

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

Minutes of December 3, 2019 – 8:00am  
 427 Biltmore Way, 2<sup>nd</sup> Floor Large Conference Room  
 Coral Gables, FL 33134

MEMBERS	J 19	F 19	M 19	A 19	M 19	J 19	J 19	A 19	S 19	O 19	N 19	D 19	APPOINTED BY
Gary Reshefsky		<b>P</b>	<b>P</b>	-	<b>P</b>	-	-	-	<b>P</b>	-	-	<b>P</b>	Mayor Raul Valdes-Fauli
Jose Soto		<b>P</b>	<b>P</b>	-	-	-	-	-	<b>P</b>	-	-	<b>P</b>	Commissioner Jorge L Fors Jr
James Blough		<b>P</b>	<b>P</b>	-	<b>P</b>	-	-	-	<b>P</b>	-	-	<b>P</b>	Commissioner Pat Keon
Juan C. Diaz Padron		<b>P</b>	<b>P</b>	-	<b>E</b>	-	-	-	<b>P</b>	-	-	<b>P</b>	Commissioner Vincent Lago
Matthew Weaver		-	-	-	-	-	-	-	<b>E</b>	-	-	<b>P</b>	Commissioner Michael Mena

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

**STAFF:**

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

**GUESTS:**

Arthur J. Gallagher Staff:  
 Mr. Tony Abella  
 Ms. Maria Perez  
 Ms. Calah Bullard  
 Mr. Brad Watson

**PUBLIC GUEST:**

None

**RECORDING SECRETARY:**

Eglys Hernandez, Administrative Assistant

**OPENING:**

Board member Mr. Juan C. Diaz-Padron opened the meeting, which was called to order at 8:03am. Quorum was reached.

**MINUTES APPROVAL:**

September 27, 2019  
 Motion by: Mr. Bough / 2<sup>nd</sup> Mr. Weaver / All approved unanimously

**SECRETARY'S REPORT:** None

**BOARD MEMBERS REPORTS:** None

**NEW BUSINESS:**

***Insurance Renewal Process – Arthur J. Gallagher - Strategic Review (Exhibit 1)***

Ms. Perez of Arthur J. Gallagher conducted presentation – Strategic Review (Exhibit 1) regarding upcoming Property and Casualty policy renewals. Ms. Perez presented the attached presentation and discussed the stewardship scorecard, provided an insurance market update on all insurance lines, went over the current program structure and premiums and the future outlook.

Ms. Perez advised even though at this time there seems to be a tightening of the property market it is not yet considered “hard” market however it does seem it is heading towards that direction. Ms. Perez advised she will be traveling to London to commence discussions and obtain a better feel of type of market available. Board was asked for suggestions regarding changes to the program structure. Board requested that different SIRs be looking into provided there were no changes to the limits.

Mr. Diaz-Padron asked about reimbursement regarding trees and if possible to check parametric coverage for trees once again.

