



City of Coral Gables
CITY COMMISSION MEETING
April 10, 2018

ITEM TITLE:

RESOLUTION AUTHORIZING THE RENEWAL OF THE PROPERTY AND CASUALTY INSURANCE PROGRAM WHICH INCLUDES, BUT IS NOT LIMITED TO, PROPERTY, GENERAL LIABILITY, AUTOMOBILE LIABILITY, PUBLIC OFFICIALS ERRORS & OMISSIONS, EXCESS WORKERS' COMPENSATION, CRIME LIABILITY, CYBER LIABILITY, TERRORISM PROPERTY & LIABILITY, AS WELL AS OTHER ANCILLARY LINES OF INSURANCE COVERAGE AND INSURANCE BROKER FEES THROUGH ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., FOR A NOT TO EXCEED AMOUNT OF \$ 2,147,777 FOR THE POLICY PERIOD OF MAY 1, 2018 TO MAY 1, 2019. (FUNDING SOURCE: INSURANCE FUND)

DEPARTMENT HEAD RECOMMENDATION:

Approve.

BRIEF HISTORY:

The City's Agent of Record, Arthur J. Gallagher Risk Management Services, Inc. ("Gallagher"), has solicited and received quotes from various insurance carriers for the desired insurance policies shown below. The City Commission named Gallagher as the City's Agent of Record awarding Gallagher bid number RFP 2015.09.11– Risk Management & Insurance Brokerage Services for the Property and Casualty Lines of Insurance Coverage.

Coverage limits for all lines of insurance have remained the same except for cyber liability, which will increase from \$3,000,000 to \$5,000,000. The City's property insurance program premium increased by 13%, of which 4% was attributable to increased property values and 9% was attributable to a rate increase as market conditions adjusted after Hurricane Irma. The City's general liability and workers' compensation insurance carrier (Lloyds of London/BRIT) offered a flat renewal rate and the City's excess workers' compensation insurance carrier (Midlands) offered a 3% insurance premium reduction and 2-year rate guarantee. Although the City increased its cyber liability coverage from \$3,000,000 to \$5,000,000, the City was able to obtain a 37% premium reduction for its cyber liability coverage (Lloyds of London /BRIT).

The total cost to renew the various insurance policies with the increased coverage for cyber liability is \$141,785 more than the cost of these policies in the prior year for an amount not to exceed \$2,147,777.

The following is a summary description indicating insurance policies and premiums:

Description of the Insurance Policy, Surcharge or Fee	Premiums/Fees May 1, 2017 to May 1, 2018	Premiums/Fees May 1, 2018 to May 1, 2019
Package	\$580,000	\$605,675
Excess Workers Comp	\$194,100	\$188,735

Property	\$984,906	\$1,115,000
Boiler & Machinery	\$9,668	\$9,636
ADD Business Travel	\$360	\$360
ADD Police and Fire	\$12,338	\$12,338
Bond Finance Director	\$1,138	\$1,138
Storage Tank	\$2,549	\$2,900
Crime	\$10,500	\$12,070
Sports Liability	\$21,006	\$21,006
ADD Sports	\$16,006	\$16,006
Cyber Liability <i>(coverage increase from \$3,000,000 to \$5,000,000)</i>	\$29,639	\$18,563
Terrorism Liability	\$10,000	\$10,000
Terrorism Property	\$13,750	\$14,318
Total without surcharges	\$1,885,960	\$2,027,745
EMPA - State of Florida	\$32	\$32
Total after surcharges	\$1,885,992	\$2,027,777
Insurance Brokerage Fee (Gallagher)	\$120,000	\$120,000
Total Cost	\$2,005,992	\$2,147,777

Meetings of the Insurance and Risk Management Advisory Board (the “Board”) took place on February 15, 2018 and March 15, 2018 to discuss in detail the renewal of the City’s property and casualty insurance program. During these meetings, Gallagher discussed the renewal process and made a detailed presentation of the quotes obtained from the different carriers for the various types of insurance coverage. The Board is in agreement with the approval of the aforementioned insurance policies. Further, George Erickson from Siver Insurance Consultants, the City’s independent insurance consultant, also concurs with the above recommendations (see attached summary and recommendation letter provided by Mr. Erickson).

FINANCIAL INFORMATION: (If Applicable)

	Amount	Account No.	Source of Funds
	Not to exceed \$ 2,147,777	540-000-590-4550	Insurance Fund
Total:		APPROVED BY:	

Attachments:

1. Resolution
2. Insurance renewal proposal and premium summary presented by Arthur J. Gallagher
3. Siver Insurance Consultants Summary and Recommendation Letter
4. Board Minutes (February 15, 2018 and March 15, 2018)