



**City of Coral Gables
CITY COMMISSION MEETING
MAY 09, 2023**

ITEM TITLE:

Insurance & Risk Management Advisory Board meeting minutes March 17, 2023

SUMMARY OF MEETING:

OPENING:

Chair Juan C. Diaz-Padron opened the meeting. Meeting was called to order at 8:11 am. In person Quorum was reached. Board attendance was completed. Everyone introduced themselves.

MINUTES APPROVAL:

March 6, 2023, minutes were reviewed. Per Paul Susz, he agreed with the minutes subject to adding: (1) that a CAT Bond was discussed and (2) reducing property values from the statement of values was discussed.

Motion: Paul Susz 2nd Motion: Gary Reshefsky Unanimously approved.

SECRETARY'S REPORT: None

BOARD MEMBERS REPORTS: None

NEW BUSINESS: None

OLD BUSINESS:

Insurance Renewal – Arthur J. Gallagher

Ms. Perez started the discussion with a review of the Package (Liability and Workers Compensation) proposals. The premium last year was \$804,000. The renewal with the incumbent (Ambridge) will be \$880,000. The increase is based on the current market and loss trends which resulted in an overall premium increase of 9%, rate increase of 6% with an increased exposure of 3%.

Ms. Perez discussed the quote from Berkely which is \$500,000 but does not cover workers compensation which would result in the city self-insuring the 1st \$1,000,000 on each claim. The current structure has the city self-insuring the 1st \$500,000 on each claim, however, the city has not had a workers compensation claim that has exceeded \$330,000 in the last 10 years. Ms. Elejabarrieta mentioned that Police and Fire Departments tend to have the larger workers compensation claims which are associated with heart and lung claims. Ms. Elejabarrieta did advise that the Finance Department feels comfortable with self-insuring the 1st \$1,000,000 on a workers compensation claim but she is awaiting to hear back from the actuary. Ms. Perez advised that there is a trend among other clients to self-insure more on workers compensation claims.

Ms. Perez then discussed the Property Insurance Market indication which is currently at a 37% rate increase worst case scenario which would result in a premium increase of approximately \$1.1 million. This increase is as a result of current market conditions that were affected with large losses which

ultimately affected market capacity. Also, the reported Statement of Values increased 18% from last year as a result of appraisals and adding Garage 7. Ms. Perez also advised that the maximum deductible of \$7.5 million from a windstorm has been removed but the minimum \$250,000 deductible remains in place. Ms. Elejabarrieta advised regarding removing the garages from the reported Statement of Values could result in a meaningful reduction in property insurance premium but to keep in mind the City would not be able to claim loss of income from the garages removed from the Statement of Values. Ms. Jimenez advised that the 1st layer of \$25 million in property coverage has been approximately 82% filled.

Ms. Perez advised that the quote received for fine arts is not competitive at \$16,500 when the City's current property program insures fine arts for approximately \$717.

Ms. Perez advised concerning reducing the reported Statement of Values for Valuable Papers, and Electronic Data Processing Equipment, the reduction in premium would be minimal which would approximately be .205 for every \$100 in value. Ms. Perez did advise removing any of the garages would move the needle in reducing the premium. Ms. Perez did advise that in the latest modeling indicates the maximum probable loss from a 250-year storm is \$13.4 million while the city currently carries \$50 million in wind storm coverage.

Ms. Perez discussed the flood insurance renewal and that there are 13 additional locations this year that can be insured for flood. Mr. Ruiz stated that the city currently has \$500,000 in coverage per location.

Mr. Diaz-Padron suggested a meeting with the City Manager to get his input regarding insuring the garages.

MEETING ADJORNED:

Motion by: Juan C. Diaz-Padron / 2nd Motion: Paul Susz at 9:03 a.m.

ATTACHMENT(S):

Minutes of the March 17, 2023