

CORAL GABLES INSURANCE & RISK MANAGEMENT ADVISORY

BOARD Minutes of February 28, 2025, 8:00am
214 Minorca Ave, Human Resources Conference Room
Coral Gables, FL 33134

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTED BY
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28

Paul Susz	P												Mayor Vince Lago
Roberto C. Lasa	P												Vice Mayor Rhonda Anderson
N/A													Commissioner Melissa Castro
Marilu Madrigal	A												Commissioner Kirk Menendez
Rebecca Rodriguez	P												Commissioner Ariel Fernandez

STAFF:

Raquel Elejabarrieta, Human Resources & Risk Mgt

Marjorie Tapia, Labor Relations Manager

GUESTS:

Maria Perez, Arthur J. Gallagher*

PUBLIC GUEST:

RECORDING SECRETARY:

Ericka Sanchez, Administrative Assistant

A = Absent

E = Excused Absence

P = Present

- = No meeting

* = Appeared Via Zoom

OPENING:

Director Elejabarrieta opened the meeting. Meeting was called to order at 8:15 am.

In person quorum was reached. The board meeting started right into the presentation of Executive Summary for May 1, 2025 - 2026.

MINUTES APPROVAL:

December 17, 2024, meeting minutes were approved.

Motion: Paul Susz 2nd Motion: Roberto C. Lasa

Unanimously approved.

SECRETARY'S REPORT: None

BOARD MEMBERS REPORTS: None

NEW BUSINESS:

Insurance Renewal – Arthur J. Gallagher

Maria Perez from Gallagher started the discussion with a general review of the "Executive Summary May 1, 2025 -2026" document. Maria Perez informed the Board that we are still 60 days out from renewal so they do not have the final premium numbers. Maria Perez provided a general overview of the renewal process and status of renewal processes this year.

Maria provided good news that the fires out

Maria Perez started with the Executive Summary. This Executive Summary is considered our initial summary and we will have a final summary as we get closer to May 1st. The numbers reflected on this report are the not to exceed numbers meaning Gallagher will continue marketing the program to obtain more deductions and better terms. Maria started with page 5 "Insurance Premiums" and stated that there are no limit / line changes reflected. The premium shown reflect a reduction in property insurance of 9%, which is a conservative number. The City has \$50 million on wind insurance (hurricane). For All Other Claims that are not Hurricane related the City purchases a \$25M xs \$50M for a \$30,000 premium. This premium has stayed the same year after year.

Maria per Director Elejabarrieta's request moved over to page 16 of the document to talk about the wind and loss models, which are used to determine how much hurricane insurance to purchase. Two different models are used. Historically, the insurance market underwriters have looked at a 100 year return period for what they think the gross loss/ net loss to the market would be in the event of a hurricane. However, the last 5 years they have used a 250 year return period. Looking at the RMS 250 year return period the "Ground Up Loss" before you remove deductibles is 0.400% and expected to be \$34,870,744 in a Category 4 or 5 Hurricane. The deductible is expected to be \$4,448,6699. The Loss to Insurance Market is expected to be at \$30,873,183. That includes wind and loss amplification. The AIR is other model used and for the 250 year return period it is a bit more conservative with the 0.400% model at Gross Up Loss of \$40,116,100 and a Deductible Loss of \$8,140.972 followed by a Net Loss to Insurance Market of \$31,834,864. Net result is still within the \$50M of premium insurance that the City carries for hurricanes.

Board Member Paul Susz asked what do most municipalities look at? Maria Perez replied that now they are looking at the 250 year return period. Maria explained that if you wanted to buy more insurance this is the year as rates have gone down.

Maria pointed to page 7 of the document to show the 10 Year Historical Premium for liability and property. Director Elejabarrieta showed a chart from a few years ago that displays what other cities were doing for Named - Windstorm Limits. Open Discussion followed by Board.

Maria explained that the Worker Compensation insurance has statutory limits, meaning it covers that whatever it takes to bring employees back to work, including their pay and full coverage.

The WC premium quoted by a new carrier is going from \$166,771 (2024) with a million dollar retention to \$164,954 with a \$750,000 retention which is less than the previous year. The board requested to remain with a \$1 million in retention and asked to go back to Arch (incumbent) and ask them to match the premium provided by Midwest Employers and then asked for a 10% lower option.

The next topic discussed was the Package Policy on page 13. Maria advise that the City moved over to Berkley (Gemini) back in 2023-2024 and took a reduction in premium. There are no changes in coverage or retention.

Maria then explained the program structure and stated that there are no changes to the structure for 2025. Board Member Rob Lasa asked about the limit per occurrence for liability being \$4.65M as opposed to 4.5M. Maria Perez replied that it depends on what the city chooses based on the SIR. For every claim that comes into the city \$350,000 is retained by the city and then insurance covers up to \$4.65M for a total of \$5M. Board Member Lasa asked about breaking down the cost. However, Maria Perez explained that it may not give the best return because certain companies are willing to provide better pricing in one quote. The Board requested that Maria to back to receive quotes with lower retentions.

Next topic was Cyber Liability on page 14. Currently the city coverage is with Crum and Forster. Gallagher did go out to the market and found a another coverage company by the name of Trium who is offering \$2M Aggregate with \$50,000 comparable to Crum & Forster at a lower premium.