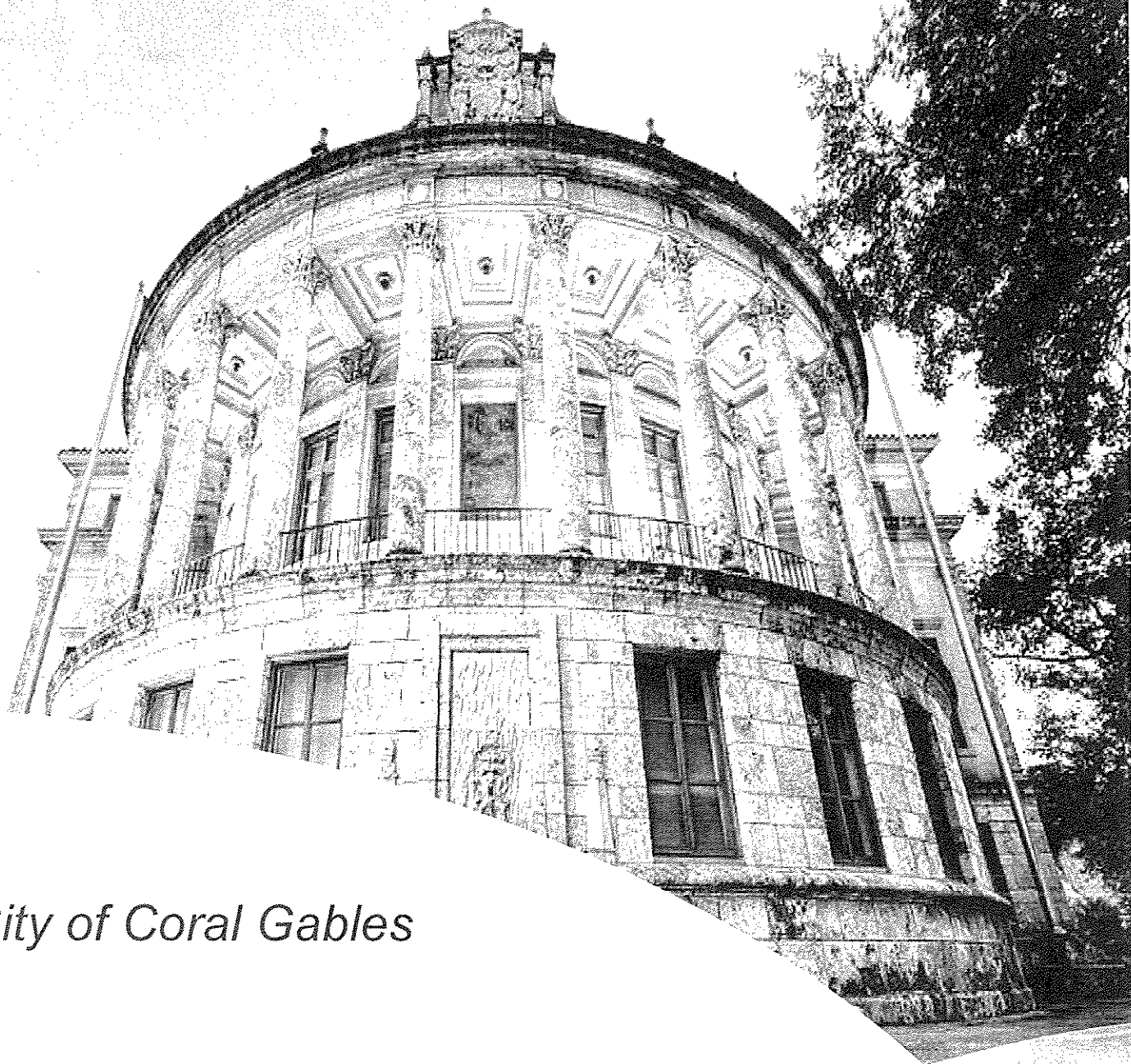
**OLD BUSINESS:**

***RFP- Insurance Broker Services***

Ms. Elejabarrieta has advised RFP provided to the Board via email which included recommendations received by Board members has been submitted to the purchasing department and is currently pending date line. Mr. Reshefsky advised once again the importance that the RFP reflect and assures preference to local companies. Ms. Elejabarrieta advised that upon reaching out to protentional bidders, four entities advised they are interested in participating in RFP process.

Mr. Diaz-Padron was concerned regarding time line of RFP. Ms. Elejabarrieta explained process is being conducted with ample time and that this would assure a broker would be in place for renewal of May 1, 2021.

**MEETING ADJORNED: 9:08am**



# *City of Coral Gables*

## Strategic Review

May 1, 2019-2020

Arthur J Gallagher Risk Management Services, Inc.

Maria Perez | Area Senior Vice President

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Tony Abella Sr. | Area Senior Vice President

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December 3<sup>rd</sup>, 2019



# Gallagher

Insurance | Risk Management | Consulting

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## Overview

Thank you for the opportunity to present this Strategic Review. The purpose of the report and this meeting is to set the stage for your upcoming Property and Casualty policy renewals. The intent of our CORE360™ approach is to help you optimize your total cost of risk, thereby improving your profitability, and this discussion is critical to this evaluation.

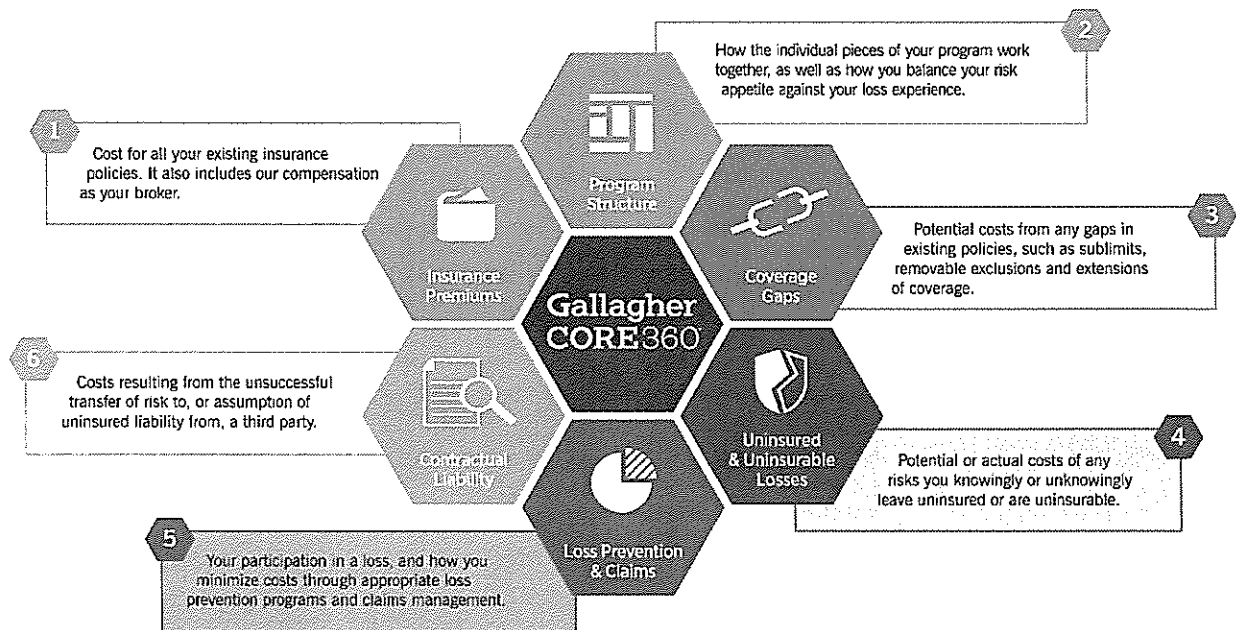
The report summarizes the key accomplishments from your last renewal (current program) and it examines the current marketplace, our past results and any changes to your organization or risk appetite. It also challenges our past work and suggests future improvements.

We highlight each CORE360™ cost driver, beginning with Insurance Premiums and ending with Contractual Liability. This will not only organize the document, but also ensure we are deliberate in driving value to each of your six cost drivers which represent your total cost of risk.

This is an interactive process and we look forward to your strategic input to ensure a successful renewal. The results of this strategy will then be summarized in the Executive Summary, which will accompany your renewal proposal. We know that you have a choice and we appreciate your business.


Based on our past risk strategies (Stewardship Scorecard) and results, the current State of the Market and any changes of risk or risk appetite, the overriding goal of this meeting is to answer the following questions:

- What is our go-to-market strategy by line of coverage?
- Do we approach additional markets, and if so, which ones?
- What are our renewal expectations or goals by cost driver?
- What additional tools or resources do we need to implement?




# CORE360™ Stewardship Scorecard


Your CORE360™ Stewardship Scorecard has been developed for you to get a quick snapshot of how we've impacted your total cost of risk over time, by monetizing the cost of risk changes by cost driver.




- Cyber Liability – 37% premium reduction in 2018 and a 1% premium reduction in 2019
- Excess WC – Flat rate renewal
- Equipment Breakdown - 3 year rate guarantee
- Crime – 3% premium decrease
- Sports ADD – 21% premium decrease
- Package – 2 year rate guarantee and 26% premium reduction over the past 3 years




- Equipment Breakdown – Increased limit from \$50MM to \$250MM
- Sports ADD – Increased ADD Agg limit from \$100K to \$500K
- Terrorism & Property Policy – Decreased deductible from \$50K to \$10K




- Flood – Changed valuation from Actual Cash Value to Replacement Cost
- Provided flood coverage for 2 new locations in a Special Flood Hazard Area.



