADD policy and 16% for the GL policy.

We marketed both lines of coverage. Below is the comparison for Sport Accidental Death & Disability:

	Expiring	Incumbent Option 1	Option 2	Option 3
Coverage	Nationwide	Nationwide	AIG	Philadelphia
Accidental Death	\$10,000	\$10,000	\$10,000	\$10,000
Accidental Dismemberment	\$10,000	\$10,000	\$10,000	\$10,000
Aggregate ADD	\$100,000	\$100,000	\$250,000	\$500,000
Accident Medical Expense	\$100,000	\$100,000	\$100,000	\$100,000
Deductible	\$250	\$250	\$250	\$250
Benefit Period	1 year	1 year	1 year	3 Years
<b>Premium</b>	<b>\$16,006</b>	<b>\$16,988</b>	<b>\$11,627</b>	<b>\$13,306</b>

Carriers were not as receptive to the Sports General Liability policies. Philadelphia Insurance indicated a premium starting at \$40,000 and AIG could not write a policy for the size of the city's account. The incumbent has offered a renewal quote at \$24,312.

**I. Storage Tank Liability:** Quoted with a 4% premium increase. Please note that UST premiums increase 15% at 6 years of age then again at 11 years and each year after 20 years of age.

**J. Pollution Liability:** Although the city currently insures its regulated storage tanks the city does not purchase more extensive pollution coverage. We received a comprehensive pollution quote from Indian Harbor. This policy would cover the regulated storage tanks in addition to other exposures such as Bodily Injury as a result of pollution release not covered by the tank policy (ex. propane, other vaporous pollutants), sewer backup coverage of waste water collection and abandoned pollutants at covered locations. Below is a brief comparison of coverage:

Coverage	C&I	Indian Harbor
Each Condition/Incident	\$1,000,000	\$2,000,000
Aggregate	\$4,000,000	\$4,000,000
UST Each Incident	\$1,000,000	\$1,000,000
UST Aggregate	\$2,000,000	\$2,000,000
AST Each Incident	\$1,000,000	\$1,000,000
AST Aggregate	\$2,000,000	\$2,000,000
Legal Expense Each Incident	Included	\$250,000
Legal Expense Aggregate	Included	\$500,000
Disaster Response Each Incident	N/A	\$250,000
Disaster Response Aggregate	N/A	\$250,000
Deductible/Retention	\$10,000	\$25,000
<b>Premium</b>	<b>\$2,993</b>	<b>\$23,500</b>

**K. Terrorism Liability:** The renewal has remained completely flat with premiums the same as expiring.

Liability Coverage	Indian Harbor	Hiscox	Roanoke
Policy Limit	\$25,000,000	\$25,000,000	\$25,000,000
Deductible	\$50,000	\$5,000	\$10,000
Waiting Period	0 Hours	0 Hours	0 Hours
<b>Premium</b>	<b>\$10,000</b>	<b>\$20,000</b>	<b>\$8,500</b>

**L. Terrorism Property:** The incumbent carrier, Indian Harbor has offered a renewal quote with a flat rate. As a result the premium has decreased by 4 % ( estimated based on revised TIV). We also marketed this policy to Hiscox and Roanoke. Below is a brief summary:

Property Coverage	Indian Harbor	Hiscox	Roanoke
Policy Limit	\$255,249,816	\$100,000,000	\$100,000,000
Business Interruption	\$7,285,000	\$7,285,000	\$7,285,000
Deductible	\$5,000	\$5,000	\$10,000
<b>Premium</b>	<b>\$13,761</b>	<b>\$15,912</b>	<b>\$12,500</b>

**M. Active Assailant:** We have also obtained an indication to add Active Assailant coverage to the terrorism property policy. \$1,000,000 in coverage can be added for an addition \$10,000 with Indian Harbor or an additional \$5,000 for Hiscox.