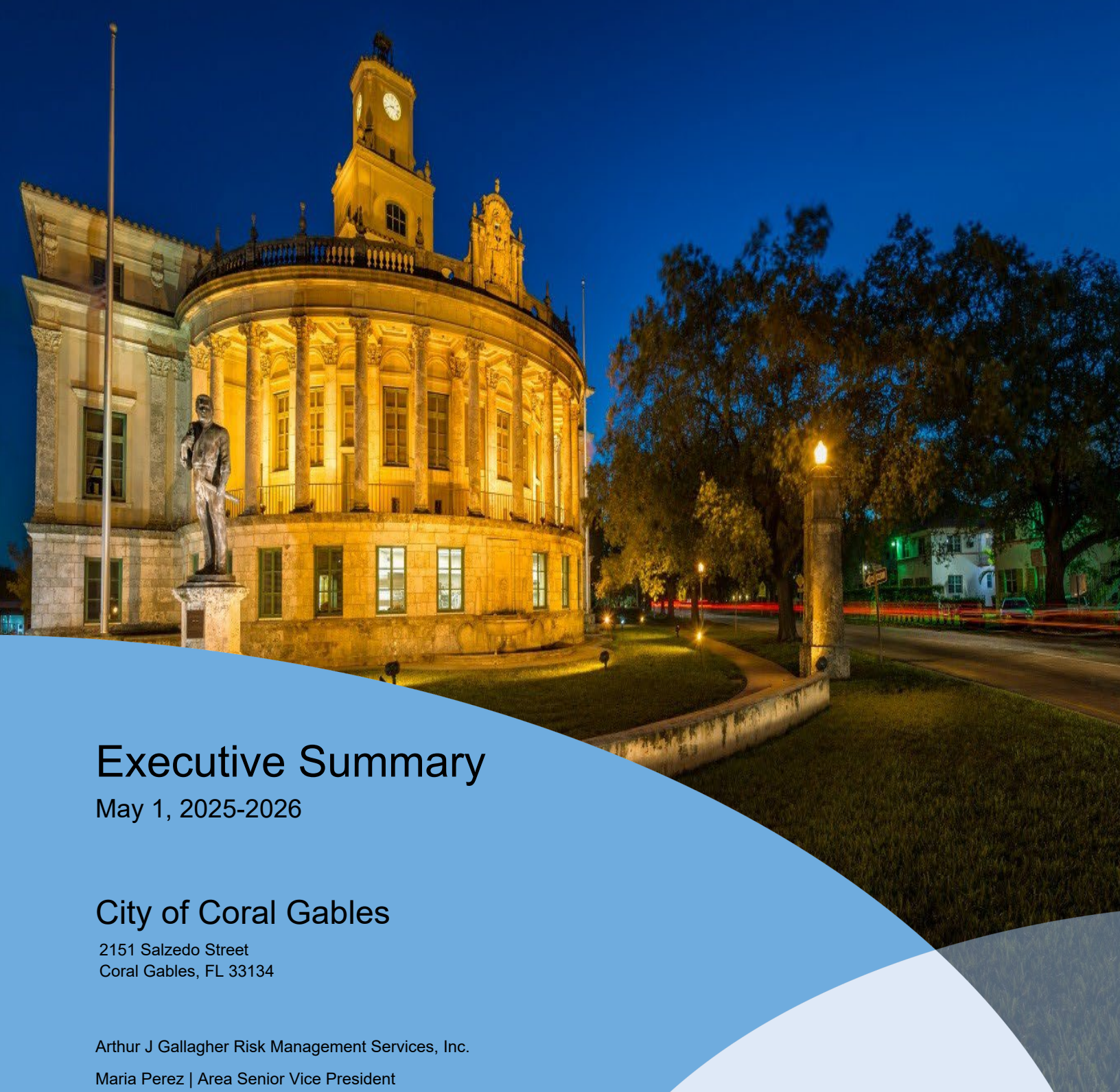
Board was informed that because of the elections, there would be no commission meeting in April and therefore, approval of the insurance would go before the commission during the March 11th meeting. Because we would not have the final premium by March 11th since the City's policy period does not start until May 1st, the board was informed that we would go before commission with a not to exceed number and with the terms discussed during the meeting. The board had no objection. The board agreed to meet again in April before the City binds the insurance to receive the final premiums.

OLD BUSINESS: NONE

MEETING ADJORNED: 9:05 AM

Motion by: Paul Susz / **2nd Motion:** Rob Lasa at 9:05 a.m.

Exhibit 1



Executive Summary

May 1, 2025-2026

City of Coral Gables

2151 Salzedo Street
Coral Gables, FL 33134

Arthur J Gallagher Risk Management Services, Inc.

Maria Perez | Area Senior Vice President
Maria_Perez@ajg.com | 305.639.3136

Ampy Jimenez | Area Vice President
Ampy_Jimenez@ajg.com | 305.716.3293

February 28, 2025



ajg.com

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Gallagher

Insurance | Risk Management | Consulting

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Introduction

Thank you for this opportunity to present your renewal proposal program options and recommendations for your May 1st Insurance Renewal. This Executive Summary is a shorter version of your proposal and is intended to summarize the highlights and point you to any decisions that need to be made prior to binding. We highlight each **CORE360®** cost driver, beginning with Insurance Premiums and ending with Contractual Liability. This will not only organize the document but ensure that we are deliberate in driving value to each of your six cost drivers which represent your total cost of risk. It also follows the decisions made and action items we discussed in our Strategic Review; which serves as the basis for this proposal. We know that you have a choice and we appreciate your business and continued support.



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.

Name/Title	Phone	Email	Role
Primary Service Team			
Maria Perez Area Senior Vice President	(305) 592-6090	Maria_Perez@ajg.com	Broker- Team Leader
Ampy (Cabrera) Jimenez CPIA CISR Elite Area Vice President	(786) 331-1269	Ampy_Jimenez@ajg.com	Broker- Marketing Director
Kathy Hill, CIC Client Service Manager Senior	(561) 998-6785	Kathy_Hill@ajg.com	Client Service Manager
Bridgette Geist, CLCS Client Service Manager	(561) 998-6771	Bridgette_Geist@ajg.com	Client Service Manager
Kevin Housholder Client Service Associate	(305) 333 8222	kevin_housholder@ajg.com	Technical Assistant
Claims Management			
Scott Clark Claims Advocate Senior, Area Vice President	(561) 998-6815	Scott_Clark@ajg.com	Senior Claims Advocate
Loss Control			
Jim Smith Regional Risk Control Leader	(561) 998-6809	Jim_Smith@ajg.com	Regional Risk Control Leader