- The city purchased comprehensive pollution liability coverage in 2019
- The city purchased Active Assailant coverage in 2019



- Brit has provided \$6,000 grant for loss control resources or funding.
- AJG Loss Control Team has and will continue to provide 10 Safety classes
- AJG Loss Control Portal is now available free at cost.



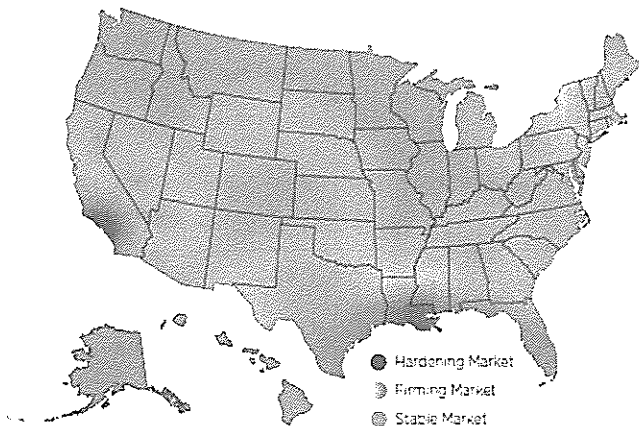
- Continue to issue COIs on behalf of the insured approximately 100 a year

## Fall Insurance Market Update – September 2019

The marketplace in 2019 has been dynamic, to say the least. We began the year seeing a relatively stable rate environment with firming in certain areas, a theme that prevailed throughout 2018.

This changed quickly in the 2nd quarter. Insurance carriers began taking a stronger and more disciplined stance on lower-performing risks and lines of coverage. As a result, client experiences have been mixed as it relates to renewal pricing and terms. This being said, we are seeing these general trends:

1. Property marketplace tightening at an accelerated pace
2. Ups and downs in the Casualty marketplace
3. Emerging disruption in the Umbrella Excess marketplace
4. Persistent hardening in the D&O marketplace
5. Flattening prices in the Cyber Liability marketplace
6. Varying degrees of stability in the Public Sector marketplace



LINE OF COVERAGE	CURRENT MARKET PLACE (RANGE OF RATE INCREASES)
CAT Property	greater than +10%
General Property	+2% to +10%
General Liability	Flat to +5%
Umbrella	+5% to +15%
Management Liability (Private)	Flat to +5%
Management Liability (Public)	+10% to +20%
Auto	+5% to +15%
Workers Compensation	-5% to Flat

\*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.)

### Commercial Property: Tightening at a faster pace

The pace of change in the Property marketplace has been faster and more severe than many anticipated. Our own internal data shows that Property pricing has increased (on both a net rate and pure premium basis) every single quarter since Q2 2017 and this rate of change has only accelerated in 2019.

Historically, hard markets have been driven by reduced capital in the marketplace. As a result, all clients are adversely impacted. This marketplace is different—it's much more nuanced, and client results vary greatly based on industry segment, geography/catastrophe exposure, and loss history. We are seeing huge variations from the average with increases of 30% to 50% or more for clients with poor loss experience or located in CAT-exposed areas.

Underwriters are not only focused on pricing, but we have seen a drastic change in deductible structures (both CAT and non-CAT covers), limits, sublimits and other terms and conditions. In addition, underwriters are ensuring valuations are adequate and have a renewed focus on complying with engineering recommendations. Certain domestic carriers are making significant changes to renewal structures and, as a result, underwriters are flooded with submissions. Thus, it is important to start the renewal process as early as possible. Rate increases described above are expected to continue for the next quarter.

## Casualty: Ups and downs in the marketplace

Workers Compensation continues to be extremely competitive. Consider that in 2013, 74% of the NCCI states filed for a rate increase, as compared to 2018, where only one state filed for a rate increase (Louisiana). The number of accidents in the workplace continues to decline each year. Experts attribute much of that decline to more robust safety cultures, as well as an overall shift in the economy from hazardous jobs to service jobs. Desirable and well-performing risks can expect to see flat to decreased pricing on renewals in 2019.

General Liability loss costs have been rising as the overall legal landscape continues to change in the U.S. The primary change in the legal landscape has been an increase in the frequency of large judgments with punitive damages being the driving force (an increase in litigation financing, an empowered plaintiff bar and overall juror skepticism toward large corporations). Even though loss costs have been rising, there still remains plenty of capacity. We forecast pricing to be fairly stable—flat to single-digit rate increases on desirable and well-performing risks.

Auto Liability is consistently seeing sizable 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. Additionally, loss costs continue to increase. The amount of technology added to vehicles in recent years has resulted in increased repair and maintenance costs. A fairly simple repair now often involves replacing cameras, sensors and other onboard technology.

## Umbrella: The new disruption

Umbrella Excess has quickly become the new disruption in the marketplace. Beginning with April renewals, we saw the market take a sharp turn. Concerned with a litigation environment being so favorable to plaintiffs and rising jury verdicts, carriers are taking numerous actions across their book including:

- **Lowering limit capacity:** Clients may require two to three carriers to fill out a lead \$25M limit that was previously assumed by a single carrier. Additionally, carriers are reserving higher limits for best in class clients and those where the carrier also writes the underlying coverage.
- **Increases in underlying limit requirements:** An executive underwriter with one of Gallagher's top carriers recently commented, "The days of attaching at \$1M may be coming to an end in the coming years." In many cases, carriers are now requiring underlying limits of \$2M on auto liability and \$2M on general liability.
- **Pushing on price:** Rate increases are being seen across the board. However, the sharpest increases are focused on our larger clients (those requiring limits >\$10M) and clients with heavy auto fleet exposure or operating in higher hazard industries.

We expect Umbrella Excess renewals to remain challenging for the remainder of the year and into early 2020.