Active Shooter Malicious Act	Indian Harbor	Hiscox
Policy Limit	\$1,000,000	\$1,000,000
Deductible	\$0	\$0
Waiting Period	0 Hours	0 Hours
Premium	\$10,000	\$5,000

**N. Flood:** The city currently has 8 National Flood Insurance Policies. Those 8 policies can renew with the current NFIP program at a 1% premium increase. We also quoted the 8 current locations with a private flood carrier, Voyager Indemnity Insurance. Below is a summary comparison:

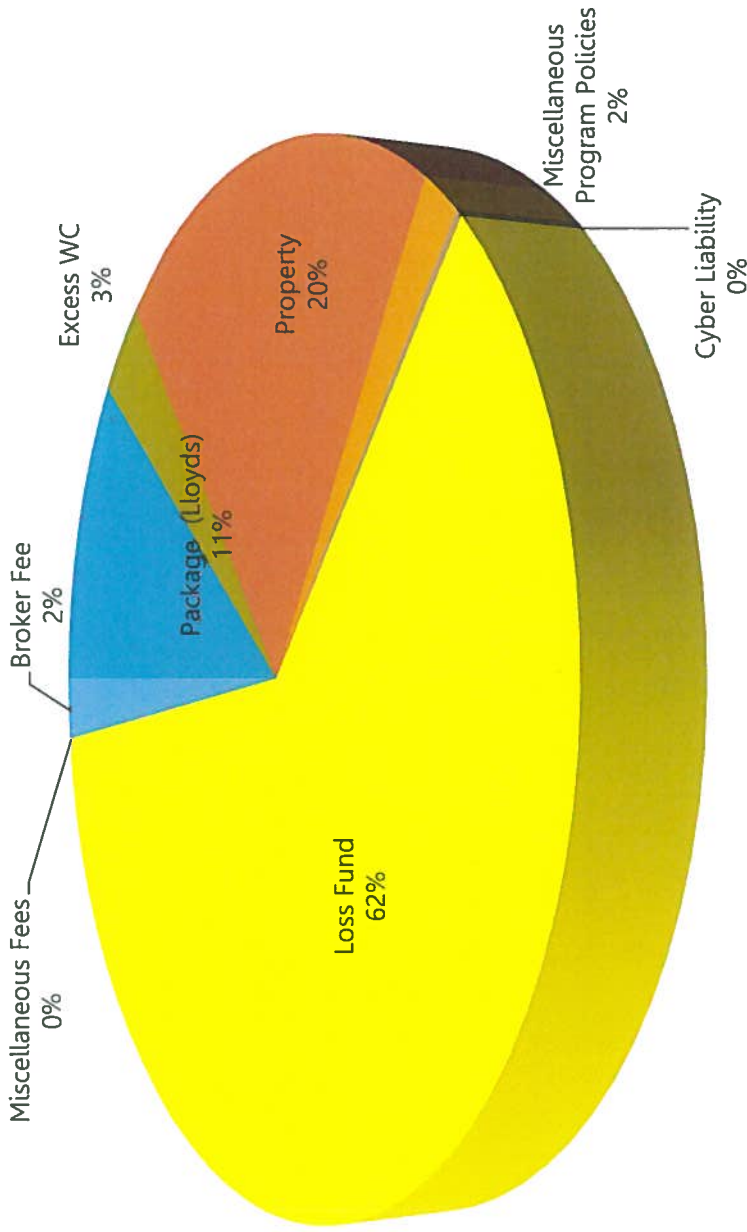
NFIP Flood Options		Write Your Own Flood (WYO) Options	
	NFIP Option 1 Renewal	Option 2 Matching NFIP	Option 3 Higher Limits
Carriers Name and rating	American Bankers /A XII	Voyager Indemnity Insurance /A XII	Voyager Indemnity Insurance/A XII
# of Policies	8	8	8
TIV Insured	\$17,045,000/\$1,449,000	\$17,045,000/\$1,449,000	\$17,045,000/\$1,449,000
Limits (Building/Contents)	\$2,536,000/\$891,000	\$2,536,000/\$891,000	\$4,536,000/\$891,000
Valuation	ACV	Replacement Cost	Replacement Cost
Deductibles	Building - \$25,000 Contents - \$25,000	Building - \$25,000 Contents - \$25,000	Building - \$25,000 Contents - \$25,000
<b>Premiums</b>	<b>\$7,677</b>	<b>\$6,939</b>	<b>\$13,035</b>

In addition to the 8 current locations, we also quoted 2 additional locations which are in a Special Flood Hazard Area. The tables below provide a brief comparison:

NFIP Flood Options		Write Your Own Flood (WYO) Options	
	NFIP Option	Option #1 Matching NFIP	Option #2 Higher Limits
Carriers Name and rating	American Bankers /A XII	Voyager Indemnity Insurance /A XII	Voyager Indemnity Insurance/A XII
# of Policies	2	2	2
TIV Insured	\$671,000 / \$53,000	\$671,000 / \$53,000	\$671,000/ \$53,000
Limits (Building/Contents)	\$654,000/ \$50,000	\$654,000/ \$50,000	\$671,000/ \$53,000
Valuation	ACV	Replacement Cost	Replacement Cost
Deductibles	Building - \$25,000 Contents - \$25,000	Building - \$25,000 Contents - \$25,000	Building - \$25,000 Contents - \$25,000
<b>Premiums</b>	<b>\$4,477</b>	<b>\$2,941</b>	<b>\$3,243</b>

# Total Cost of Insurance

2019-2020





## Insurance Premiums

Policy Type	All Incumbent Options			With Recommended Options		
	2018-2019	2019-2020	Δ%	2018-2019	2019-2020	Δ%
Package (Lloyds)	\$605,675	\$603,000	-0.4%	\$605,675	\$603,000	-0.4%
Excess WC	\$188,735	\$184,591	-2%	\$188,735	\$184,591	-2%
Property	\$1,115,000	\$1,146,906	3%	\$1,115,000	\$1,146,906	3%
Boiler and Machinery	\$9,636	\$10,427	8%	\$9,636	\$10,427	8%
ADD Business Travel	\$360	\$360	0%	\$360	\$360	0%
ADD Police and Fire	\$12,338	\$12,338	0%	\$12,338	\$12,338	0%
Bond Finance Director	\$1,138	\$1,138	0%	\$1,138	\$1,138	0%
Storage Tank	\$2,875	\$2,993	4%	\$2,875	\$2,993	4%
Crime	\$12,070	\$11,756	-3%	\$12,070	\$11,756	-3%
Sports Liability	\$21,006	\$24,312	16%	\$21,006	\$24,312	16%
ADD Sports	\$16,006	\$16,988	6%	\$16,006	\$11,627	-27%
Cyber Liability	\$18,563	\$18,365	-1%	\$18,563	\$18,365	-1%
Terrorism Liability	\$10,000	\$10,000	0%	\$10,000	\$10,000	0%
Terrorism Property	\$14,318	\$13,761	-4%	\$14,318	\$13,761	-4%
Flood	\$7,593	\$7,677	1%	\$7,593	\$6,939	-9%
<b>Total without surcharges</b>	<b>\$2,035,313</b>	<b>\$2,064,612</b>	<b>1%</b>	<b>\$2,035,313</b>	<b>\$2,058,513</b>	<b>1%</b>
EMPA & TRIA	\$2,732	\$2,737	0.2%	\$2,732	\$2,737	0.2%
<b>Total after surcharges</b>	<b>\$2,038,045</b>	<b>\$2,067,349</b>	<b>1%</b>	<b>\$2,038,045</b>	<b>\$2,061,250</b>	<b>1%</b>
Premium Increase		\$29,304			\$23,205	
Broker Fee	\$120,000	\$120,000	0%	\$120,000	\$120,000	0%
<b>Total Cost of Program</b>	<b>\$2,158,045</b>	<b>\$2,187,349</b>	<b>1%</b>	<b>\$2,158,045</b>	<b>\$2,181,250</b>	<b>1%</b>



PROPERTY PREMIUM BREAKDOWN (PER EXPIRING)

Coverage	2018 Premium	2019 Premium	Δ%
Primary \$10MM	\$635,000	\$647,999	2%
1st Excess \$15MM xs \$10MM	\$267,000	\$282,740	6%
2nd Excess \$25MM xs \$25MM	\$158,000	\$160,040	1%
3rd Excess \$227MM xs \$25MM	\$55,000	\$56,127	2%
<b>Total</b>	<b>\$1,115,000</b>	<b>\$1,146,906</b>	<b>3%</b>

PROPERTY PREMIUM BREAKDOWN (\$50,000,000 AOP LIMITS INCLUDING NWS)