Insurance Premiums

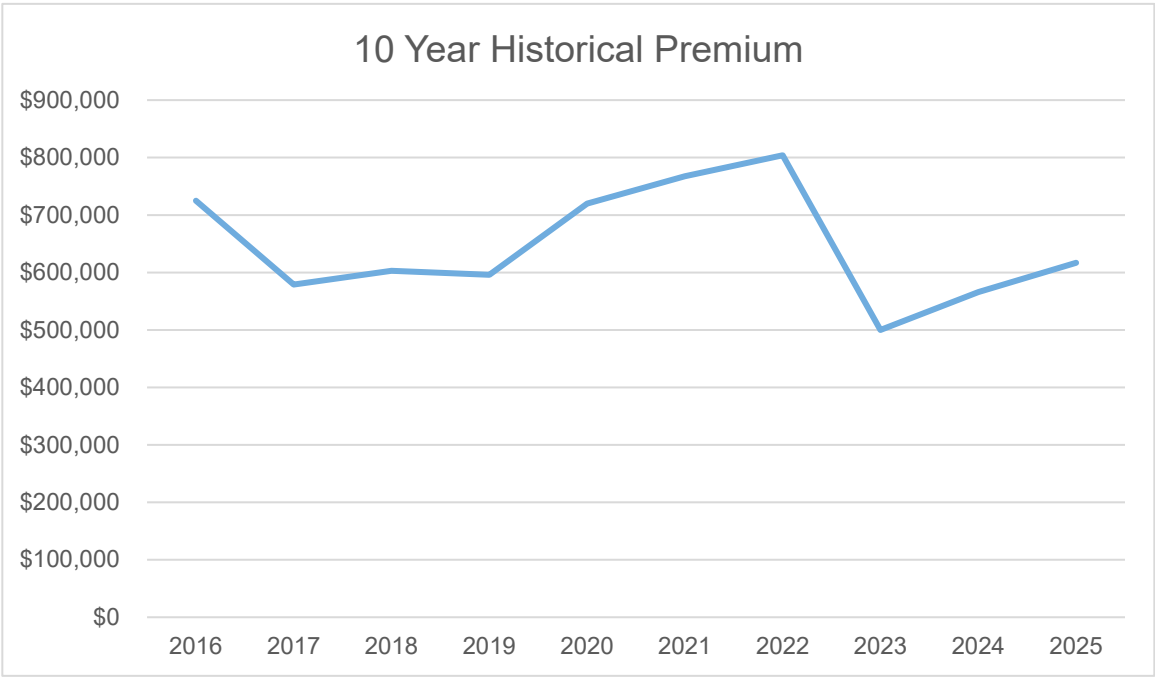
Premium results from Incumbent Carriers

Policy Type	Carrier	2023-2024	2024-2025	2025-2026	Change %	Comments
Property	Various	\$2,779,657	\$2,455,692	\$2,236,781	-9%	2023 Premium represents 19% quota share by City 2024 and 2025 Premium represents 100% placement.
Excess AOP only xs 25M xs 50M	Various	\$25,000	\$30,000	\$30,000	0%	
Excess AOP only TIV xs \$75M		Not Purchased				Layer not Purchased in 2023
Property SUBTOTAL		\$2,804,657	\$2,485,692	\$2,438,264	-9%	
Package	Berkley	\$500,000	\$566,000	\$617,000	9%	Premium increase due to exposure increase - Gross Operating Exposure 6.9% Increase and Payroll increase .6%
Excess WC	Arch	\$154,821	\$166,771	\$164,954	-1.1%	Payroll increased by .6%. New carrier 2025 – Midwest Employers Casualty Company
Equipment Breakdown	Travelers	\$11,503	\$14,792	\$14,207	-4%	
Business Travel	Hartford	\$750	\$750	\$750	0%	2 year Annual Installment \$750 annually, \$1,388 2 year pre- paid
ADD Police and Fire	Hartford	\$12,053	\$12,053	\$12,713	5.5%	2 year Annual Installment \$13,039 annually, \$24,121 2 year prepaid Increase due to increased exposure
Diana Gomez Bond	Hartford	\$1,138	\$1,138	\$1,138	0%	
Bond Golf and Country Club	Hartford	\$250	\$250	\$250	0%	
Bond Health Studio Bond	Hartford	\$250	\$250	\$250	0%	
Bond War Memorial	Hartford	\$250	\$250	\$250	0%	
Bond Youth Center Health Studio	Hartford	\$250	\$250	\$250	0%	
Pollution Liability	Ascot	\$34,500	N/A			Pending
Crime	Hanover	\$9,561	\$9,657	\$9,908	2.6%	
Accident Sports	Zurich	\$9,410	\$9,780	\$11,996	22.7%	Increase due to participants exposures increasing 22.7%
Cyber Liability	C&F	\$59,614	\$55,633	\$45,000	-8.6%	New Carrier 2025 – Trium/Lloyds
Terrorism Property & Liability	McGowan	\$26,000	\$20,915	\$20,915	0%	
Deadly Weapon Protection	McGowan	\$10,903	\$11,004	\$11,140	<1%	Option to add Off-Premise coverage. Est. Additional Premium \$2,800.
Flood	Voyager	\$97,751	\$114,911	\$135,450	17.9%	
Fine Arts****		Included in Package				
EMPA, FEES & TRIA		\$2,818	\$1,152	\$1,200		
Broker Fee		\$90,000	\$90,000	\$90,000	0%	
Total Cost of Program		\$3,825,979	\$3,560,748	TBD		

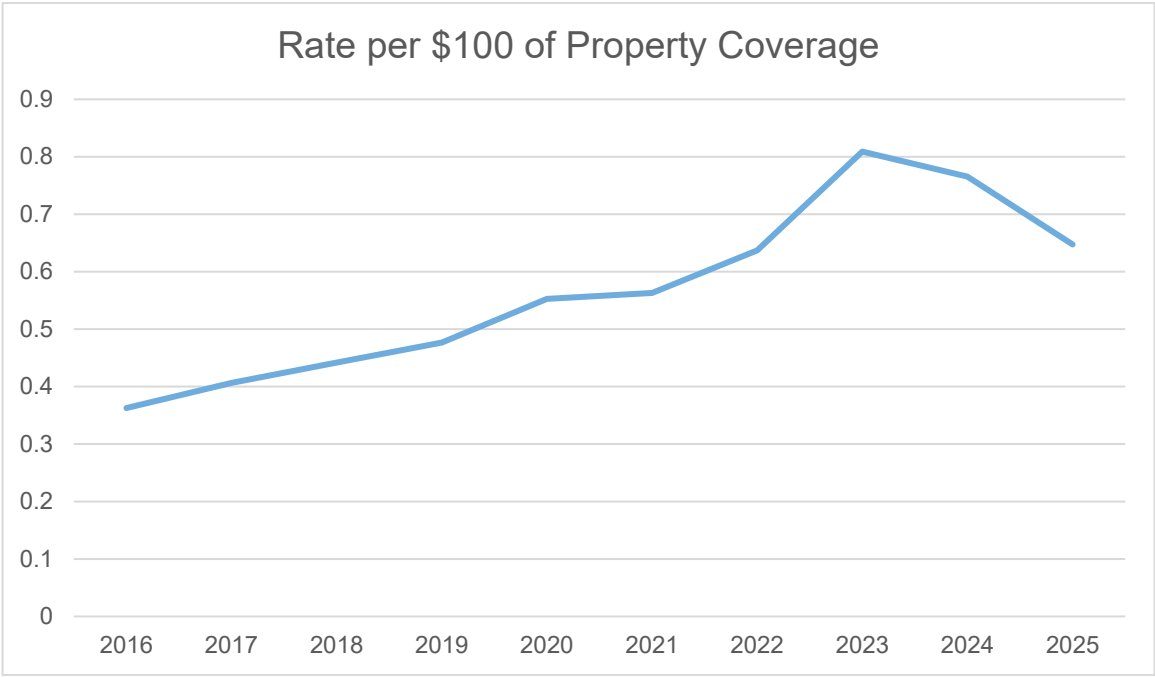
2025 New/Different Options

Policy Type	Carrier	Option	Premium	Notes
Equipment Breakdown	Travelers - (incumbent)	\$250,000,000;1,000 Deductible	\$13,997	Same as expiring term - Travelers this year has sublimited the following Water Damage at \$500,000, Drying Out at \$100,000. EB T3 94 Excavation Coverage lowered to \$100,000.
Equipment Breakdown	HSB	\$250,000,000;1,000 Deductible	\$24,000	Indication only
Equipment Breakdown	Liberty	\$250,000,000;1,000 Deductible	\$20,000	Indication only
Cyber Liability	Crum & Forster – (incumbent)	\$2M/\$2M/\$50K SIR	\$50,840	Same as expiring terms
Cyber Liability	Trium	\$2M/\$2M/\$50K SIR	\$45,000	Indication only
Cyber Liability	Trium	\$3M/\$3M/\$50K SIR	\$60,000	Indication only
Cyber Liability	Trium	\$5M/\$25/\$50K SIR	\$87,500	Indication only
ADD Police/Fire	Hartford		\$750	2 Year annual Installment policy Same as expiring term
Business Travel	Hartford		\$12,713	2 Year annual Installment policy Same as expiring term
ADD Police/Fire	AIG		Pending	
Business Travel	AIG		Pending	
Crime	Hanover – (incumbent)	\$5M Limit; \$50K Deductible	\$9,908	Same as expiring terms
Crime	Travelers	\$5M Limit; \$50K Deductible	\$9,133	Same as expiring terms
Private Flood	Voyager – (incumbent)	Scheduled locations (23) Deductible \$25k (RCV Valuation)	\$114,911	Same as expiring terms.
Excess WC	Arch – (incumbent)	Limits: Statutory / \$1M EL; SIR: \$1M	\$166,771	Two year rate commitment - 2024 rate increase is 1%. Payroll increase 7% \$88,519,463
Excess WC	Midwest Employers Casualty	Limits: Statutory / \$1M EL; SIR: \$1M	\$148,121	Quoted
Excess WC	Midwest Employers Casualty	Limits: Statutory / \$1M EL; SIR: \$750K	\$164,954	Quoted
Package	Berkley – (incumbent)	Limit \$4,650,000 xs \$350K SIR.	\$566,000	Same as expiring terms
Pollution Liability	Ascot – (incumbent) 2 year prepaid	Limit \$2M/ \$4M Aggregate; \$25K Retention / 2 Year Policy term	Pending	2 Year Term; Coverage is applied over two year term.
Terrorism Property and Liability	London/AJG UK	Limit \$100M aggregate; Liability \$2.5M; Deductible \$10K		
Deadly Weapon	London/AJG UK	Limit \$1M aggregate; Deductible \$TBD		
Terrorism Property & Liability	London/McGowan (incumbent)	Limit \$100M aggregate; Liability \$2.5M; Deductible \$10K	\$20,915	Same as expiring terms
Deadly Weapon	London/McGowan (incumbent)	Limit \$1M aggregate; Deductible \$2,500	\$11,140	Same as expiring terms
Deadly Weapon	London/McGowan	Option to add Off-Premises coverage	\$2,800	Estimated Additional Premium