## Management Liability: Stiff headwinds continue

Rates in the D&O market continued to increase in the first half of 2019, albeit at different levels between public and private companies.

The public company D&O market has experienced the stiffest headwinds in 2019. Higher-than-expected claim volume, larger settlements and rising rates of litigation have carriers responding with demands for higher premiums to stay profitable. We began seeing this shift in late 2018 and there are no signs that this headwind will subside. As a whole, we are seeing carriers seek 10%-20% increases on primary D&O with almost the same demands for lower excess policies.

The private company D&O market, on the other hand, remains fairly competitive with no shortage of capacity. Through the first half of 2019, we saw mainly flat to slight decreases. We expect this trend to continue.



## Cyber: Healthy capacity and expanding coverage with increased claims frequency

The cyber insurance industry continues to grow with overall premium trends showing flat to slightly falling pricing. Robust insurance carrier capacity, along with evolving and expanding policy coverage, are hallmarks to the current market conditions.

Coverage continues to evolve and expand in various ways:

- Several carriers are now offering coverage for the insured's lost income because of fraudulent electronic communications designed to impersonate the insured in invoice fraud scenarios.
- We're seeing broadening contingent business interruption coverage, where an insured can be covered for losses caused by accidental system failure, software patching, or software updates.
- Coverage for reputational harm has expanded, as losses due to fake news stories are now covered by at least one carrier.
- Insurers have issued endorsements to cover new attack trends, such as losses caused by cryptojacking, where a hacker uses a victim's networks to mine for cryptocurrency.

Claim trends continue to be led by ransomware and social engineering attacks and are documented in recent reports from Beazley<sup>1</sup>, the FBI<sup>2</sup> and AIG<sup>3</sup>:

- The number of ransomware attacks increased by 105% in Q1 2019 when compared to the same quarter in 2018.
- There's been a 93% increase in the amount of ransom demanded over the same period, with the average ransom demand being \$224,871.
- Cyber losses were driven by social engineering attacks, specifically Business Email Compromise. These attacks doubled in 2018, compared to 2017.
- Overall cyber claims frequency nearly doubled between 2017 and 2018 – AIG recently reported that they received more cyber-insurance claims in 2018 than in 2016 and 2017 combined.

We expect the cyber insurance marketplace to continue to evolve and remain competitive. However and as the trends highlight, the threat continues to grow and this is a coverage our clients can no longer ignore.

## Public Sector Update

The Property market for the public sector around the entire country (not just CAT exposed) is in a hardening market. Rate increases from 10% to 20% or more are not unusual. Carriers are now requiring insureds to switch from flat per occurrence to a percentage of damaged property (typically 3% to 5%) for certain types of property perils like wind and hailstorm in certain geographic areas of the country. Carriers are pulling from the market and cutting capacity. Many accounts are going from a single admitted carrier to a layered program with multiple carriers (and possibly quota shared depending on the risk) with excess and surplus lines carriers.

Primary, or first layer GL coverage, continues to be rather stable with low, single-digit rate increases. Excess Liability, however, is much more unpredictable with most carriers looking for more substantial rate increases than primary layers. Carrier appetite in this area appears to be changing.

Auto liability and Auto Physical Damage coverages both continue to tighten. Carriers have been hit with a lot of losses in this area across the board. There are fewer and fewer options for monoline coverage in this area. Rate increases are in the 7% to 20% range.

Public Officials and School Leaders Liability (including EPLI) are relatively stable and are seeing nominal increases. Federal claims continue to drive a lot of the losses in these coverages.

Sexual Molestation Liability (SML) coverage is almost non-existent at any price. It appears that less than a handful of carriers are offering stand-alone coverage; most out of Lloyds of London. Limits are being slashed; premiums are being increased at a very high rate and client retentions are soaring. Claims in this area around the country are rising at a very rapid pace which is driving the market.

Workers Compensation appears to be very stable in most parts of the country.

While there has been a lot of news regarding the public sector and ransomware and cyber extortion, Cyber Liability continues to be relatively stable and full of carrier offerings. However, we expect that to change as the hacks continue to increase; especially in the public sector.

### Conclusion

Our insurance carriers have said that this challenging market environment is not going away anytime soon. Our expectation is for the themes discussed in this update to continue into 2020. Despite these challenges, we have the expertise and solutions to help our clients reach the best outcome.

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<sup>1</sup> [https://www.beazley.com/news/2019/beazley\\_breach\\_insights\\_may\\_2019.html](https://www.beazley.com/news/2019/beazley_breach_insights_may_2019.html)

<sup>2</sup> <https://www.fbi.gov/news/stories/ic3-releases-2018-internet-crime-report-042219>

<sup>3</sup> <https://www.aig.com/business/insurance/mergers-and-acquisitions/mergers-acquisitions-claims-reports>