Coverage	2018 Premium	2019 Premium	Δ%
Primary \$10MM	\$635,000	\$647,999	2%
1st Excess \$15MM xs \$10MM	\$267,000	\$282,740	6%
2nd Excess \$25MM xs \$25MM	\$158,000	\$180,040	14%
3rd Excess \$227MM xs \$25MM	\$55,000		
<b>Total</b>	<b>\$1,115,000</b>	<b>\$1,110,779</b>	<b>-0.38%</b>

PREMIUM SUMMARY FOR MARKETED OPTIONS

Policy Type	Nationwide (Incumbent)	AIG (Marketed Carrier)	Δ%
Sports ADD	\$16,988	\$11,627	-32%
Policy Type	Assurant (Incumbent)	Voyager (Marketed Carrier)	Δ%
Flood	\$7,677	\$6,939	-10%
Policy Type	BRIT & Midlands(Incumbent)	Safety (Marketed Carrier)	Δ%
Package & XS WC	\$787,591	\$775,995	-1%

PREMIUM SUMMARY FOR NEW COVERAGE OPTION

Policy Type	Commerce & Industry (Incumbent)	Policy Type	Indian Harbor (Marketed Carrier)	Δ\$
Storage Tank	\$2,993	Pollution	\$23,500	\$20,507



