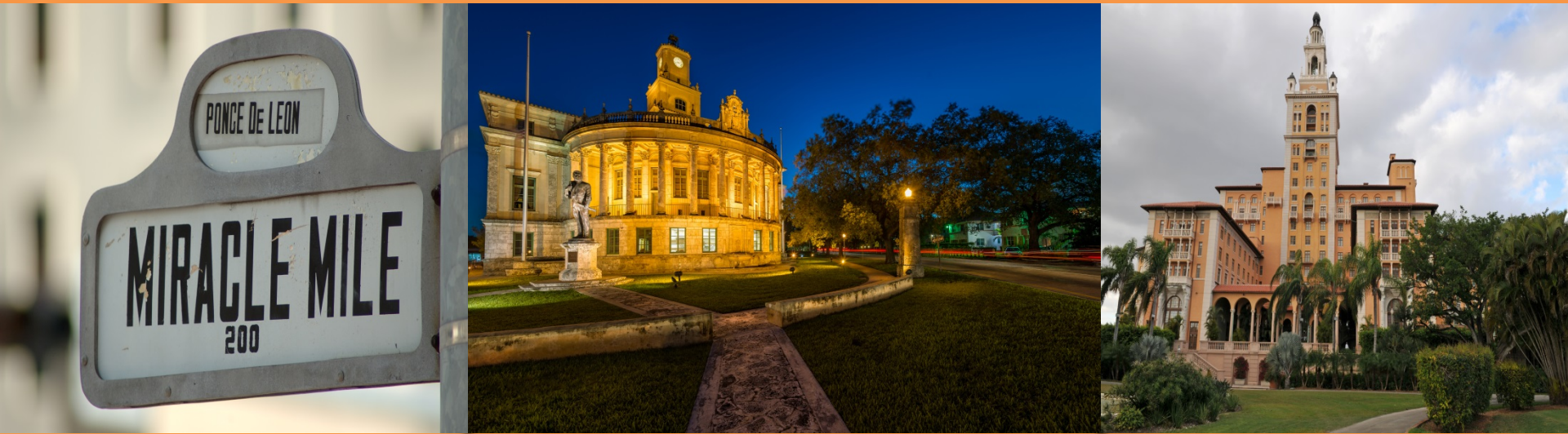


City of Coral Gables

2016 Renewal Presentation

MARCH 3, 2016



City Of Coral Gables 2016-2017

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City Of Coral Gables 2016-2017

Service Team

Antonio Abella Sr. has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / ALT. PHONE	EMAIL
Antonio Abella Sr. Area Senior Vice-President	305-639-3102	Tony_Abella_Sr@ajg.com
Maria Vergho Area Senior Vice President	305-639-3136	Maria_Vergho@ajg.com
Calvin Ellis Area Vice President	305-639-3126	Calvin_Ellis@ajg.com
Mayte Gandulfo, ARM Client Service Supervisor	305-639-3150	Mayte_Gandulfo@ajg.com
Yane Martinez Client Service Associate	305-639-3120	Yane_Martinez@ajg.com

- Arthur J. Gallagher Risk Management Services works closely with City of Coral Gables Human Resources/ Risk Management Division to provide resources and services that add value to the insurance purchasing decisions made throughout the year. Among the services we provide are:
 - ✓ Provide loss control & risk management services
 - ✓ Participate in claims review and provide claims advocacy
 - ✓ Obtaining catastrophic loss modeling every year.
 - ✓ Obtaining current flood zone information for each location.
 - ✓ Approaching the market for creative options, as well as new carriers, to enhance the program.
 - ✓ Provide assistance with the Reasonableness letter to the state.
- Needless to say that we take pride in our 35 years continuous relationship with the City of Coral Gables and pledge our ongoing service and support as we believe we need to continue earning your confidence and business every day.
- Other coverage to consider:
 - ✓ Terrorism – currently excluded.
 - ✓ Pollution – currently excluded

The City of Coral Gables Property & Casualty Insurance Program Renewal 2016

Thank you for the opportunity to present this executive summary for the City of Coral Gables Insurance Program Renewal. We are pleased to be able to bring the City a very favorable renewal.