# Insurance Premiums

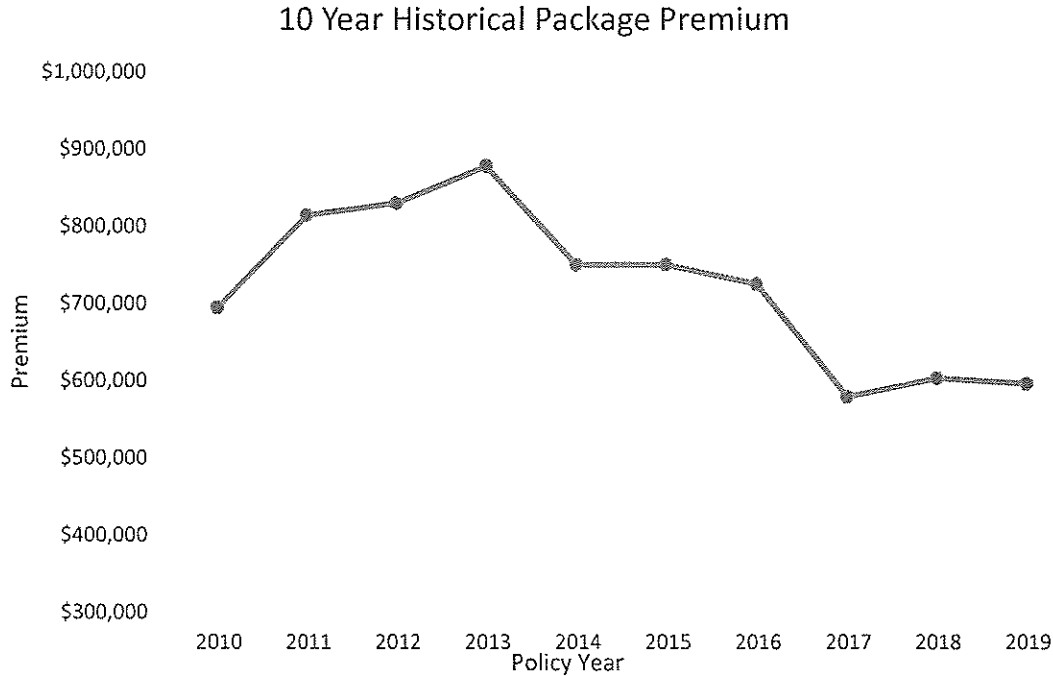
MAY 1<sup>ST</sup> 2019 RESULTS

Insurance Renewal Comparision			
Policy Type	2018-2019	2019-2020	Δ%
Package	\$603,000	\$596,000	-1.2%
Excess WC	\$188,735	\$184,591	-2%
Property	\$1,115,000	\$1,146,906	3%
Boiler and Machinery	\$9,636	\$8,437	-12%
ADD Business Travel	\$360	\$360	0%
ADD Police and Fire	\$12,338	\$12,338	0%
Bond Finance Director	\$1,138	\$1,138	0%
Storage Tank/ Pollution	\$2,875	\$23,500*	717%
Crime	\$12,070	\$11,756	-3%
Sports Liability	\$21,006	\$23,857	14%
ADD Sports(Philly)	\$16,006	\$13,306	-17%
Cyber Liability	\$18,563	\$18,365	-1%
Terrorism Liability(Roanoke)	\$10,000	\$8,500	-15%
Terrorism Property(Roanoke)	\$14,318	\$12,500	-13%
Flood (Voyager) Adding 2 locations	\$7,593	\$9,400	27.8%
Active Assailant (Roanoke)	Not Purchased	\$6,000	-
<b>Total without surcharges</b>	<b>\$2,032,638</b>	<b>\$2,076,949</b>	<b>2%</b>
EMPA & TRIA	\$2,732	\$2,741	0.3%
<b>Total after surcharges</b>	<b>\$2,035,370</b>	<b>\$2,079,690</b>	<b>2%</b>
<b>Premium Increase</b>		<b>\$44,320</b>	
Broker Fee	\$120,000	\$120,000	0%
<b>Total Cost of Program</b>	<b>\$2,155,370</b>	<b>\$2,199,690</b>	<b>2%</b>

\*Coverage expanded in the 2019 period

# Insurance Premiums

## 10 YEAR HISTORICAL PACKAGE PREMIUM COMPARISON



Policy Year	2010	2011	2012	2013	2014*	2015	2016	2017	2018	2019
Premium	\$694,583	\$814,012	\$829,903	\$877,495	\$750,000	\$750,000	\$725,000	\$579,000	\$603,000	\$596,000

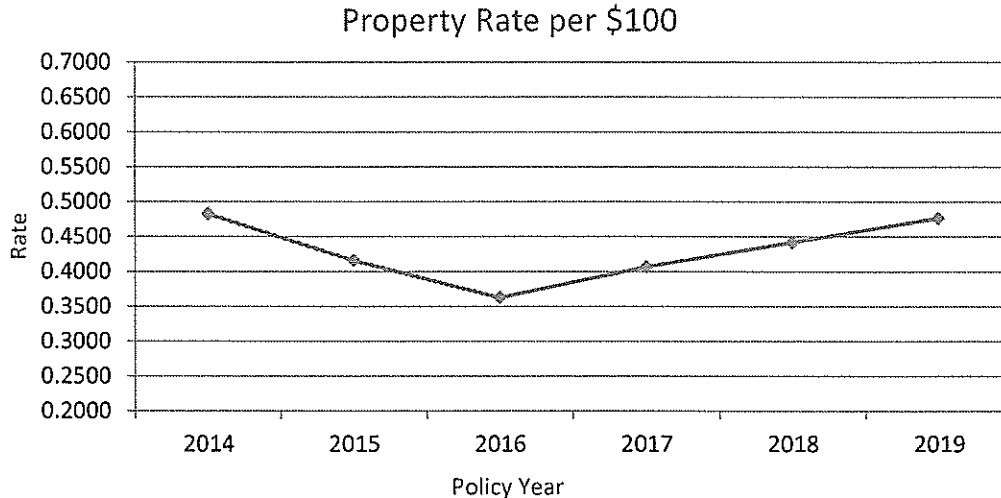
\* MOVED PACKAGE COVERAGE TO BRIT FROM MUNICH RE

## BRIT PACKAGE COMPARISON

	Miramar 4/1	Coral Gables 5/1	Clay County 6/30	Riviera Beach 12/15
WC SIR	\$ 500,000	\$ 500,000	Not Covered	\$ 275,000
Liability SIR	\$ 100,000	\$ 350,000	\$ 200,000	\$ 100,000
WC Limit	\$ 250,000	\$ 500,000	Not Covered	\$ 375,000
Liability Limit	\$ 900,000 Occ	\$ 8,000,000 Agg	\$ 800,000 Occ	\$ 6,000,000 Agg
Premium	\$ 715,000	\$ 596,000	\$ 304,000	\$ 869,000

This is not an apples to apples comparison as each package varies in its structure, limits and coverages provided.

