



801 94th Avenue N., Suite 202
St. Petersburg, Florida 33702-2525
Post Office Box 21343
St. Petersburg, Florida 33742
Telephone: (727) 577-2780
Fax: (727) 579-8692

Email: gerickson@siver.com

March 18, 2019

SENT BY EMAIL

Ms. Raquel Elejabarrieta, Esq.
Director of Labor Relations and Risk Management
2801 Salzedo Street
Coral Gables, FL 33134

Subject: City of Coral Gables
Siver Summary and Recommendation
Commercial Property and Casualty Insurance Program

Dear Ms. Elejabarrieta:

At the request of the City of Coral Gables, Florida (“the City”), Siver Insurance Consultants (“Siver”) has reviewed various renewal options presented to the City by Arthur J. Gallagher and Company (“Gallagher”) for renewal of the City’s public entity liability insurance package policy (“the Package”), the City’s commercial property insurance program (“the Property Program”), and various other property and casualty insurance policies purchased by the City.

As a result of our review of these proposals and additional supporting documentation, we offer the following recommendations and commentary.

RECOMMENDATION

Public Entity Package Policy

Siver recommends that the City accept the Package, including the Excess Liability proposal, from Underwriters at Lloyd’s/Brit Syndicate 2987 (“Brit”), as presented by Gallagher. The Public Entity Package policy provides a total limit for the City of \$5,000,000 per occurrence (\$4,650,000 in excess of the City’s self-insured retention levels of \$350,000 per occurrence)

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 2

for the liability coverages included in the package.¹ The Workers' Compensation coverage provided by the Package is subject to a limit of \$500,000 for any one accident in excess of a self-insured retention of \$500,000 per occurrence. The premium for this package from Brit, before Florida fees and assessments, is \$596,000.

Excess Workers' Compensation

We recommend that the City accept the renewal proposal for Excess Workers' Compensation coverage from New York Marine and General Insurance ("New York Marine") for a premium of \$184,591

The excess workers' compensation/employers' liability policy provides workers' compensation statutory coverage and a \$1,000,000 employers' liability limit over the Package policy's workers' compensation/employer's liability coverage limit of \$500,000 per occurrence, which in turn is excess of the City's self-insured retention of \$500,000.

Commercial Property

Our recommendation is that the City accept the proposed Property Program with \$50,000,000 of Named Storm Coverage and \$240,537,035 of coverage for "all other perils" ("AOP"), subject to a deductible of 5% of the total insurable value of each "unit of insurance" at each damaged location² for a premium of \$1,146,906. Flood losses from other than a Named Windstorm are subject to a \$100,000 deductible per occurrence, except for those locations within a special flood hazard area where coverage will be provided in excess of the maximum limits available from the National Flood Insurance Program.

Boiler and Machinery

We recommend that the City renew the Boiler and Machinery coverage through Travelers Property and Casualty Insurance Company ("Travelers") with a limit of \$50,000,000 at a premium of \$10,427.

¹ The Public Entity Package includes the City's general liability, automobile liability, public officials' liability, employee benefits liability, law enforcement liability, workers' compensation and employer's liability coverages.

² The Named Storm percentage deductible is subject to a \$250,000 minimum and \$7,500,000 maximum per occurrence for windstorm damage. For Named Storm related flood, the minimum deductible is \$500,000 for buildings and \$500,000 for contents, which is consistent with the maximum limits available from the National Flood Insurance Program.

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 3

Flood Coverage

We recommend that the City accept the proposal for coverage with Voyager Indemnity Insurance (“Voyager”) for ten locations for a total premium of \$9,880.

Cyber Liability

We recommend that the City accept the proposal presented for Cyber/Privacy Liability coverage from Brit with a limit of liability of \$5,000,000 per claim/aggregate for a premium of \$18,365

Crime

We recommend that the City accept the proposal to continue the crime coverage with limits of \$5,000,000 per occurrence and subject to a \$50,000 deductible/retention for each occurrence³ for a premium of \$11,756.

Terrorism – Liability

We recommend that the City accept the proposal from Underwriters at Lloyds, Munich Re Syndicate 457 provided through Roanoke Underwriters (“Roanoke”), for liability arising out of acts of Terrorism for a premium of \$8,500. The policy will provide coverage liability arising out of both certified and non-certified acts of terrorism and is subject to a per occurrence and aggregate limit of \$25,000,000. The policy is subject to a \$10,000 per occurrence deductible.

Terrorism - Property

We are also recommending that the City accept the proposal by Roanoke for coverage for property damage resulting from an act of terrorism for a premium of \$12,500. The policy will provides coverage for damage to City property arising out of both certified and non-certified acts of terrorism and is subject to a per occurrence limit of \$100,000,000 and a deductible of \$10,000 per occurrence.

³ The coverage for money orders and counterfeit money is subject to a limit of \$50,000 and a deductible of \$1,000 per occurrence. The coverage for claim expenses is subject to limit of \$5,000 and a deductible of \$0 per occurrence.

