



**City of Coral Gables
CITY COMMISSION MEETING
JANUARY 25, 2022**

ITEM TITLE:

Insurance & Risk Management Advisory Board meeting minutes December 3, 2021

SUMMARY OF MEETING:

OPENING:

Quorum was not reached. Conducted as informative Workshop regarding the Strategic Review of Arthur J. Gallagher – Commenced 8:10am

MINUTES APPROVAL: - November 15, 2021 – Unable to approve due to no QUORUM.

SECRETARY'S REPORT: None

BOARD MEMBERS REPORTS: None

Introduction of new Board Member – Mr. Paul Susz

Ms. Elejabarrieta introduced Mr. Susz as new Board member. Mr. Susz addressed all present regarding his background in insurance and legal experience. Everyone present introduced themselves for the record.

**Overview of Insurance Renewal Process – Ms. Maria Perez, Arthur J. Gallagher
Strategic Review (Exhibit 1)**

Ms. Perez stated this was a mid-year review of the insurance program which entails where the program has been, where it is today and where we would like for it to go toward renewal. Ms. Perez advised renewal process has already begun and the effective date of the renewal insurance policies is May 1st. Ms. Perez advised this insurance program has a self-insured retention for the liability coverages. Ms. Perez advised this may be the first of three meetings prior to actual renewal.

Ms. Perez commenced with Overview Page which describes Arthur J. Gallagher's CORE360 approach, which includes looking at the following 6 areas:

1. Insurance Premiums – Cost for all existing insurance policies & compensation as broker
2. Program Structure – How individual pieces of the program work together as well as how city balances risk appetite against loss experiences
3. Coverage Gaps – Potential costs from any gap in existing policies such as sub limits, removable exclusions & extension of coverage
4. Uninsured & Uninsurable Losses – Potential or actual costs of any risks left knowingly or unknowingly uninsured or uninsurable

5. Loss Prevention & Claims – City’s participation regarding loss prevention. Ms. Perez stated Risk Manager Mr. David Ruiz has a very robust program including utilizing safety training offered by Arthur J. Gallagher.
6. Contractual Liability – Costs resulting from the unsuccessful transfer of risk to or assumption of uninsured liability from a third party

Ms. Perez went over the CORE360 Stewardship Scoreboard to get a snapshot of how Arthur J Gallagher has impacted the city’s total cost of risk overtime by monetizing the cost of risk changes by cost driver, some of the highlights are:

- Achieved flat rate renewals on 3 lines of coverage
- Reduced Crime premium by 6%
- This year is the 3rd year of the Equipment Breakdown rate guarantee
- Social engineering coverage was removed from the Cyber policy- still provided in the Crime Policy
- Brit has provided \$7,000 grant for loss control resources or fund
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- AJG Loss Control Team has and will continue to provide safety classes working closely with Risk Manager Mr. David Ruiz
- Obtained an indication to reduce property limits from full TIV to \$75M limit – providing a \$55,0000 saving
- \$5,000,000 cyber limits are now achieved by purchasing an excess cyber policy
- Received quote from FMIT that would change the city’s insurance program from its current placement into a Trust
- Trees & landscaping on city roads are not covered under the property program
- AJG issued 211 certificates on city’s behalf between 05/01/220 to 05/01/2021
- AJG issued 122 certificates on city’s behalf between 05/01/2021 to present

Cyber Coverage – Ms. Perez

Ms. Perez advised the cyber market is currently a difficult one to ascertain regarding the renewal as the market has seen coverage limits being reduced while premium costs have risen. The current primary cyber risk carrier Ascent is exiting the cyber liability market. Mr. Reshesky asked what the current limits city has including for ransomware coverage and Ms. Perez advised it was \$5,000,000 as the city has purchased an excess cyber risk policy which is excess over the policy with Ascent.

Mr. Susz asked if there is a schedule of the various insurance policies city has. Ms. Perez advised this information will be provided to Ms. Elejabarrieta and Mr. Ruiz for them to make it available to Mr. Susz.

Mr. Susz asked Ms. Perez regarding obtaining record of the cost of ransomware other municipalities have experienced to try to determine what may be adequate retention and policy limits.

Current Markets- Ms. Perez

Ms. Perez provided information on the current market through the 3rd quarter for the following coverages:

- Property
- Workers' Compensation
- Commercial Auto
- General Liability
- Umbrella / Excess Liability
- Directors & Officers

Insurance Premiums – Ms. Perez

Ms. Perez provided a review of the insurance premiums for the current year (2021-2022) compared to the year before (2020-2021). Mr. Susz asked what the current feeling is regarding policy increase for 2022-2023. Ms. Perez stated she expects an overall increase of approximately 6%.

Ms. Elejabarrieta stated she agrees with the current strategy being undertaken by Arthur J. Gallagher. Ms. Elejabarrieta stated the city is currently reviewing the city's statement of values and would like to obtain quotes with increased retentions to see if it is worth assuming more risk, as well as continuing to explore FMIT even though it is a completely different program structure. Mr. Ruiz also mentioned to explore if city wishes to continue obtaining sports liability and sports AD&D. Mr. Ruiz stated they will move forward with these applications; however, it would be something to further review.

Ms. Perez spoke regarding upcoming meetings in February and March with Board. Mr. Susz asked when renewal takes place. Ms. Elejabarrieta advised it is actual renewal in May and it is usually taken to commission on a not-to-exceed amount. Ms. Elejabarrieta advised further information will be sent to everyone electronically where all information can be further reviewed.

WORKSHOP CONCLUDED: 09:12am

NEXT MEETING: February 2022 – date to be determined

ATTACHMENT(S):

Minutes of the December 3, 2021