# 2019-2020 Proposed Program Structure

Liability	Workers Compensation	Property Including Pumps & Fountains
<ul style="list-style-type: none"> <li>Carrier: Certain Underwriters at Lloyd's of London</li> <li><b>General Liability:</b> \$650,000 per occurrence Excess Limit: \$4M per Occurrence/ \$8M Annual Aggregate Including the following sub-limits(not included in XS limit)               <ul style="list-style-type: none"> <li>Sexual Harassment \$4,650,000 per occurrence</li> <li>\$4,650,000 Annual Aggregate</li> <li>Sexual Abuse \$4,650,000 per occurrence \$4,650,000 Annual Aggregate</li> </ul> </li> <li><b>Automobile Liability</b> \$4,650,000 per occurrence</li> <li><b>Public Officials:</b> \$4,650,000 per occurrence \$5,300,000 Annual Aggregate. Including the following sub-limits:               <ul style="list-style-type: none"> <li>Errors &amp; Omissions* \$4,650,000 per occurrence \$5,300,000 Annual Aggregate</li> <li>Employment Practice Liability* \$4,650,000 per occurrence \$5,300,000 Annual Aggregate</li> </ul> </li> <li><b>Employee Benefits Liability*</b> \$4,650,000 per occurrence \$5,300,000 Annual Aggregate</li> <li><b>Law Enforcement Activities</b> \$650,000 per Occurrence Excess Limit: \$4M per Occurrence/ \$4M Annual Aggregate Including the following sub-limit(not included in excess limit):               <ul style="list-style-type: none"> <li>Sexual Harassment \$4,650,000 per occurrence \$4,650,000 Annual Aggregate</li> <li>Sexual Abuse \$4,650,000 per occurrence \$4,650,000 Annual Aggregate</li> </ul> </li> <li><b>Premium: \$603,000</b> + fees and assessments</li> <li>* Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits</li> </ul>	<p><b>Carrier:</b> Safety National Casualty Corporation</p> <p>Excess Workers Compensation</p> <p>Statutory</p> <p>Employers Liability- \$1,000,000 each accident / each employee for disease or cumulative injury</p> <p>Retention: \$1,000,000</p> <p><b>Premium:</b> \$184,591</p>	<ul style="list-style-type: none"> <li><b>Named Windstorm &amp; Tropical Depression \$25M Excess of \$25MM per Occ.</b></li> <li>Carrier: Everest Indemnity Insurance Company Limits: \$16,250,000 Premiums: \$104,026 + fees and surcharges</li> <li>Carrier: Ethos Risk Services Limits: \$5,000,000 Premiums: \$32,008 + fees and surcharges</li> <li>Carrier: Arch Specialty Insurance Co. Limits: \$3,750,000 Premiums: \$24,006 + fees and surcharges</li> <li><b>\$827,314.676 Excess of \$3,000,000 Excluding Flood, Earthquake and Named Windstorm</b></li> <li>Carrier: Landmark American Insurance Company Limits: \$217,485,035 Premium: \$36,127 + fees and surcharges</li> <li><b>Flood Excess Excess Layer Part of \$15M Excess of \$10M per Occ.</b></li> <li>Carrier: Evanston Insurance Company Limits: \$5,000,000 Premiums: \$84,247 + fees and surcharges</li> <li>Carrier: Ironshore Specialty Insurance Co Limits: \$5,000,000 Premiums: \$84,247 + fees and surcharges</li> <li>Carrier: Axis Insurance Co Limits: \$2,750,000 Premiums: \$51,836 + fees and surcharges</li> <li>Carrier: Arch Specialty Insurance Co. Limits: \$2,250,000 Premiums: \$42,411 + fees and surcharges</li> <li><b>Total Layer Price: \$282,740 + taxes and fees</b></li> <li><b>Primary Property</b></li> <li>Carrier: Lloyd's of London Limits: Primary \$10,000,000 in any occurrence Premium: \$647,999 + fees and surcharges</li> </ul> <p><b>Deductibles:</b></p> <ul style="list-style-type: none"> <li>\$50,000 per Occurrence all other perils except</li> <li>\$50,000 per Occurrence Earth Movement</li> <li>\$100,000 Per Occurrence Flood except excess maximum NFP limit available, whether purchased or not as respects locations wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding, any flood zone with prefix A or V as defined by the Federal Emergency Management Agency (FEMA)</li> <li>5% Of the total insurable value affected per unit subject to \$250,000 minimum and \$7,500,000 maximum per occurrence in respect of Named Windstorm and Flood as a result of a Named Windstorm</li> <li>\$100,000 per occurrence All Other Windstorm or Hail</li> <li>3 days Time Element</li> <li>\$100,000 Per Occurrence Automobile Physical Damage Comprehensive and Collision</li> </ul>
<p><b>Carrier:</b> Certain Underwriters at Lloyd's of London</p> <p>WC: \$500,000 per occurrence xs \$500,000 Employers Liability \$500,000 xs \$500,000</p> <p><b>Premium:</b> Included in the Package policy</p>	<p><b>Carrier:</b> Certain Underwriters at Lloyd's of London</p> <p>WC: \$500,000 per occurrence xs \$500,000 Employers Liability \$500,000 xs \$500,000</p> <p><b>Premium:</b> Included in the Package policy</p>	<p><b>Primary Property</b></p> <p>Carrier: Lloyd's of London Limits: Primary \$10,000,000 in any occurrence Premium: \$647,999 + fees and surcharges</p> <p><b>Deductibles:</b></p> <ul style="list-style-type: none"> <li>\$50,000 per Occurrence all other perils except</li> <li>\$50,000 per Occurrence Earth Movement</li> <li>\$100,000 Per Occurrence Flood except excess maximum NFP limit available, whether purchased or not as respects locations wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding, any flood zone with prefix A or V as defined by the Federal Emergency Management Agency (FEMA)</li> <li>5% Of the total insurable value affected per unit subject to \$250,000 minimum and \$7,500,000 maximum per occurrence in respect of Named Windstorm and Flood as a result of a Named Windstorm</li> <li>\$100,000 per occurrence All Other Windstorm or Hail</li> <li>3 days Time Element</li> <li>\$100,000 Per Occurrence Automobile Physical Damage Comprehensive and Collision</li> </ul>
<p><b>SIR</b></p> <p>Per Occurrence \$500,000</p>	<p><b>SIR</b></p> <p>Per Occurrence \$500,000</p>	<p><b>SIR</b></p> <p>Per Occurrence \$350,000</p>