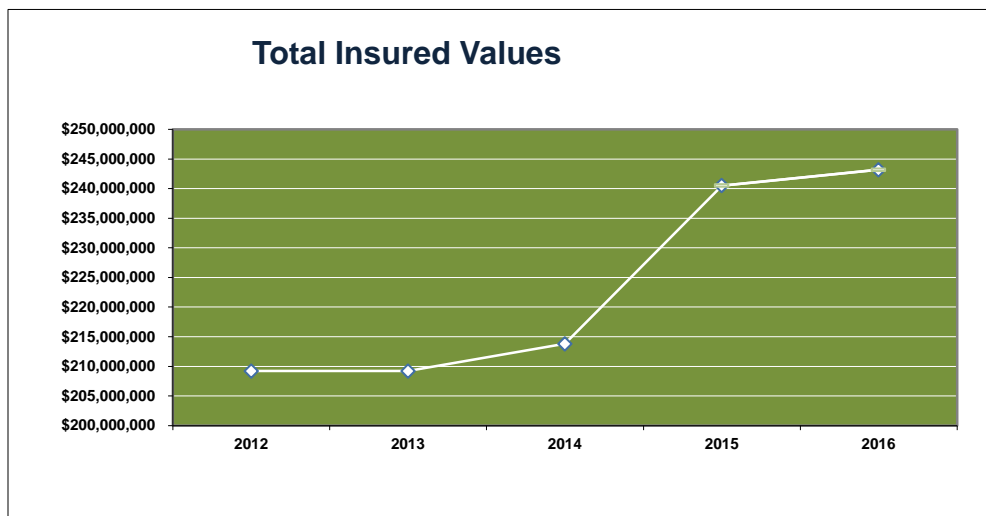
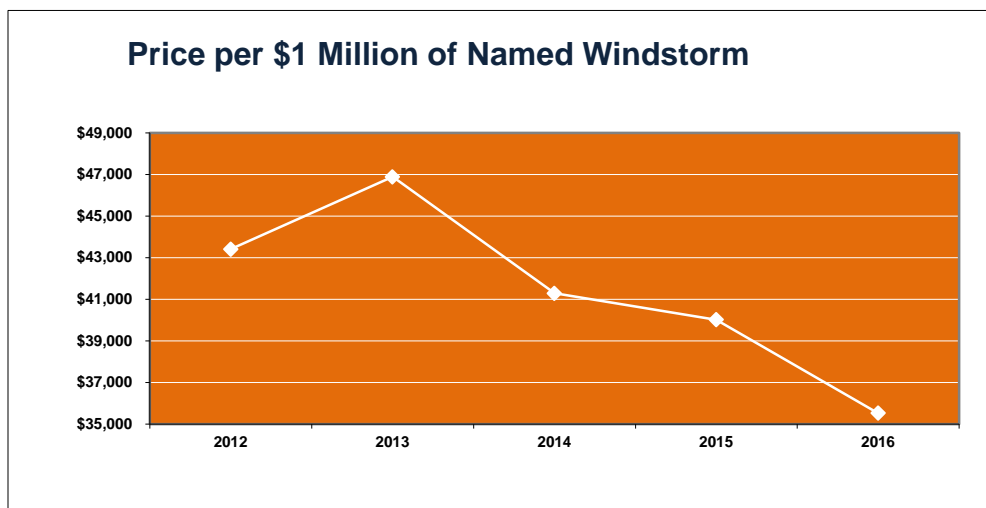
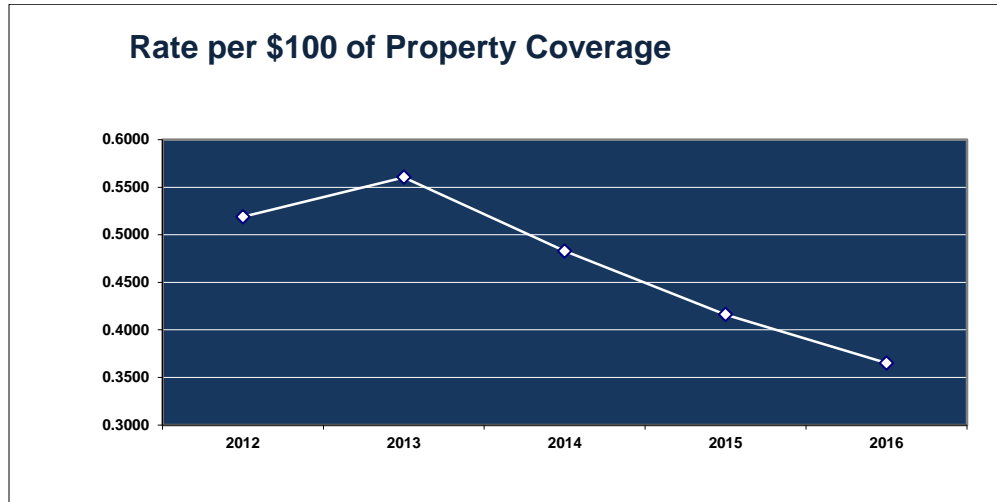
The principle that led the city to adopt a protected all lines self insurance program remains the same: to retain all anticipated losses and purchase only catastrophic insurance while actively engaging in loss prevention and mitigation has proven itself and has saved the city many millions over the years.