10 Year Historical Package Premium and Property Rates



Policy Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Premium	\$725,000	\$579,000	\$603,000	\$596,000	\$720,000	\$767,500	\$804,000	\$500,000	\$566,000	\$617,000



Policy Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Property Rate	0.3627	0.4065	0.4419	0.4768	0.5527	0.563	0.637	0.809	0.7192	.0647

Marketing Summary

Line of Coverage	Carrier	Response
Public Entity Package		
	Berkley (incumbent)	Quoted
	Munich Re	pending
	Euclid	pending
	Ambridge (Brit)	Declined - unable to compete on pricing
	Safety National	Declined – unable to quote without XSWC
	Old Republic	Declined – unable to compete on pricing
	Egis	Declined to quote due to the Law Enforcement exposure.
Excess Workers Compensation		
	Arch – (incumbent)	Quoted – 2 year rate guarantee
	Chubb	Declined - \$200K Minimum Premium
	Midwest Employers Casualty	Quoted
	Ascot	Declined – excludes police and fire
Equipment Breakdown		
	Travelers	Quoted
	Liberty	Not Competitive
	HSB	Not Competitive
ADD Business Travel		
	Hartford – (incumbent)	2 year prepaid policy
	AIG	Pending
Bond		
Finance Director	Hartford – (incumbent)	Quoted
Golf and Country Club Health Studio	Hartford – (incumbent)	Quoted
War Memorial Youth Center Health Studio	Hartford – (incumbent)	Quoted
Pollution Liability		
	Ascot	Pending
Crime		
	Hanover –(incumbent)	Quoted
	Travelers	Quoted
	Chubb	Not Competitive - Price
	Great American	Not Competitive - Price
	Ironshore	Declined - Not competitive on Price
ADD Sports		
	Zurich – (incumbent)	Quoted
	AIG	Pending
	Arch	Pending
	Berkley	Pending
	Crum & Forster (US Fire)	Pending
	Everest	Pending
	Guarantee Trust Life	Pending
	Great American	Pending
	The Hartford	Pending
	Mutual of Omaha	Pending
	Philadelphia	Pending
Cyber Liability		
	Crum & Forster – (incumbent)	Quoted
	Trium (Lloyds)	Quoted
Terrorism Property & Liability & Deadly Weapon Protection		
	AJG UK	pending Terrorism
	AJG UK	pending Deadly Weapon
	Lloyds/McGowan(incumbent)	Quoted Terrorism
	Lloyds/McGowan(incumbent)	Pending Deadly Weapon

Line of Coverage	Carrier	Response
Flood		
	Voyager	Quoted
	RSUI	Pending
	Lexington	Reviewing
	Floodwatch	Reviewing
	reThought	Declined
	RPS Flood Program	Declined
Property		
	Markel	TBD
	Ironshore	TBD
	Arch	TBD
	Westfield	TBD
	Hallmark	TBD
	Aspen	TBD
	Eagle	TBD
	Intact	TBD
	Beazley	TBD
	Kemah Capital	TBD
	Waypoint	TBD
	Arrowhead	TBD
	AXIS	TBD
	Berkshire Hathaway	TBD
	Canopus Underwriting Agency, Inc	TBD
	Core Specialty Insurance Holdings, Inc	TBD
	C.N.A.	TBD
	Crum & Forster	TBD
	Great American XS	TBD
	Lexington Insurance Company	TBD
	Lancashire	TBD
	Mitsui Sumitomo	TBD
	Paragon	TBD
	Risk Smith	TBD
	R.B. Jones Property	TBD
	RSUI	TBD
	Swiss Re E&S	TBD
	Westchester	TBD
	XL Insurance	TBD
	James River Insurance Company	TBD
	AWAC	TBD
	Everest	TBD
	Starr Specialty	TBD
	CoAction	TBD
	Ethos	TBD
	Munich E&S	TBD
	Navigators/Hartford	TBD
	Kinsale	TBD
	Canopus	TBD
	RLI	TBD
	Zurich	TBD

Exposure Summary

Exposures	2024-2025	2025-2026	% Change
Gross Operating Expenditures	\$260,900,000	\$279,060,000	6.9%
Number of Employees (FT & PT & Seasonal)	1,134	1,023	-9.8%
Number of Autos	696	698	.3%
Payroll	\$88,519,463	\$89,068,252	.6%
Armed Officers	213	210	-1.4%
Population	49,193	49,353	.3%
TIV	\$345,607,823	\$345,555,072	-.02%
Rate per \$100	\$0.7192	0.6473	-9%
Sports Program number of participants	13,774	16,896	22.7%

Schedule of Values	2024-2025	2025-2026	% Change
Building	\$286,408,101	\$286,408,101	0%
Contents	\$14,298,322	\$14,298,322	0%
Vehicles	\$18,436,967	\$18,436,967	0%
Golf Carts	\$179,433	\$179,433	0%
BI	\$5,285,000	\$5,285,000	0%
EDP	\$14,000,000	\$14,000,000	0%
EDP EE	\$2,000,000	\$2,000,000	0%
Account Receivable	\$1,000,000	\$1,000,000	0%
Fine Arts	\$3,500,000	\$3,447,249	-1.5%
Valuable Papers	\$500,000	\$500,000	0%
Pump Stations	Included	Included	
Fountains	Included	Included	
Seawalls & Docks	\$3,904,250 (included above)	\$3,904,250 (included above)	0%
Total	\$345,607,823	345,555,072	-.02%

Definitions:

- **Fine Arts** mean paintings; etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, statuary, sculptures, antique furniture, antique jewelry, bric-a-brac, porcelains, and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money and securities. Fine Arts does not mean and does not include any item which would qualify as Valuable Papers and Records.

- **Valuable Papers and Records** means documents that are written, printed, or otherwise inscribed. These include:

1. Books, manuscripts, abstracts, maps and drawings; film and other photographically produced records, such as slides and microfilm;
2. Legal and financial agreements such as deeds and mortgages;
3. Addressograph plates; and
4. Any electrically produced data such as printouts, punched cards, tapes or discs.