*HISTORICAL PROPERTY RATE*



*2019 PROPERTY RATE INCREASE COMPARISON*

Hialeah 3/10	Polk County 4/1	Miramar 4/1	Coral Gables 5/1	Miami Beach 6/1	Clay County 6/30	Riviera Beach 12/15
4.9%	-1.8%	2.5%	7.9%	9.0%	6.0%	14.0%

*RENEWAL STRATEGY*

Every year we should consider three “go to market” strategies by line of coverage, based on this strategy discussion. These are the three strategies along with possible considerations of each:

1. Negotiate and renew with the incumbent carrier(s). This is preferred if we:
  - Believe we can achieve the renewal goals without additional competition
  - Tested this carrier with competitors in the last few years
  - Recently paid a large claim or had a bad loss year and are willing to be fair and competitive at renewal
  - Are happy with the carrier’s service
  
2. Negotiate with a few carriers, including the incumbent. This is preferred if:
  - We are trying to consolidate the number of carriers on all your policies
  - We are ready to test the market for a variety of reasons, but keep the competition contained and are confident this short list will be competitive
  - There are not many markets as options, due to the risk
  
3. Negotiate with as many markets as we think are viable. This is preferred if:
  - The incumbent market is non-renewing or is driving you to move
  - The incumbent has had no competition for more than 10 years
  - There have been significant changes of risk, risk appetite or personnel from Client or carrier

The 3rd strategy is what we will proceed with going into the City’s 2020 renewal.



# Program Structure

MAY 1<sup>ST</sup> 2019 MARKETING LIST

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	Quoted
Indian Harbor	Pollution Liability	Recommended Quote
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
CNA	Boiler & Machinery	Quoted
Certain Underwriters at Lloyd's, London	Cyber Risk Liability	Quoted
Indian Harbor	Terrorism Property	Quoted
Hiscox	Terrorism Property	Quoted
Roanoke	Terrorism Property	Recommended Quoted
Indian Harbor	Terrorism Liability	Quoted
Hiscox	Terrorism Liability	Quoted
Roanoke	Terrorism Liability	Recommended Quote
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



COMPARISON OF LIABILITY EXPOSURES AT MAY 1<sup>ST</sup> 2019 RENEWAL

	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	\$ 240,537,035	-5%

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

COMPARISON OF TOTAL INSURED VALUES AT MAY 1<sup>ST</sup> 2019 RENEWAL

	2018-2019	2019-2020	% Change
<b>Building</b>	\$ 184,883,000	\$ 179,790,000	-3%
<b>Contents</b>	\$ 11,395,000	\$ 11,419,000	0.2%
<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	\$ 240,537,035	-5%

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



2019-2020 PROGRAM STRUCTURE

\$50MM Named Windstorm Limit  
\$240,537,035 All Other Perils Limit

<p>General Liability Insurance Co. Underwriters at Lloyd's, London (Contract Code 4134) Excess Auto (Contract) Ins. Co. Excess Automobile Only \$20,000,000 XS of \$2,000,000 per Occ.</p>	<p>Certain Underwriters at Lloyd's</p>	<p>Timebright Property Contract Company</p>	<p>Carrier: Certain Underwriters at Lloyd's of London</p> <ul style="list-style-type: none"> <li>General Liability \$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 \$4,650,000 Annual Aggregate</li> <li>Sexual Abuse \$4,650,000 per occurrence \$4,650,000 Annual Aggregate</li> </ul> </li> <li>Automobile Liability \$4,650,000 per occurrence</li> <li>Public Officials \$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>Employee Benefit Liability* \$4,650,000 per occurrence \$5,300,000 Annual Aggregate</li> <li>Law Enforcement Activities \$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> </ul> <p>Premium: \$596,000 + fees and assessments</p> <p>* Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits</p>	<p>Carrier: Safety National Insurance Company</p> <p>Excess Workers Compensation Slabatory Employers Liability \$1,000,000 each accident/ each employee for disease or cumulative injury Retention \$1,000,000</p> <p>Premium: \$184,591</p>				
<p>Lawrence American Insurance Co. All Hazards (Contract) \$20,000,000 XS of \$2,000,000 per Occurrence</p>					<p>Property Limit \$100,00,000</p>	<p>Total Limit \$220,000,000</p>		
<p>Employer Insurance Co. Employers Specialty Insurance Co. Auto (Contract) Insurance Co. Auto (Contract) Insurance Co. Auto (Contract) Insurance Co.</p>					<p>Liability Limit \$25,000,000</p>			
<p>Flood Excess Limits \$10,000,000 XS of \$1,000,000 per Occurrence</p>								
<p>Delaware American Specialty Insurance Co. Contract (Contract) Insurance Co. Contract (Contract) Insurance Co. Contract (Contract) Insurance Co.</p> <p>\$10,000,000 in any Occurrence Excess Limit</p>								
<p>Deductibles \$50,000 per Occurrence All Other Perils 72-Hour waiting for Time Element \$50,000 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 and max of \$7,500,000 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 and a max of \$7,500,000 per occurrence in respect to Named Windstorm and Hail \$100,000 per occurrence All Other Windstorm or Hail</p>	<p>Deductible \$10,000</p>	<p>Deductible \$1,000</p>	<p>SIR Per Occurrence \$350,000</p>	<p>SIR Per Occurrence \$500,000</p>				

Property Including Pumps & Fountains

Property & Liability  
Terrorism

Boiler & Machinery

Public Entity Liability

Workers' Compensation

City of Coral Gables



## Coverage Gaps

### RENEWAL STRATEGY

During the 2019 Renewal we proposed several changes to enhance the protection provided to the city. This year we would like to look into Galagher's Crisis Protect product.

Gallagher Crisis Protect is a comprehensive crisis management solution that combines indemnities for first party, third party and response, with pre- and post-incident risk management services for a wide range of security events.

What does it cover?

- |                       |                  |                   |                          |
|-----------------------|------------------|-------------------|--------------------------|
| • Assault             | • Blackmail      | • Civil Commotion | • Cyber Extortion        |
| • Deprivation         | • Detention      | • Disappearance   | • Emergency Repatriation |
| • Employee Dishonesty | • Extortion      | • Hijack          | • Hostage Crisis         |
| • Kidnap              | • Product Tamper | • Radicalization  | • Sabotage               |
| • Stalking            | • Terrorism      | • Threat          | • Vicious Attack         |

Gallagher Crisis Protect includes a comprehensive crisis consultancy package that helps build resilience and address duty of care. In the event of an incident, you have the support of some of the world's leading crisis consultants, available 24/7/365 by calling one number. The solution supports clients during the three phases of a crisis; pre-incident, during the incident and post-incident.