## Commission Disclosure

COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM	WHOLESALE, MGA OR INTERMEDIARY			
			COMM. % OR FEE	NAME	COMM. % OR FEE	AJG OWNED? YES/NO
Public Entity Package	BRIT (Lloyd's Syndicate 2987)	\$603,000.00	0 %	Brit Global Specialty USA	N/A	No
Public Entity Package	Safety National Casualty Corporation	\$379,620.00	0 %	Safety National Casualty Corporation	Not Disclosed	No
Excess Workers Compensation	Safety National Casualty Corporation	\$184,591.00	0 %	Safety National Casualty Corporation	Not Disclosed	No
Property-Primary Lloyds	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$647,999.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Property-First Excess Evanston	Ironshore Specialty Insurance Company	\$94,247.00	0 %	Risk Placement Services	5 %	Yes
Property-First Excess Liberty	Evanston Insurance Company (Market Corporation Group)	\$94,247.00	0 %	Risk Placement Services	5 %	Yes
Property-First Excess Axis	Axis Insurance Co.	\$51,836.00	0 %	Risk Placement Services	5 %	Yes
Property-First Excess Arch	Arch Specialty Insurance	\$42,411.00	0 %	Risk Placement Services	5 %	Yes
Property-Second Excess	Landmark American Insurance Company (Allegheny Corporation)	\$56,127.00	0 %	Risk Placement Services	5 %	Yes
Property-Third Excess (NWS)	Arch Specialty Insurance	\$24,006.00	0 %	Risk Placement Services	5 %	Yes
Property-Third Excess (NWS)	Everest Indemnity Insurance Company	\$104,026.00	0 %	Risk Placement Services	5 %	Yes
Property-Third Excess (NWS)	Ethos Risk Services	\$32,008.00	0 %	Risk Placement Services	5 %	Yes
Property - Terrorism	Indian Harbor Insurance Company (XL Group plc)	\$13,761.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Property - Terrorism	Hiscox	\$16,750.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Property - Terrorism	Roanoke	\$12,500.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No



COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM	WHOLESALE, MGA OR INTERMEDIARY			
			COMM.% OR FEE	NAME	COMM.% OR FEE	AJG OWNED? YES/NO
Liability - Terrorism	Indian Harbor Insurance Company (XL Group plc)	\$10,000.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Liability - Terrorism	Hiscox	\$20,000.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Liability - Terrorism	Roanoke	\$8,500.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Boiler & Machinery	Travelers Property Casualty Co of America (The Travelers Companies, Inc.)	\$10,427.00	0 %	Risk Placement Services	5 %	Yes
Crime	Travelers Casualty and Surety Co of America (The Travelers Companies, Inc.)	\$11,756.00	0 %	Arthur J Gallagher - Itasca	5 %	Yes
Public Official Bond	Hartford Fire Insurance Company	\$1,138.00	0 %	N/A	N/A	N/A
Storage Tank Liability	Commerce and Industry Insurance Company (American International Group, Inc)	\$2,993.00	0 %	N/A	N/A	N/A
Pollution Liability	Indian Harbor	\$25,000	0 %	N/A	N/A	N/A
General Liability (Sports)	Scottsdale Insurance Company (Nationwide Mutual Insurance Company)	\$24,312.00	0 %	K & K Insurance Group, Inc.	30%	No
ADD Amateur Sports	Nationwide Life Insurance Company (Nationwide Mutual Insurance Company)	\$16,988.00	0 %	K & K Insurance Group, Inc.	30%	No
ADD Amateur Sports	American Insurance Group	\$11,627.00	0 %	N/A	N/A	N/A
ADD Amateur Sports	Philadelphia Insurance Company	\$13,306.00	0 %	N/A	N/A	N/A
Cyber Liability	BRIT (Lloyd's Syndicate 2987)	\$18,365.00	0 %	N/A	N/A	N/A
Flood Liability	American Bankers Insurance Company of Florida	\$7,667	22%	N/A	N/A	N/A
Flood Liability	Voyager Indemnity Insurance	\$6,939	21%	N/A	N/A	N/A

## Benefits and HR Consulting

Similar to our CORE360™ approach, which focuses on the actual and potential costs that drive total cost of risk, our Benefits and HR consultants focus on more than just placing benefits insurance. They help clients with their total organizational wellbeing and talent risk management.

We would love the opportunity to introduce Gallagher Benefit Services to you to demonstrate the full power of Gallagher to improve your profitability and organizational wellbeing.

### Gallagher Better Works<sup>SM</sup>

Better. It's something all companies strive for. Better outcomes from better performance. But how do you get there?

You start by building a better workplace. One that attracts, engages and retains top talent at the right cost. That's why the Gallagher Better WorksK comprehensive approach to organizational wellbeing aligns your people strategy with your overall business goals.