- A. **Package:** This will be the third renewal year for Lloyds of London (BRIT) as the liability and WC package carrier. The underwriting team offered a renewal premium of \$726,000 which represents a **3% premium reduction** despite the 2% increase in the overall exposures.
- B. **Property:** The city included seawalls, docks and additional fountains and entrances to the Schedule of Values (SOV). Therefore the TIV increased by 2%. However, we were able to negotiate an **12% premium reduction** and a **13% property rate reduction**.

We approached the markets this year with several requests which have been approved as follows:

1. Deleted Tropical Depression from the Named Storm definition
2. Moved storm surge from the Flood to Named Storm definition
3. Included **resulting** Mold coverage section
4. Priority of Payments to be at the sole option of the Insured
5. 120 Days Notice of Cancellation except 10 days for non payment of premium
6. Fine Arts sublimit increased from \$1M to \$2.5M

B. Property (Continued)
C.



- D. **Excess Workers Compensation** renewal rate went down 5% which was reflected in the 2% premium reduction vs 3% payroll increase.
- E. **Business Travel, ADD for Police and Fire, Cyber Risk** were quoted at a flat renewal price.
- F. **Sports Liability and Accidental Death and Dismemberment** exposures went up from 18,911 to 19,205 participants which represents a 2% increase. The renewal premium for the sports liability increased 5% and the premium for the ADD increased 3%.
- G. **Storage Tank Liability** shows a 35% premium increase which is due to the age (16 years) of two underground tanks (UST) at location#2 and also due to a carrier rate increase of 15% effective 08-01-15. Please note that UST premiums increase 15% at 6 years of age then again at 11 years and each year after 20 years of age.

Marketplace Status as of March 2016

Property

As a result of several quiet hurricane seasons, as well as a large influx of capital into the insurance and reinsurance market (both traditional and alternative), competition amongst the carrier has been robust. We have been successful in negotiating very favorable programs for our clients. While we continue to see a soft market, we may be close to a bottom, as we have seen some insurers report lower earnings

Excess Workers Compensation

The excess workers compensation insurance market has been challenging to Florida insureds and self-insureds for the last several years especially for the municipal sector. During this time, many insurers have either exited the Florida marketplace, or severely curtailed their writings of this line of coverage. Of the carriers that remain in the market, the trend has been for them to require higher retentions and higher premiums. Reasons for this include:

1. Public Safety "presumptive" claims that have increased the types of claims that fall under workers compensation and their long term financial liabilities.
2. Increased use of higher-cost treatments in treating occupation injuries.
3. More use of prescription medications for injured employees.
4. Medical inflation
5. Insurance company combined ratios that have been exceeding 100%
6. Extremely low investment income

Excess workers compensation coverage is intended to cover infrequent and large catastrophic losses. However, due to the above factors, the trend has been for more claims to become "large" claims, and enter the insured's layer.

