



**City of Coral Gables
CITY COMMISSION MEETING
APRIL 26, 2022**

ITEM TITLE:

Insurance & Risk Management Advisory Board meeting minutes April 18, 2022

SUMMARY OF MEETING:

OPENING:

Quorum in Person was not reached. Workshop was conducted. Chair Juan C. Diaz-Padron via zoom opened the workshop. Workshop commenced at 8:04am. Everyone introduced themselves for the record.

MINUTES APPROVAL:

March 30, 2022, Minutes

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

SECRETARY'S REPORT: None

BOARD MEMBERS REPORTS: None

NEW BUSINESS: None

OLD BUSINESS:

Insurance Renewal Review – Additional review of FMIT'S proposal in light of additional information received from FMIT

Ms. Elejabarrieta commenced by advising due to quorum not reached in person, it would go forth as workshop. Ms. Elejabarrieta presented members of the City of Coral Gables Insurance & Risk Management Advisory Board and their role.

Ms. Elejabarrieta stated FMIT staff was present both in person and via zoom to address concerns and additional questions regarding their proposal.

Ms. Elejabarrieta advised due to new information from FMIT, namely that this year's baseline quote will now include windstorm and storm surge for the seawalls and bridges, that information was significant enough to call another Insurance Board Meeting. Ms. Elejabarrieta stated the delta between the open market and FMIT if you add the entire premium for prior acts coverage is around \$90,000.

Mr. Reshefsky advised that he wanted to hear from FMIT and also Arthur J. Gallagher as he has had some concerns regarding FMIT 's portfolio in the amount of overall risk they are taking on.

Mr. Chris Krepcho from FMIT discussed how FMIT has been in business for 45 years, with a portfolio of business of \$12.5 billion and only \$600 million of that is in Miami Dade County. Mr. Krepcho also stated and confirmed that the property limits for windstorm are dedicated limits in the amount of \$150 million

exclusively for the City of Coral Gables and that they are not shared limits with any other FMIT member. Mr. Krepcho stated their current surplus is \$210 million and despite after 2018 when Hurricane Michael struck Panama City as they incurred a loss of approximately \$67 million of which \$44 million has been paid so far. FMIT, like the open market, also uses A rated companies for their reinsurance program. Mr. Reshesky asked if there are any current disputes with Panama City and whether they are still a client of FMIT. Mr. Krepcho advised that Panama City remains a client of FMIT and the main reasons the entire claim has not yet been paid pertain the Panama City working with FEMA and are still making decisions on how and where to rebuild certain buildings. Mr. Krepcho also advised when asked by Ms. Maria Perez, Artur J. Gallagher, that the property limits stated in their proposal are dedicated limits and that surplus of \$210 is already based on reserves set on claims for all lines of coverages. Mr. Krepcho advised, when asked by Mr. George Erickson, Siver that FEMA has recognized the FMIT program as insurance. FMIT's portfolio has doubled in size since 2005.

Mr. Krepcho went on to describe their "turnkey program" which involves a partnership with Synergy, a company that not only does appraisals but also in the event of a storm, they can do damage assessments and also bring equipment (for examples air dryers and water extraction) to mitigate any storm loss.

Mr. Michael Morrill, FMIT, advised that the largest 2 cities they currently have as clients in Miami Dade County are Miami Gardens and the City of Doral.

Mr. Reshefsky asked about the selection of attorneys on liability claims. Mr. Morrill advised that the city could select their own attorneys but once the claim approaches 50% of the self- retained limit, FMIT is to be notified. Mr. Reshefsky also asked FMIT that if City switches over to FMIT, would FMIT be willing to lock a rate for the next 2 years and also not add another city within 30 miles of the City of Coral Gables that are larger than Coral Gables without the City's consent. Mr. Krepcho stated that he would provide a rate guarantee on the property and with a 2.5 to 5% buffer and agreed that Coral Gables would have to consent on adding another municipality greater than Coral Gables. they would but would add a 2 1/2% to 5% buffer agreed to such request.

Mr. Erickson did advise some of the differences in the FMIT property quote are: (1) the Historical Coverage, (2) Ordinance and Law Coverage is limited to 25% of the loss while the open market has a \$10 million limit and (3) the mold clean-up coverage where FMIT has only \$25,000 limits while the open market has a \$2.5 million limit.

Mr. Krepcho advised the mold issue can be minimized with their partnership with Synergy that can come shortly after a loss and provide services to dry out a building. Mr. Krepcho also mentioned that the Probable Maximum Loss information FMIT provided does not include the City of Coral Gables.

Mr. Morrill mentioned that their program does cover Historical value with materials of like kind and quality that are reasonably available.

Mr. Ruiz inquired about the anti-concurrent endorsement where if a loss occurs, it is being understood that if it is caused by 2 causes, and one of the causes is excluded, the entire claim can be possibly excluded. Mr. Krepcho advised that FMIT is not into looking in denying claims where one of the causes is covered and the other is excluded and do not have any current dispute with any clients.

Mr. Morrill advised there is no margin coverage for seawalls and bridges and coverage would be limited to the stated value.

WORKSHOP ADJORNED: Workshop adjourned at 9:35am

NEXT MEETING:

MEETING ADJORNED:

NEXT MEETING: To be determined if needed

ATTACHMENT(S):

Minutes of the April 18, 2022