Valuable Papers and Records does not mean money and securities and converted data, programs or instructions used in data processing operations, including the materials on which the data is stored. Valuable Papers and Records does not mean and does not include any item which would qualify as Fine Arts.

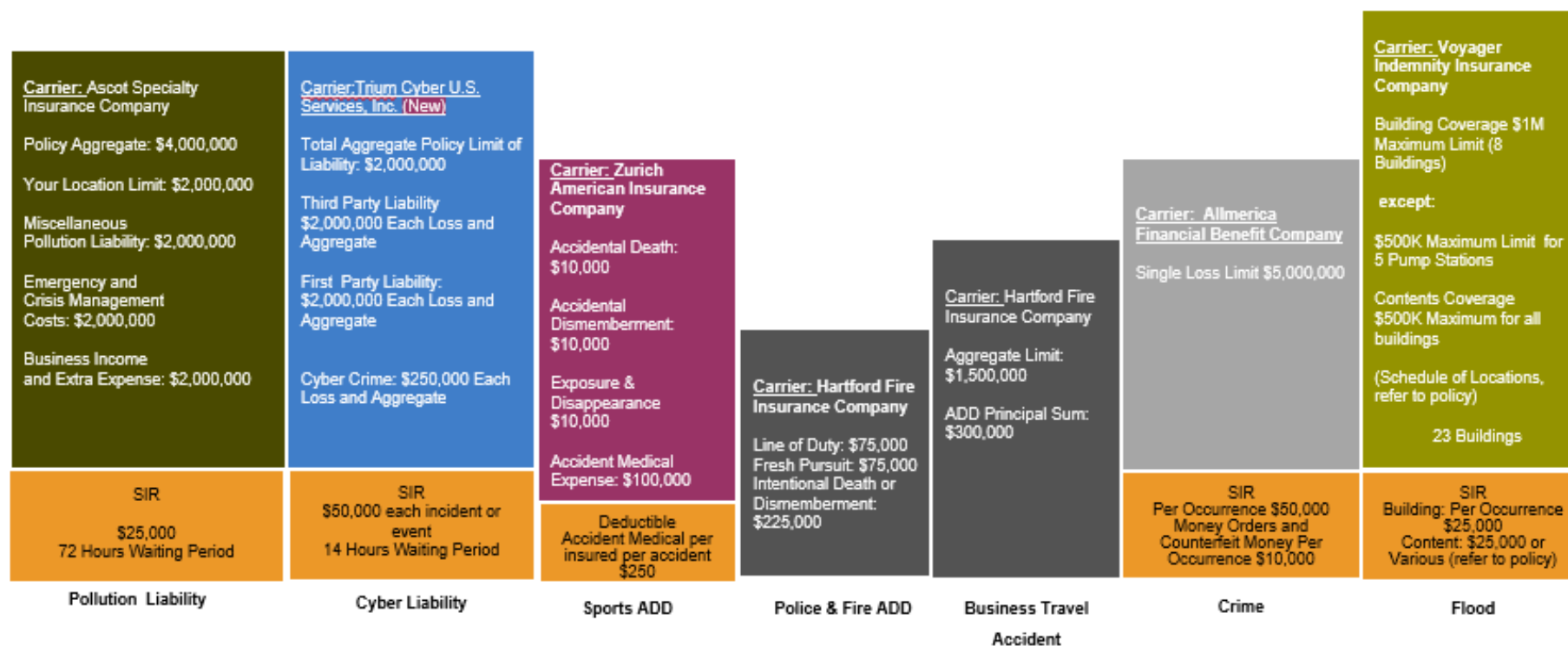
Program Structure 2025

\$50MM Named Windstorm Limit \$25MM xs \$50MM All Other Perils Limit				
\$25M xs \$50M per Occurrence Perils: All Risk of Direct Physical Loss or Damage Excluding Flood, Earth Movement, and Windstorm or Hail associated with Named Storm 115% margin clause	Carrier: Certain Underwriters at Lloyd's Property Aggregate \$100,000,000 Liability Aggregate \$25,000,000 Deadly Weapon Protection Limit \$1,000,000	Carrier: Travelers Property Casualty Company Total Limit \$250,000,000	Carrier: Gemini Insurance Company <ul style="list-style-type: none"> General Liability \$4,650,000 per occurrence \$8,000,000 Annual Aggregate Includes: Law Enforcement Activities \$4,650,000 Each Wrongful Act and \$4,650,000 Annual Aggregate Automobile Liability \$4,650,000 per occurrence Public Officials, Employment Practices & Employee Benefits Liability * \$4,650,000 per Claim \$5,300,000 Annual Aggregate. Includes: Limited Sexual Misconduct Incident Liability* \$4,650,000 Each Claim and Annual Aggregate Crisis Management Expense \$35,000 Each Crisis Event and \$35,000 Annual Aggregate * Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits	Carrier: Midwest Employers Insurance Group (New) Excess Workers Compensation: Statutory Employers Liability: \$1,000,000 Each Accident / Each Employee for disease or cumulative injury Retention: \$750,000
\$25MM XS \$25MM per Occurrence Perils: Peril Risk of Direct Physical Loss or Damage Excluding Flood, Earthquake and Equipment Breakdown Blanket				
First Excess Layer \$15MM XS of \$10MM Per Occurrence Peril Risk of Direct Physical Loss or Damage Excluding Flood, Earthquake and Equipment Breakdown Blanket				
\$10MM in any Occurrence Primary Property XS Deductible Perils: All risks of Direct Physical Loss or Damage including Flood and Earth Movement, excluding Boiler and Machinery Blanket				
Deductibles: -\$100,000 per Occurrence All Other Perils -72 -Hour waiting for Time Element -\$100,000 Earthquake -Flood \$100,000 Excess Maximum NFIP Limit available for Special Flood Hazard Areas for Special Flood Hazard Areas (Prefix A or V) -5% of Total Insured Values affected at per unit subject to \$250,000 per occurrence minimum Flood as a result of Named Windstorm -5% of the replacement cost value of each unit of insurance as per schedule on file subject to a min deductible of \$250,000 per occurrence per occurrence in respect to Named Windstorm and Hail -\$100,000 per occurrence All Other Windstorm of Hail	Property Deductible \$0	Deductible \$1,000 4 Hours Waiting Period	SIR Per Occurrence \$350,000	SIR Per Occurrence \$750,000
Property Including Pumps & Fountains	Property & Liability Terrorism	Boiler & Machinery	Public Entity Liability	Workers' Compensation

Please note that coverages are not drawn to scale and actual policy verbiage should be consulted for coverage terms and conditions

City of Coral Gables

Ancillary Lines



Please note that coverages are not drawn to scale and actual policy verbiage should be consulted for coverage terms and conditions

Renewal Results

Package

The incumbent carrier is Gemini (Berkley). They have offered a renewal quote with 9% premium increase, while Gross Operating Exposure 6.9% Increase and Payroll increase 6%. Overall loss cost trends continue to increase due to social and standard inflation trends.

Other markets were approached and we are pending responses.