City Of Coral Gables 2016-2017

Liability
<p>❖ Carrier: Certain Underwriters at Lloyd's of London</p> <ul style="list-style-type: none"> • General Liability \$850,000 per occurrence Excess Limit \$4M per Occurrence/\$4M Annual Aggregate Including the following sub-limits (not included in excess limit) <ul style="list-style-type: none"> ✓ Sexual Harassment \$2,850,000 per occurrence \$2,850,000 Annual Aggregate ✓ Sexual Abuse \$850,000 per occurrence \$850,000 Annual Aggregate • Automobile Liability \$4,850,000 per occurrence • Public Officials \$4,850,000 per occurrence/ \$5,300,000 Annual Aggregate. Including the following sub-limits: <ul style="list-style-type: none"> ✓ Errors & Omissions* \$4,850,000 per occurrence \$5,300,000 Annual Aggregate ✓ Employment Practice Liability* \$4,850,000 per occurrence \$5,300,000 Annual Aggregate • Employee Benefits Liability* \$4,850,000 per occurrence \$5,300,000 Annual Aggregate • Law Enforcement Activities \$850,000 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"> ✓ Sexual Harassment \$2,850,000 per occurrence \$2,850,000 Annual Aggregate ✓ Sexual Abuse \$850,000 per occurrence \$850,000 Annual Aggregate <p>Premium: \$726,000 + fees and assessments</p> <p>* Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits</p>
<p style="text-align: center;">SIR Per Occurrence \$350,000</p>

Workers Compensation
<p>❖ Carrier: New York Marine General Insurance Company</p> <p>Excess Workers Compensation</p> <p>Statutory Employers Liability: \$1,000,000 each accident / each employee for disease or cumulative injury Retention: \$1,000,000</p> <p>Premium: \$184,643</p>
<p>❖ Carrier: Certain Underwriters at Lloyd's of London</p> <p>WC: \$500,000 per occurrence xs \$500,000 Employers Liability \$500,000 xs \$500,000 Premium: Included in the Package policy</p>
<p style="text-align: center;">SIR Per Occurrence \$500,000</p>

Property Including Pumps & Fountains
<ul style="list-style-type: none"> • Second Excess Property Excess of \$25MM per Occ. <p>❖ Carrier: Landmark American Insurance Company Limits: \$218,201,290 Premium: \$50,780 + fees and surcharges</p> <ul style="list-style-type: none"> • First Excess Excess Layer Part of \$15MM Excess of \$10MM per Occ. <p>❖ Carrier: Evanston Insurance Company Limits: \$7,500,000 Premium: \$131,085 + fees and surcharges</p> <p>❖ Carrier: Liberty Insurance Company Limits: \$7,500,000 Premium: \$131,085 + fees and surcharges</p> <p style="text-align: center;">Total Layer Price: \$262,170 + taxes and fees</p> <p style="text-align: center;">Primary Property</p> <p>❖ Carrier: Lloyd's of London Limits: Primary \$10,000,000 in any occurrence Premium: \$569,250 + fees and surcharges</p>
<p>Deductible:</p> <ul style="list-style-type: none"> • \$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 (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 any one occurrence in respect to Named Windstorm and Hail • \$100,000 per occurrence All Other Windstorm or Hail