It centers on strategically investing in your people's health, talent, financial wellbeing and career growth at the right cost structures to support a multigenerational workforce. And it utilizes data, helping you gather insights and apply best practices that promote productivity and growth.

As you develop and sustain a wellbeing-centric culture, you'll optimize your annual talent investment and mitigate organizational risk to maximize profitability. Best of all, you'll gain a competitive advantage as a workplace that simply works better.

Because while your best is finite, your better is never finished.

### Expertise and Solutions to Help You Optimize Your People Strategy

- 2018 Benefits Strategy and Benchmarking Survey: <https://www.ajg.com/lp/us-benefits-strategy-benchmarking-survey/> and 2017 Best-in-Class Benchmarking Analysis: [https://www.ajg.com/lp/best-in-class/?utm\\_source=Misc&utm\\_medium=Press\\_release&utm\\_campaign=GBS\\_BIC2017Q4](https://www.ajg.com/lp/best-in-class/?utm_source=Misc&utm_medium=Press_release&utm_campaign=GBS_BIC2017Q4)
- Thought leadership across multiple touchpoints through our Human Capital Insights report; visit <https://www.ajg.com/lp/human-capital-insights/> for a copy
- A full spectrum of solutions to help employers to recruit, retain and engage top talent
- Focus on benefits, compensation, retirement, employee communications and workplace culture

**Gallagher's team of benefits and HR consultants paired with risk management and insurance consultants can serve your organization as a strategic business partner, uniquely positioned to help you:**

- Take a holistic approach to reducing your total cost of risk
- Tackle any risk or challenge from multiple angles taking into account both the human capital and property perspectives



## Thank You for Your Business

We have enjoyed our partnership and appreciate the continued time, support and confidence you have placed in us as your risk management team. This past year has been successful as evidenced by your executive summary. Your total cost of risk is being impacted favorably and our strategy for this upcoming renewal continues to focus on ways to improve this positive impact on your profitability. Thank you.

### Legal Disclaimer

Gallagher provides insurance and risk management advice that is tailored to our clients' risk transfer needs. Our review can include evaluation of insurance premium, risk transfer options, finance agreements, insurance limits, indemnification obligations, and contracts to ascertain appropriate coverage. We do emphasize that any risk management advice, insurance analysis, and limited review of contract terms and conditions, is only provided from an insurance/risk management perspective and is NOT legal advice. We do not provide legal advice and always recommend that our clients seek advice from legal counsel to become fully apprised of all legal implications from their business transactions.

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Anywhere in the World.



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**1927**

**\$4.6B**  
Total Adjusted Brokerage & Risk Management Revenues (2017)

**26,700+**  
Employees worldwide

**700+**  
Offices in 33 countries

**150+**  
Countries served

**4 AREAS OF FOCUS**

- Organic growth
- Mergers and acquisitions
- Productivity and quality enhancements
- Unique, team-oriented sales culture

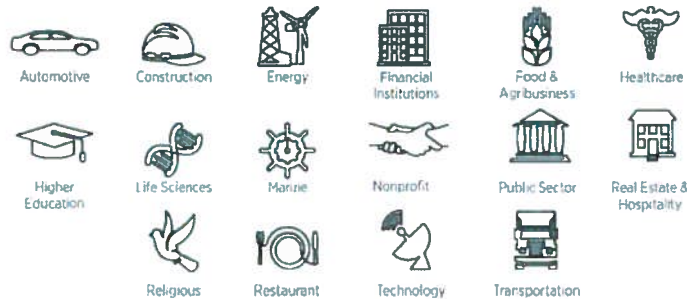
HIGHLY SPECIALIZED. DEEP EXPERTISE.

- |                             |                            |   |
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| Alternative Risk & Captives | Environmental              | Private Client Services                 |
| Aviation                    | Enterprise Risk Management | Property                                |
| Casualty                    | Equity Advisors            | Risk Management                         |
| Commercial Surety & Bonds   | Fine Arts                  | Trade Credit & Political Risk Insurance |
| Cyber Liability             | Law Firms                  |   |
| Entertainment               | Management Liability       |   |

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**The Gallagher Way**  
25 tenets that have guided a team-oriented culture for 30+ years

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Companywide focus on ethical conduct, employee health and welfare, environmental integrity and community service

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