### PRE-INCIDENT SUPPORT

- Clients will have access to an online crisis management portal that will provide information and templates to enable them to increase their resilience during security-related crises.
- Clients have a dedicated secure group, private to them, that they can brand to their own organization. They have full control to add and manage access for a group of their colleagues, where they will be able to take advantage of the training and awareness information, as well as manage and share access to their own plans, procedures, documents and guidance, available anywhere at any time with a secure internet connection.
- Document library including thought leadership papers and awareness guidance.
- Active shooter (vicious attack) online awareness videos.
- Quarterly webinars on key issues and topics.
- Risk management allowance.
- One-on-one consulting call.
- "Ask the Expert"—AIG and partner network of experts for hints, tips and ideas.
- Access to country risk information.

### INCIDENT RESPONSE

- 24/7/365 emergency response number to get immediate advice and support in a crisis.
- Consultancy support from a panel of retained response consultant companies that are leaders in their field; these include but are not limited to NYA ([www.nyarisk.com](http://www.nyarisk.com)), R3 Continuum ([www.r3c.com](http://www.r3c.com)) and AIG Travel ([www.aig.co.uk](http://www.aig.co.uk)), all coordinated through a single emergency response number.
- Access to live incident log via the online crisis management portal (ensuring key decisions and actions are captured as part of duty of care and audit purposes, especially important in the context of any future potential litigation).

### POST-INCIDENT

- Post-incident information guidance and advice including lessons identified, counseling advice (PTSD) and legal support.
- Incident log summary case file for audit and records



## Uninsured & Uninsurable Losses

Outside of proposing coverage gaps we would like to evaluate way in which the city has no insurance coverage.

Chubb Accident & Health's Firefighter Cancer Solution is designed specifically for firefighters who are diagnosed with Cancer while in the line of duty. It provides the insurance they need to help protect their families and their financial security in the event of Cancer, while satisfying the lump-sum benefit requirements of Florida Senate Bill 426.

### Who Is Eligible?

Firefighters who have served 5 consecutive years as a firefighter with their fire department are eligible for this coverage.

### What Benefits Does the Firefighter Cancer Solution Offer?

**First Diagnosis Cancer Benefit** If an insured is diagnosed with Cancer, the First Diagnosis Cancer Benefit pays a lump sum benefit, regardless of the Stage of Cancer:

#### First Diagnosis Benefit Continuation

If a Firefighter terminates employment with the Policyholder and elects to continue coverage in his or her employer-sponsored health plan or group health insurance trust fund, we will continue the First Diagnosis of Cancer Benefit for 10 years from the date of termination.

### Definitions

**Cancer** means a medical diagnosis by a Doctor of any of the following types of cancer. A Doctor certified as an Oncologist must confirm the diagnosis in writing.

♦ bladder cancer ♦ brain cancer ♦ breast cancer ♦ cervical cancer ♦ colon cancer ♦ esophageal cancer ♦ invasive skin cancer ♦ kidney cancer ♦ large intestinal cancer ♦ lung cancer ♦ malignant melanoma ♦ mesothelioma ♦ multiple myeloma ♦ Non-Hodgkin's lymphoma ♦ oral cavity and pharynx cancer ♦ ovarian cancer ♦ prostate cancer ♦ rectal cancer ♦ stomach cancer ♦ testicular cancer ♦ thyroid cancer

**Firefighter** means an individual employed as a full-time firefighter within the fire department or public safety department of an Employer whose primary responsibilities are the prevention and extinguishing of fires; the protection of life and property; and the enforcement of municipal, county and state fire prevention codes and laws pertaining to the prevention and control of fires.



## Loss Prevention & Claims

Throughout the year we worked together in the following areas and have highlighted the key accomplishments to reduce your cost of risk.

1. Our loss control consultants worked with the City of Coral Gables Risk Management Department to deliver the following three supervisory training sessions. These sessions addressed the following topics:

- I. What is a safety culture and why it is important
- II. Setting the example for Employee Engagement - Walking the Talk
- III. Understanding the concepts of Acceptable Risk and Residual Risk
- IV. Your part in determining Acceptable Risk
- V. Class exercise in using Acceptable Risk in the workplace
- VI. Controlling Hazards and Risk
- VII. Planning- Selecting the risks to be assessed
- VIII. Conducting Risk Assessments
- IX. The "What If" methodology in design review
- X. The JSA methodology for assessing workplace risk
- XI. Documenting findings-The SOP/Design Specs
- XII. Managing Risk
- XIII. Evaluating success

2. Gallagher's CORE360™ Loss Control Portal is our proprietary Learning Management System (LMS) that supports your safety program, provides real time access to your loss control plans and keeps employees up to date with the latest safety standards

Access up to 10 modules of your choice from a library of over 100 training and safety shorts for free. In addition, monthly bulletins are available covering topics such as General and Environmental Safety, Human Resources, and Health and Wellness

<https://www.aig.com/us/loss-control-portal/>

3. Midlands, the city's excess workers compensation carrier provides online safety services offer unlimited free access to two online resources. Webnet is a Learning Management System with 72 courses covering safety, environment and human resources topics. Safety Source is a streaming video on demand library. Additionally, Midlands offers membership in the Oklahoma Safety Council bringing membership privileges including access to expansive safety libraries, webinars, training resources and membership discounts on OSC/NSC products. Membership in the National Safety Council Can also be arranged.

<http://www.webnettraining.com/>

<https://safetysourceonline.com/company/midlands/>

<https://www.oksafety.org/>

<http://www.nsc.org/pages/home.aspx>

4. Brit, the city's package carrier, offers its clients access - at no cost - to the TEAM platform, a self-directed risk management LMS platform which purchased individually would cost approximately \$30,000 annually. The TEAM platform is a robust online resource offering:

- Unlimited training courses from a list of approximately 135 courses covering areas such as employment practices liability, fundamental of safety, leave-related laws, workplace risk management, human resources, and student related risks.
- Weekly training bulletins and articles about new and/or updated matters of interest.
- Comprehensive model handbook.
- Self-guided human resources assessments.