City Of Coral Gables 2016-2017

2 YEAR COST COMPARISON

Policy Type	2015-2016	2016-2017	%Δ
Package (Lloyds)	\$ 751,471.00	\$ 726,000.00	
Excess WC	\$ 188,205.00	\$ 184,643.00	-2%
Property	\$ 1,000,435.00	\$ 882,200.00	-12%
Boiler and Machinery	\$ 9,628.00	\$ 9,578.00	-1%
ADD Business Travel	\$ 360.00	\$ 360.00	0%
ADD Police and Fire	\$ 12,338.00	\$ 12,338.00	0%
Bond Finance Director	\$ 1,750.00	\$ 1,750.00	0%
Storage Tank	\$ 1,757.00	\$ 2,375.00	35%
Crime	\$ 4,518.00	\$ 4,942.00	4%
Sports Liability	\$ 21,504.00	\$ 22,639.00	5%
ADD Sports	\$ 16,161.00	\$ 16,716.00	3%
Cyber Liability	\$ 37,333.00	\$ 37,333.00	0%
Total without surcharges	\$ 2,045,460.00	\$ 1,900,874.00	-7%
Citizens (1%)	\$ 10,004.35	\$ -	-100%
EMPA	\$ 20.00	\$ 16.00	-20%
Other Surcharges	\$ 58.73	\$ -	-100%
Total after surcharges	\$ 2,055,543.08	\$ 1,906,890.00	-8%
Premium Savings		\$ 154,653.08	
Broker Fee	\$ 120,000.00	\$ 120,000.00	0%
Total Cost of Program	\$ 2,175,543.08	\$ 2,020,890.00	-7%

	2015-2016	2016-2017	%Δ
WC Rate	0.3123	0.2967	-5%
Property Rate	0.4160	0.3627	-13%

City Of Coral Gables

Property Premium Breakdown

	Carrier	Limit	Coverage	Premium	EMPA	Total
Primary	Lloyds of London	\$ 10,000,000	Incl Wind, Flood, Earthquake	\$ 569,250.00	\$ 4.00	\$ 569,254.00
1st XS Property	Liberty Surplus Insurance Company	\$7.5M p/o \$15M xs \$10M	Incl Wind	\$ 131,085.00	\$ 4.00	\$ 131,089.00
1st XS Property	Evanston Insurance Company	\$7.5M p/o \$15M xs \$10M	Incl Wind	\$ 131,085.00	\$ 4.00	\$ 131,089.00
2nd XS Property	Landmark American Ins. Co.	\$218,201,290 xs \$25M	AOP Only	\$ 50,780.00	\$ 4.00	\$ 50,784.00
Total				\$ 882,200.00	\$ 16.00	\$ 882,216.00

NOTE:

*Premiums above do not include TRIA except for the package which includes TRIPRA for WC.

EXPOSURE COMPARISON

	2015-2016	2016-2017	%Δ
Expenditures	\$ 137,398,673	\$ 143,178,996	4%
# of Employees FT	801	829	3%
# of Employees PT	100	107	7%
# of Autos	596	578	-3%
Payroll	\$ 59,936,146	\$ 61,875,651	3%
EMTs	15	15	0%
Paramedics	121	121	0%
Armed Officers	191	192	1%
Population	48,000	52,227	9%
TIV	\$ 239,023,569	\$ 243,201,290	2%

	2015-2016	2016-2017	%Δ
Building	\$ 156,649,253	\$ 154,063,522	-2%
Contents	\$ 8,326,900	\$ 9,502,581	14%
Vehicles	\$ 17,714,261	\$ 17,714,261	0%
Golf Carts	\$ 488,214	\$ 488,214	0%
BI	\$ 5,285,000	\$ 5,285,000	0%
EDP	\$ 16,163,341	\$ 16,163,341	0%
EDP EE	\$ 2,000,000	\$ 2,000,000	0%
Account Receivable	\$ 7,400,000	\$ 7,400,000	0%
Fine Arts	\$ 1,000,000	\$ 2,500,000	150%
Valuable Papers	\$ 500,000	\$ 500,000	0%
Pump Stations	\$ 13,970,000	\$ 15,384,000	10%
Fountains	\$ 11,009,600	\$ 10,012,000	-9%
Seawalls & Docks		\$ 2,188,371	
Total	\$ 239,023,569	\$ 243,201,290	1%