	2023-2024 Ambridge Renewal	2023-2024 Ambridge	2023-2024 Gemini Insurance Co (Berkley)	2024-2025 Gemini Insurance Co (Berkley)	2025-2026 Gemini Insurance Co (Berkley)
Premium	\$880,000	\$778,000	\$500,000	\$566,000	\$617,000
WC TRIA	\$3,050	Not Covered	Not Covered	Not Covered	Not Covered
Liability Limit	\$4,650,000	\$4,650,000	\$4,650,000	\$4,650,000	\$4,650,000
Workers' Compensation (WC) and Employers Liability (EL) Limit	\$500,000	Not Covered	Not Covered	Not Covered	Not Covered
Retention (SIR)	\$350,000 Liability \$500,000 WC/EL	\$350,000 Liability	\$350,000 Liability	\$350,000 Liability	\$350,000 Liability
(+/-) Difference %	9%	-3%	-38%	13%	9%

Excess Workers' Compensation

The incumbent carrier Arch Insurance Company offered the renewal quote. We are currently in a two year rate guarantee with a cap of a 2.5% rate increase. After negotiating we were able to secure a flat rate, the premium increase is due to the .6% increase in payroll.

We received optional quotes please see the premium comparison below.

Midwest Casualty also offered 2-year policy where the rate is flat year over year. There is no underwriting between year 1 and 2 and no submission would be needed.

	2022 Safety National	2023 Arch Insurance Company	2024 Arch Insurance Company	2025 Arch Insurance Company	2025 Midwest Employers Casualty Company	2025 Midwest Employers Casualty Company
Premium	\$172,305	\$154,821	\$166,771	\$167,805	\$148,121	\$164,954
Limit	WC – Statutory Employers Liability - \$1,000,000	WC – Statutory Employers Liability - \$1,000,000	WC – Statutory Employers Liability - \$1,000,000	WC – Statutory Employers Liability - \$1,000,000	WC – Statutory Employers Liability - \$1,000,000	WC – Statutory Employers Liability - \$1,000,000
Retention	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$750,000
(+/-) Difference %		-10%	8%	.6%	-11.2%	-1.1%

Midwest Two Year options:

\$750K Retention Premium \$329,908

\$1M Retention Premium \$296,242

Cyber Liability

The incumbent carrier Crum & Forster has offered the renewal quote per the expiring limits and retention. The expiring limit is a \$2,000,000 Aggregate with \$50,000 Retention (Cyber Engineering is \$250k sublimit). We received other non-bindable indications from Trium that are shown below. *Trium subjectivity must be cleared prior to binding.*

	2022-2023 Corvus	2023-2024 Crum & Forster	2024-2025 Crum & Forster	2025-2026 Crum & Forster	Option 2025-2026 Trium
*Premium	\$79,596	\$59,614	\$55,633	\$50,840	\$45,000
Aggregate Limit	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Retention (SIR)	\$150,000	\$50,000	\$50,000	\$50,000	\$50,000
(+/-) Difference %		-25%	-7%	-8.6%	-19.1%

*Premiums do not include surplus lines tax or fees.

Optional Indications: Subjectivity must be cleared before binding Trium – Does client resolves critical patches within 1-3 days. If not it may affect the premium quoted.

Cyber Liability	Trium	\$2M aggregate / \$50k SIR Cyber Engineering \$500k	\$45,000	Indication
Cyber Liability	Trium	\$3M aggregate / \$50k SIR Cyber Engineering \$500k	\$60,000	Indication
Cyber Liability	Trium	\$5M aggregate / \$50k SIR Cyber Engineering \$500k	\$87,500	Indication

*Premiums do not include surplus lines tax or fees.

Property

We went out to market for your Property renewal and are pleased to be able to reflect a premium decrease. Commercial property insurance rates stabilizing across the country as more carriers are coming into the property space. By restructuring and adding new carriers we have been able to save an average of 15% in premium.

Exposures and Terms	2023	2024	2025	Change %
Total Insured Value	\$346,507,215	345,607,823	\$345,555,072	-.02%
Deductible	\$100,000 AOP	\$100,000 AOP	\$100,000 AOP	
Maximum Cap deductible	no CAP	no CAP	no CAP	
Valuation	Blanket – except layer \$25M xs \$25M - Westfield 105% Margin Clause	Blanket – except layer \$25M xs \$50M has a 115% margin clause	Blanket – except layer \$25M xs \$50M has a 115% margin clause	
Quota Share	19% in Layer \$25M xs \$25M	N/A	N/A	
Layers and Premiums				
Property Primary \$50M Named Windstorm and AOP	\$2,779,656	\$2,455,692	\$2,236,781	-1.9%
Property Excess 1 AOP only xs 25M xs 50M	\$25,000	\$30,000	\$30,000	0%
Property Excess 2 AOP only TIV xs \$75M	Not purchased	Not purchased	Not purchased	
Total	\$2,804,656	\$2,485,692	\$2,266,781	-9%
Rate	0.81	0.74	0.65	-9%

Notes:

- ✓ \$25M xs \$50M AOP only – has a 115% margin clause

We realize there is other deductibles applicable to the Program. Please see below 2025 Deductibles.

- \$100,000 Per Occurrence, All Perils.
Except as noted below:
- \$100,000 Per Occurrence, except excess maximum National Flood Insurance Plan (NFIP) 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)
- \$100,000 Per Occurrence All Other Windstorm or Hail except; 5% of Total Insured Values affected per Unit of Insurance, subject to a minimum of \$250,000 per occurrence
- \$100,000 Per Occurrence Automobile Physical Damage Comprehensive and Collision
- 72 Hours -Time Element

WIND MODELING

RMS

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Loss Amplification

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	168,660,830	10,937,423	160,502,014
0.020%	5,000	135,766,260	9,890,224	128,238,050
0.100%	1,000	70,904,804	7,419,995	65,564,046
0.200%	500	50,782,363	6,059,206	46,245,331
0.400%	250	34,870,744	4,448,699	30,873,183
1.000%	100	18,791,002	3,232,726	15,382,246
2.000%	50	9,751,088	2,378,642	6,983,846
4.000%	25	3,483,512	1,524,093	1,757,927
10.000%	10	216,088	217,922	3,252
20.000%	5	848	116	6
Average Annual Loss		745,723	174,386	571,338
Standard Deviation		5,305,905	690,520	4,797,215

**Note: loss amounts stated above use the RMS Stochastic Event Rate Set

AIR

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Loss Amplification

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	144,570,440	13,724,727	130,845,713
0.020%	5,000	143,301,554	13,438,143	129,863,411
0.100%	1,000	73,913,989	10,855,909	63,058,080
0.200%	500	53,906,780	9,089,712	44,782,388
0.400%	250	40,116,100	8,140,972	31,834,864
1.000%	100	22,540,812	5,765,085	16,729,362
2.000%	50	12,437,775	3,870,753	8,646,609
4.000%	25	5,552,313	2,053,230	3,459,354
10.000%	10	1,169,526	514,434	650,962
20.000%	5	164,842	93,021	72,071
Average Annual Loss		1,023,780	289,468	734,311
Standard Deviation		5,663,364	1,109,149	4,660,174

**Note: loss amounts stated above use the AIR Warm Sea Surface Temperature Conditioned 10K Hurricane Event Set

Flood

Your incumbent carrier Voyager Indemnity provided the renewal quote as per current schedule (eligible buildings that have secured roof and 4 walls).