- Built-in management tools (LMS) to track and run reports on usage (e.g., completion of training).
- Customizability to: have your logo on the landing page, upload your own policies and procedures, determine the access levels for all users.

This is also the 6<sup>th</sup> year Brit provided \$6,000 of loss control funding for the city to use towards approved services.

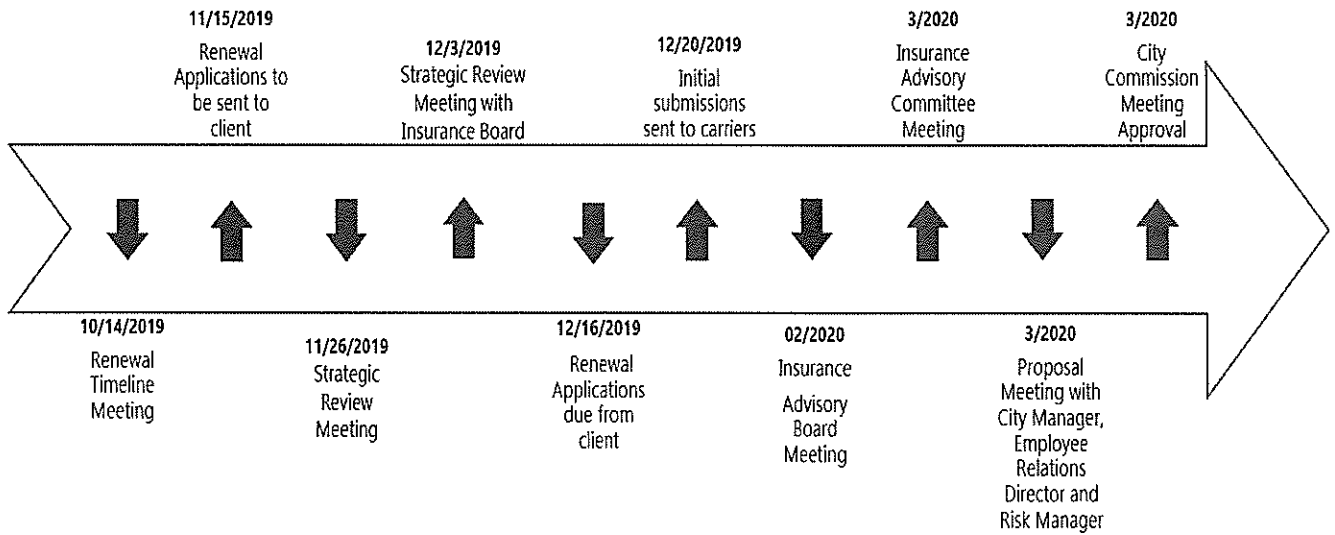
#### 4. AJG Loss Control Portal

These services are an extension of your carrier's and Gallagher's partnership with the city.

## May 1<sup>st</sup> 2020 Renewal Strategy /Notes

 <p>Insured Business</p>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>
 <p>Program Structure</p>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>
 <p>Coverage Gaps</p>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>
 <p>Uninsured &amp; Uninsurable Losses</p>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>
 <p>Loss Prevention &amp; Claims</p>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>
 <p>Contractual Liability</p>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>

## Renewal Timeline





## 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.

### Team Leaders

#### Antonio Abella Sr., CPCU, ARM

Area Senior Vice President  
 tony\_abella\_sr@ajg.com  
 305.639.3102

#### Maria Perez

Area Senior Vice President  
 maria\_perez@ajg.com  
 305.639.3136

#### Brad Watson, CPA

Area Vice President  
 brad\_watson@ajg.com  
 305.639.3127

### Core Service Team

#### Calah Bullard, ARM-P, CLCS

Client Service Manager Senior  
 calah\_bullard@ajg.com  
 305.639.3133

#### Yane Martinez

Client Service Associate  
 yane\_martinez@ajg.com  
 305.639.3120

#### Tara Morrone

Flood Specialist  
 tara\_morrone@ajg.com  
 561.995.6706

### Claims Management

#### Scott Clark

Area Senior Vice President  
 Claims Advocate  
 scott\_clark@ajg.com  
 561.998.6815

### Loss Control

#### Jim Smith

Loss Control Managing Director  
 jim\_smith@ajg.com  
 561.998.6809

## 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 scorecard. 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.

We help you face your future with confidence.



Insurance | Risk Management | Consulting

Gallagher's holistic approach keeps your total cost of risk—and your best interest—in focus. With expertise where you most need it, Gallagher delivers the solutions that let businesses grow. Communities thrive. And people prosper.

**HIGHLY SPECIALIZED. DEEP EXPERTISE.**

- |                             |                            |   |
|-----------------------------|----------------------------|---|
| 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       |   |

**OUR APPROACH TO RISK.**



CORE360™ is our unique, comprehensive approach of evaluating our client's risk management program that leverages analytical tools and diverse resources for customized, maximum impact on six cost drivers of their total cost of risk.

**22+ INDUSTRY PRACTICES**



GLOBAL REACH. LOCAL PRESENCE.

Founded in  
**1927**

**\$5B**  
Total Adjusted Brokerage & Risk Management Revenues (2018)

**30,000+**  
Employees worldwide

**850+**  
Offices in 35 countries

**150+**  
Countries served

**LEADERS WHERE IT COUNTS**

Gallagher Named One of the World's Most Ethical Companies® for 2019

The only insurance broker to have received this honor, Gallagher has been named as one of the World's Most Ethical Companies by the Ethisphere® Institute, a global leader in defining and advancing the standards of ethical business practices, eight years in a row.

Gallagher has been designated as one of the "World's Best Employers" by Forbes Magazine for 2018.

This is a great honor that is given to just 500 companies around the world each year. Designation recipients are determined by an independent collection and analysis of anonymous employee reviews collected by Statista, a leading statistical agency. Gallagher was the only Insurance Brokerage to be honored with this designation for 2018.



**SHARED VALUES + PASSION FOR EXCELLENCE = PROMISES DELIVERED**

**The Gallagher Way**

25 tenets that have guided a team-oriented culture for 30+ years

**Social Responsibility**

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