	2015-2016	2016-2017	%Δ
Sports Program # of participants	18,911	19,205	2%

of Autos does not include Off the Road Equipment

City Of Coral Gables

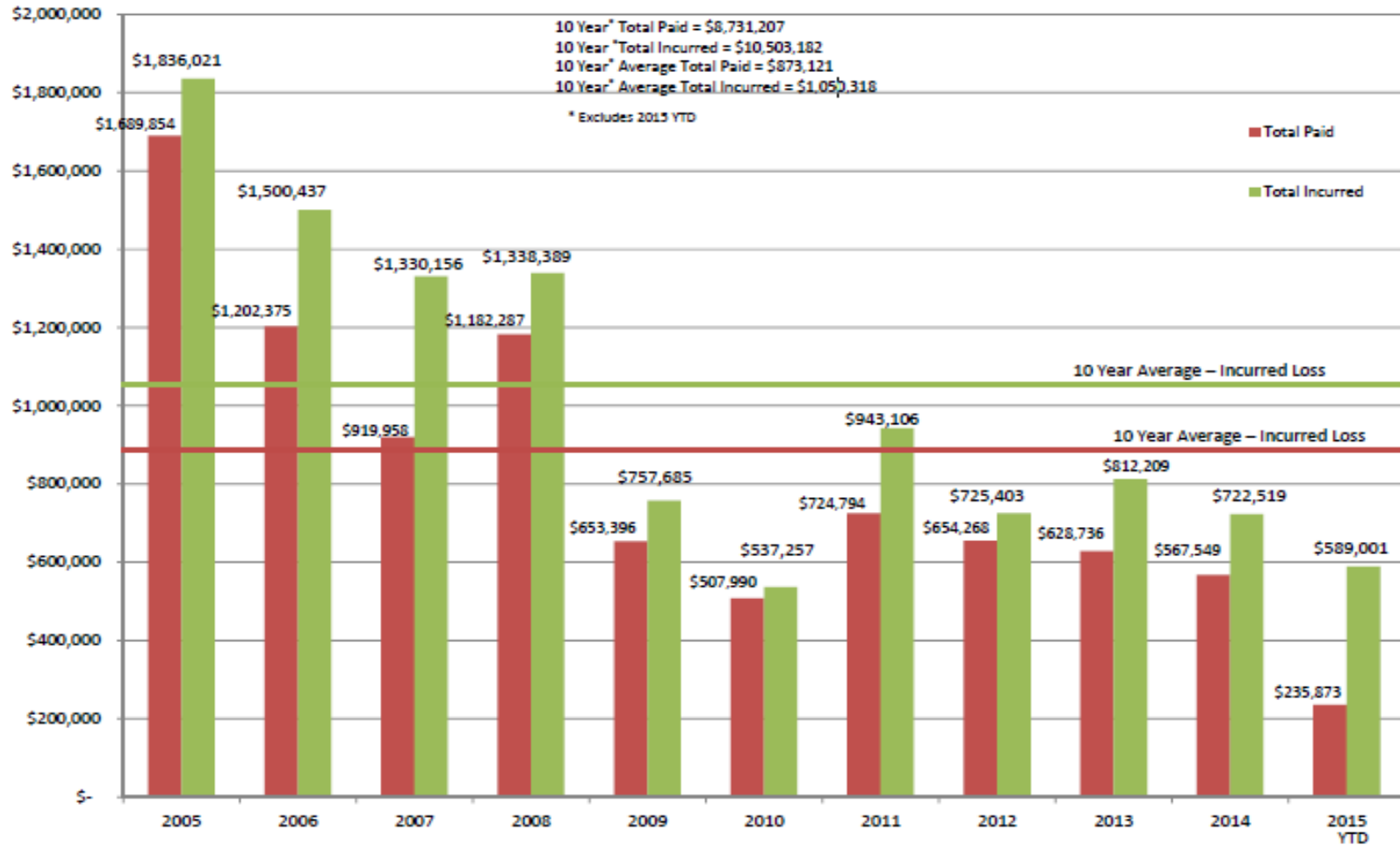
Large Locations at Risk:

In addition to loss from a catastrophic peril such as a hurricane, there is also concern for a significant loss to a single large building from a peril such as a fire or tornado. Listed below are the City's five largest buildings by total insured value. Please note that surrounding locations may represent additional values at risk.

Top Five Valued Buildings

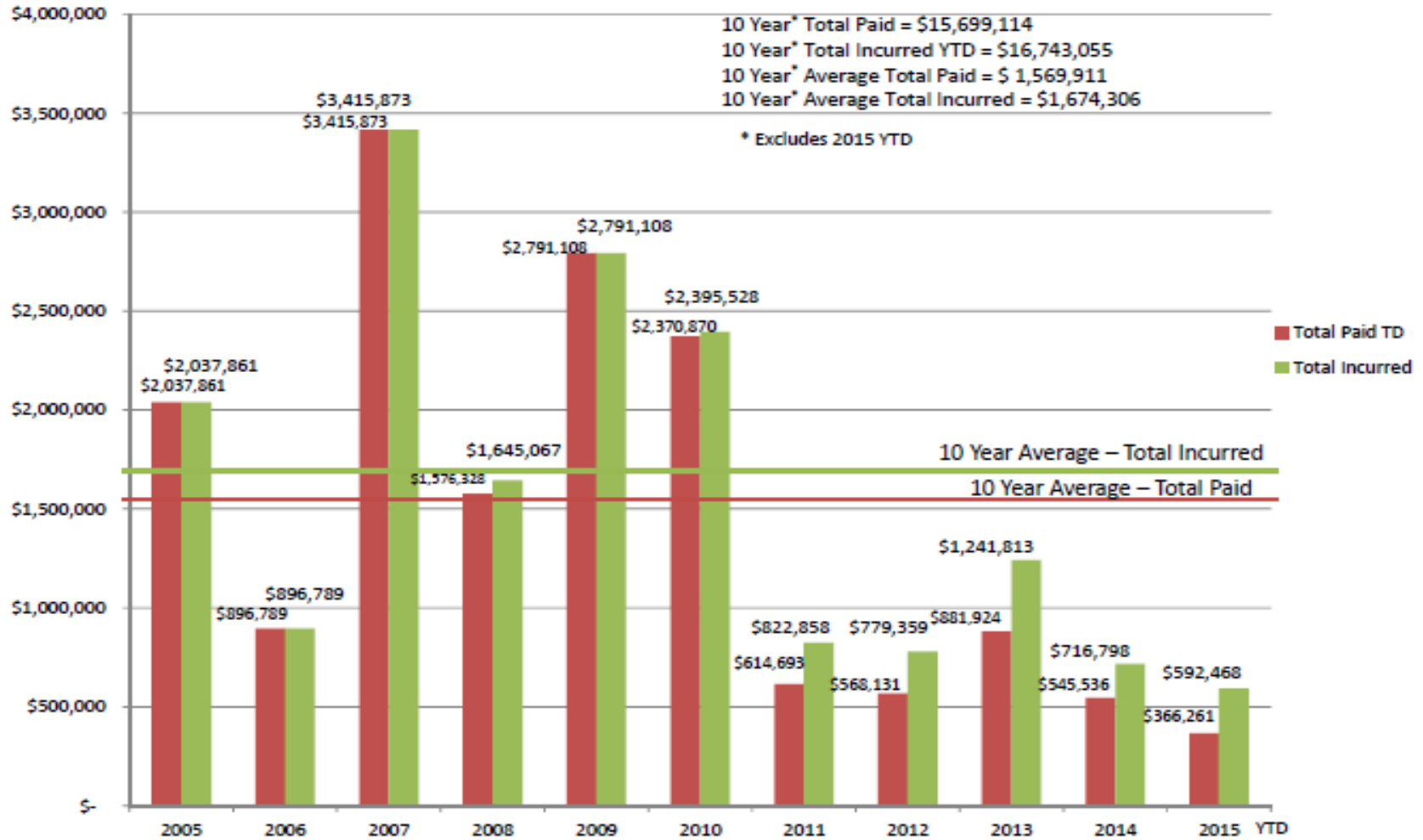
Building Name	Address	Total Insured Value
FIRE AND POLICE / CENTRAL GARAGE	2801 SALZEDO STREET	\$ 36,598,735
PARKING GARAGE 2	220 ARAGON AVENUE	\$ 20,805,000
PARKING GARAGE 6	1 ARAGON AVENUE	\$ 14,808,403
MUSEUM	285 ARAGON AVENUE	\$ 11,729,000
CITY HALL	405 BILTMORE WAY	\$ 11,265,000