	2022-2023	2023-2024	2024-2025	2025-2026
Carrier	Voyager	Voyager	Voyager	Voyager
# of Locations	10 locations	23 Locations	23 Locations	23 Locations
Valuation	RCV	RCV	RCV	RCV
Premium	\$9,720	\$97,751	\$114,911	\$135,450
Valuation	Scheduled Limit	Scheduled Limit	Scheduled Limit	Scheduled Limit
Limit	maximum per building \$500K and \$500K for Content	Per Schedule, maximum per building \$500K Limit except \$1,000,000 for 8 buildings. Maximum \$500K for Contents – per schedule	Per Schedule, maximum per building \$500K Limit except \$1,000,000 for 8 buildings. Maximum \$500K for Contents – per schedule	Per Schedule, maximum per building \$500K Limit except \$1,000,000 for 8 buildings. Maximum \$500K for Contents – per schedule
(+/-) Difference %		906%	18%	17.8%

Bonds

We have received the renewal letter for three bonds. The premium is the same as last year.

Bond Name	2024	2025	Renewal vs. Expiring $\Delta\%$
Finance Director – Diana M Gomez	\$1,138	\$1,138	0%
Golf and Country Club Health Studio	\$250	\$250	0%
War Memorial Youth Center Health Studio	\$250	\$250	0%

Accidental Death and Dismemberment Police and Fire and Business Travel

The policies below are being offered two year terms

Policy Type	2023-2025 Annual Premium	2025-2027 Annual Premium	Renewal vs. Expiring $\Delta\%$	Notes
ADD Police and Fire	\$12,053	\$12,713	5.5%	2 year annual installments as incumbent
Business Travel	\$750	\$750	0%	2 year annual installments as incumbent

Accidental Death and Dismemberment Sports

The incumbent carrier Zurich offered the competitive quote. The premium has increased by 22.67% due to an increase in exposure. No changes to the plan design.

2024	2025	Renewal vs. Expiring $\Delta\%$
\$9,780	\$11,996	22.67%

Equipment Breakdown

The incumbent carrier Travelers has offered the renewal premium. Travelers this year has sublimited the following Water Damage at \$500,000, Drying Out at \$100,000. EB T3 94 Excavation Coverage lowered to \$100,000. They still remain to be the most competitive carrier.

	2024	2025	Renewal vs. Expiring $\Delta\%$
Premium	\$14,646	\$14,207	-4%
State Surcharges	\$146	\$139	-6.8%

Crime

We have received the Crime quote from the incumbent carrier Hanover. The premium and surcharges have increased by 1%.

	2022-2023 Travelers	2023-2024 Hanover	2024-2025 Hanover	2025-2026 Hanover	2025-2026 Travelers
Premium	\$11,637	\$9,561	\$9,561	\$9,810	\$9,106
Surcharges	\$19.40	\$191.22	\$95.61	\$98.10	\$26.67
Limit	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Retention (SIR)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
(+/-) Difference %		-16%	-1%	1.6%	-4.8%

Pollution Liability

Two Year Prepaid with Ascot.

	2022-2023 AXA XL	2023-2025 Ascot	2025-2026
Premium	\$23,900	\$34,500	Pending
Policy Term	1 year	2 year- Prepaid	
TRIA	\$239	\$1,035	
Policy Aggregate Limit	\$4,000,000	\$4,000,000	
Legal Expense	Not Included	Not Included	
Covered Location Pollution Liability	\$2,000,000	\$2,000,000	
Emergency and Crisis Management Costs	\$500,000 Per Occurrence and Aggregate	\$2,000,000	
Contingent Transportation	\$2,000,000	Included under Covered Location Pollution Liability	
Non-Owned Disposal Site	\$2,000,000	Included under Covered Location Pollution Liability	
Business Income and Extra Expense	Not Included	\$2,000,000	
Retention (SIR)	\$25,000	\$25,000	
Waiting Period (Income and Extra Expense)	Not Included	72 Hour	
Mold	Excluded	Excluded	
Retro Date	Refer to policy	N/A- pre-existing conditions are covered	
Locations covered	Schedule of high exposure locations	All locations on SOV	

Ascot- important policy notes:

- Coverage is considered for both pre-existing and new conditions. No schedule of covered locations OR retro date applies, effectively broadening coverage.
- Ascot have followed suit from the expiring [AXA] policy with respects to specific exclusions related to Metals, PAHs, Lead, Arsenic, VOCs, SVOCs related to the Coral Gable golf course and the location at 2800 SW 2nd Ave. unless any/all relevant environmental reports for the golf course are provided Phase I/II reports if they're available, certainly any NFA documentation would be ideal.
- UST's are only required to be scheduled for the financial responsibility. AST's are covered under the policy and do not need to be scheduled. Financial responsibly is given for schedule USTs a binding condition. Ascot will need to have some evidence of tank tightness testing.

Examples of high exposure locations:

- Pump Stations
- Fire Stations
- Safety Buildings
- Maintenance Facilities

Terrorism and Deadly Weapon Protection

The incumbent carrier Lloyds of London through McGowan, has offered the renewal for this term based on the expiring terms, \$100,000,000 aggregate limit / \$0 deductible. Terrorism premium is flat – no increase.

The incumbent carrier Lloyds of London through McGowan, had offered the renewal for this term based on the expiring terms, \$1,000,000 /\$,2500 deductible. Deadly Weapon Protection premium increase is less than 1%.

Note, Off-Premises coverage is available for an additional premium.

“OFF-PREMISES COVERAGE” endorsement provides coverage for the Named Insured’s Employees while acting within the scope of their employment at a location other than the *Insured’s Premises*. It is available for 25% additional premium.

“INSURED PREMISES” are the locations listed on the SOV submitted for the renewal.

Other markets were approached and we are pending responses.

	2023 London	2024 McGowan Expiring	2025 McGowan	Renewal vs. Expiring Δ%
Terrorism Property & Liability	\$26,000	\$20,915	\$20,915	0%
Deadly Weapon Protection	\$10,903	\$11,004	\$11,140	<1%
Deadly Weapon Off-Premises	Not covered	Not covered	\$2,800	Additional premium

US Public Sector & K-12 Education Market Addendum

May 2024

Gallagher captures meaningful data about every line of coverage for our clients, and we publish a report on market conditions several times each year. The Gallagher Insurance Market Report of March 2024 can help public sector and K-12 education clients think about the broader environment that shapes the insurance market. This addendum will reference key takeaways from the general market report and provide more specific detail on public sector market conditions.

Based upon our experience placing insurance for public entities of all types and sizes for more than 50 years, we know that insurance conditions for public agencies vary from general market conditions. There are fewer markets willing to write public sector business, which creates a lack of competition for both coverage and pricing. Many public entities struggle to meet underwriting criteria and may be challenged to provide accurate data; these factors also influence the availability and pricing of insurance. It is also true that public entities and K-12 schools operate under a mandate to provide services to the public, which limits their ability to curtail risky operations. Providing law enforcement protection, guarding the health and welfare of school children, delivering clean water, maintaining public roads, and firefighting are all examples of high-risk services delivered by the sector which must be managed and insured or financed. These factors, in addition to the expectations of the public and societal views of government, all contribute to the creation of a challenging insurance environment.