10 Year¹ WC Loss Summary – All WC Claims Paid Vs. Incurred Losses



¹ Year is for Policy Year beginning on 5/1/XX

10 Year¹ Liability Loss Summary - Paid Vs. Incurred Losses



¹ Year is for Policy Year beginning on 5/1/XX

About your Broker – Arthur J. Gallagher Risk Management Services, Inc

- Arthur J. Gallagher Risk Management Services and the City of Coral Gables have worked together for many years to provide the County with a comprehensive and cost effective solution to their Risk Management Program
- 4th largest in the World
- A public company traded on the New York Stock Exchange
- Over 500 offices throughout the United States and in all major insurance market centers
- Over \$20 billion worth of premiums placed Worldwide
- 20,000 employees worldwide linked together by Gallagher Online for immediate access to market information and client solutions
- Known nationally as the Public Entity Non-Profit and Scholastic experts
- Unsurpassed FEMA public assistance expertise

Our Florida Public Entity and Scholastic Position

- #1 Florida Public Entity & Scholastic Broker
- #1 Florida Property Broker → over 20 Accounts with property schedules over \$1 Billion in insurable values
- Over 40 Professionals specializing in the public sector in three branches throughout the state
- Cost Effective Programs - Gallagher offers our clients the best possible coverage for the lowest premium, with financially secure carriers. We strive to deliver the most cost-effective risk management solutions available. We hold your interest first.
- Market access and leverage with all major carriers (Domestic, Bermuda and London) that write public sector clients in Florida. Market knowledge, access and evaluation are critical to the City's risk management program. Gallagher knows the markets to access and has strong relationships with these markets. This is crucial to the placement of a successful and cost-effective insurance program for the City. Our long-term experience with Public Entity institutions qualifies us to analyze and negotiate with markets to obtain the broadest terms and conditions with the most competitive pricing structure for our clients. This is demonstrated in the extensive marketing and quote analysis we have performed for the City every year, for more than 30 years.
- Extensive knowledge and experience in public sector alternative risk and pooling programs
- Gallagher has specialized resources on staff available to our public sector clients in the area of claims advocacy and loss prevention.
- Our staff has extensive experience in handling Florida catastrophic windstorm claims.
- Our local staff has a high level of experience and expertise in dealing with FEMA and the Florida Office of Insurance Regulation to assure maximum recovery for our clients in a federally declared disaster.
- Satisfied and long lasting Public Entity relationships :
 - ✓ 17 Florida County Governments
 - ✓ 27 Florida County School Systems
 - ✓ 25 Florida Cities
 - ✓ 28 Florida State Colleges
 - ✓ More than 20 Florida Authorities and Special Districts