Property

Overall, the property market is stabilizing and gradually improving. The Gallagher Insurance Market Report of March 2024 stated that challenges within the commercial property market continue, but clients are likely to find more stability at renewal, with continued rate increases. This is certainly true for the public sector as well, although rate improvements are slower to materialize. Comparing the property rate changes for all clients and public sector clients (as of April 30, 2024) demonstrates the difference.

Property Rates	All Industries	Public Sector & K-12 Schools
Rate decrease	17.2%	15.5%
No change	3.2%	.3%
Rate increase	79.5%	84.2%

Key Issues

- Extreme weather events: Severe convective storms (SCS) were a significant driver of insured losses in 2023, and insured losses from natural catastrophes exceeded \$100 billion. It is likely carriers will continue to reevaluate their exposures to SCS, wildfire, and flood, among other perils.
- Data accuracy and information gaps: Inadequate renewal information, incomplete property inventories, and missing components of COPE data all contribute to poor renewal outcomes.
- Lack of updated property values: Many schools and public agencies struggle to keep up-to-date valuation records that adequately reflect the entity's property exposures. Carriers remain highly focused on insuring to appropriate values and inflation costs. Those with incomplete or inaccurate data are likely to experience increased pricing and less choice at renewal time.

- Alternative solutions: Although typically adverse to new, complicated or nontraditional risk financing solutions, a number of public entities are now considering creative buying strategies such as group purchasing, structured reinsurance, captives and parametric coverages.
- Preparation: It is important to start early, prepare thoroughly, and explore all options. Prices are still increasing for most, and there will still be tough renewals ahead.

“We believe climate change will continue to impact the property market for the foreseeable future, beyond the short term. Catastrophe models and Gallagher forecasts are helpful to run “what if” scenarios. We are also helping our public sector clients understand and budget for the changes in their deductibles for severe weather events.

Scott Thomason, Regional Director – Southeast Region
Gallagher Public Sector & K-12 Education Practice

Casualty/Liability

The Gallagher Insurance Market Report of March 2024 reported that a sensible casualty market is emerging, with median rate increases largely stabilizing. That is not the case across the public sector, however. A comparison of all industries to the public sector and K-12 school sector shows an even starker contrast in rate changes.

General Liability Rates	All Industries	Public Sector & K-12 Schools
Rate decrease	27.4%	12.3%
No change	17.4%	10.8%
Rate increase	55.2%	76.9%

Key Issues

- Adverse trends: The impact of social inflation, nuclear verdicts, and rising medical costs are key issues across all industries. Among public entities, there is also a rise in litigation funders, plaintiff advertising and event-driven litigation.
- Statute of limitations for SAM claims: The requirements for filing a sexual abuse and molestation (SAM) claim against a school vary state by state and are subject to change every year. Many states have extended the statute to allow decades-old claims to be brought forward; that number increases every year. Layer on top of that the differences in legal jurisdictions and jury awards, and a claim that could be settled for \$300,000 in one jurisdiction may be worth more than a million in another. Governmental immunity differs by state as well, which means that a liability claim may be capped at \$500,000 in one state while other states have no cap. There are fewer insurance markets willing to provide this coverage, which limits public entities’ ability to leverage competitive bids.
- Law enforcement liability and employment practice liability: Claim trends are significantly greater and more volatile for these areas of operation, and these difficult lines of coverage are exacerbated by social unrest, racial inequality, staffing challenges and the public’s general dissatisfaction with government.
- Emerging risks: The possibility of a wave of future claims from emerging risks such as PFAS (forever chemicals) and biometric privacy breaches are of concern.
- Volatile conditions: All of these factors combine to make casualty market conditions more volatile for public entities and K-12 schools.

“The reality is the landscape has changed. Today’s public sector decision-makers have to be open-minded to new insurance solutions and invest in significant risk control to reduce and mitigate the severity of claims.”

John Chino, Regional Director – Northwest & Southwest Regions
Gallagher Public Sector & K-12 Education Practice

Workers’ Compensation

Workers’ compensation remains a profitable and stable class of business, with similar rate trends across both general industry and the public sector.

General Liability Rates	All Industries	Public Sector & K-12 Schools
Rate decrease	50.3%	45.5%
No change	2.1%	4.5%
Rate increase	47.6%	50.0%

Package Policies and Other Lines

The Gallagher Insurance Market Report of March 2024 comments on specific lines of coverage that are not typically purchased separately by public agencies (Commercial Auto, Directors & Officers, Professional Liability and Umbrella). Those lines are usually included in a Package or Multi-Line policy, depending upon the risk financing structure of the individual entity or pool (if the entity is a pool member). For package policies, the pattern of difference holds when comparing the rate changes for all clients in all industries to the public sector. Public entities and K-12 schools have higher percentages of increases and lower percentages of decreases.

Package Policy Rates	All Industries	Public Sector & K-12 Schools
Rate decrease	27.7%	23.9%
No change	4.0%	2.7%
Rate increase	68.3%	73.4%

Cyber

Cyber claims activity has been steadily increasing as the cyber insurance market continues to mature. In the public sector world, it is important to remember that this is an area of exposure that is extremely difficult to control and is still evolving. Ten years ago, this was not top of mind for mayors or school superintendents. Now we know that schools and cities are often targeted by hackers and cyber criminals.

Volatility of pricing is likely to remain a feature of this segment of the market. In the July 2023 public sector webinar on the insurance market, we reported that cyber insurance coverage was flat or decreasing across all regions of the US. The data from April 2024 shows the pricing volatility that we expect to continue.

Cyber Liability Rates	Public Sector & K-12 Schools
Rate decrease	44.5%

No change	25.3%
Rate increase	30.2%

Cyber is another example of a challenging exposure for public entities because of underwriting and exposure criteria. Many K-12 schools are particularly challenged to implement multi-factor authentication and avoid phishing schemes and ransomware attacks. The ever-increasing use of AI and its deployment by malicious actors is a real and ominous threat to cyber security across this sector.

Conclusion

Current market conditions for public entity and K-12 buyers are challenging. Environmental, social and political influences contribute to these difficult conditions in addition to claims trends, pricing and capacity. Understanding what to expect is one piece of this puzzle. Other pieces include preparation, due diligence and attention to detail. Creative solutions and opportunities exist for those willing to embrace change and consider alternatives. Experts and consultants in the Gallagher Public Sector & K-12 Education Practice are ready to help, along with our company partners in Artex, Gallagher Bassett, Gallagher Benefit Services, Risk Program Administrators and Gallagher Re.

“Starting the renewal process early is the most important thing. Put in the time and ensure that your data is accurate and tells a compelling risk management story. If you dedicate yourself to this, you will get more favorable results from the insurance market.”

Dorothy Gjerdrum, Senior Managing Director
Gallagher Public Sector & K-12 Education Practice

Our Methodology

All data is from April 30, 2024. Gallagher Drive is a premier data and analytics platform that uses both the change in premium and total insured values (TIVs) to calculate the rate change each month. The rate change is broken down by class of business and focused on renewals within the mid-market and large account spaces.

The account and methodology give a representation of the actual rate change, not just the premium change.

Note that the data is calculated as one standard deviation for all renewals. The Gallagher Drive insights capture intermediated renewals and exclude rate change data from risk pools and captive insurers.

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