Ms. Raquel Elejabarrieta, Esq.

March 18, 2019

Page 4

Active Assailant Liability

We are also recommending that the City accept the proposal from Roanoke to add \$1,000,000 of Active Assailant coverage, which is subject to a \$10,000 per occurrence deductible, for a premium of \$6,000.

Pollution Liability

We are recommending that the City discontinue its expiring Underground Storage Tank Liability policy, and replace it with a more comprehensive pollution liability policy, which has been offered to the City from Indian Harbor Insurance Company (“Indian Harbor”). This policy will have a \$2,000,000 per incident/\$4,000,000 aggregate and is subject to a \$25,000 per incident deductible/retention. The proposed premium for this policy is \$23,500.

Miscellaneous Policies

In addition, we recommend that the City purchase the renewal of the following additional miscellaneous property and casualty policies for which renewal was offered by Gallagher:

Coverage	Insurer	Premium
Accidental Death & Dismemberment – Business Travel	Hartford Life and Accident Insurance Company	\$360
Accidental Death & Dismemberment – Police and Fire	Hartford Life and Accident Insurance Company	\$12,338
Public Official Bond – Finance Director	Hartford Fire Insurance Company	\$1,138
Sports Liability	Scottsdale Insurance Company	\$24,312
Accidental Death and Dismemberment – Amateur Sports	National Casualty Company	\$13,306
TOTAL PREMIUM		\$51,454

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 5

DISCUSSION

Public Entity Package

The premium for the expiring “Brit” Package policy is \$603,000. Although this policy was subject to a two year, “flat-rate” guarantee, Brit has agreed to a reduced premium for the 2019/2020 renewal of \$596,000, which represents a \$7,000 reduction.

Excess Workers’ Compensation

The City’s excess workers’ compensation/employers’ liability policy is currently provided by New York Marine at a premium of \$188,735. The New York Marine policy was written last year with a two year rate guarantee which will keep the renewal rate for the renewal the same as the expiring policy (.2510 per \$100 of payroll).

We recommend that the City continue their excess workers’ compensation coverage with New York Marine for a premium of \$184,591. The 2% decrease in the premium is due to a 2% decrease in the estimated payroll (from \$74,684,272 to \$73,542,192).

Property Program

Expiring Program

The City’s expiring Property Program is provided by a combination of numerous separate layers of policies and insurers, with Lloyd’s providing the primary layer. The expiring Property Program includes \$50,000,000 of coverage for Named Storms and \$10,000,000 of coverage for flood. For perils other than Named Storm, Landmark provides coverage equal to the City’s 2018/2019 total insured values of \$252,314,816. The deductible in the City’s Property Program is \$50,000 per occurrence for all perils except for the perils of named windstorm and flood, which are subject to a deductible of 5% of the total insurable values at the damaged location, subject to a minimum of \$250,000 per occurrence and a maximum of \$7,500,000 per occurrence.

The total premium of the City’s expiring Property Program is \$1,115,000.

Proposed Renewal Terms

Utilizing a total of nine separate insurers and policies, Gallagher has proposed the continuation of the Property program with the same limits of \$50,000,000 of Named Windstorm coverage, \$10,000,000 of flood coverage and full property total insurable values

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 6

(TIV) of \$240,537,035⁴ for all perils other than Named Windstorm and Flood, subject to the same deductible described above, for a proposed combined program premium of \$1,146,904.

The deductibles will continue to be \$50,000 per occurrence, for all perils except for the perils of named windstorm and flood, which are subject to a deductible of 5% of the total insurable values at the damaged location, subject to a minimum of \$250,000 per occurrence.

Flood losses from other than a Named Windstorm are subject to a \$100,000 deductible per occurrence, except for those locations within a special flood hazard area where coverage will be provided in excess of the maximum limits available from the National Flood Insurance Program.

Boiler and Machinery

Boiler and Machinery/Equipment Breakdown coverage is not covered in the Property Program. As a result, the City purchases stand-alone Boiler and Machinery/Equipment Breakdown from Travelers. The Travelers policy provides \$50,000,000 of Boiler and Machinery/Equipment Breakdown coverage. The expiring premium for the Travelers Boiler and Machinery/Equipment Breakdown is \$9,636. For 2019/2020, Travelers has offered to renew the policy for a premium of \$10,427.

Travelers' has offered to renew the policy with the same rate and the same three year rate guarantee as the previous policy. The 8% premium increase is a direct result of an 8% rise in the ratable property values for this policy.

Property Terrorism Coverage

Expiring Policy

The City's coverage for damage to City property resulting from an act of terrorism is currently provided by Indian Harbor. The policy provides coverage for damage to City property arising out of both certified and non-certified acts of terrorism and is subject to a per occurrence limit equal to the City's total insured values of \$252,314,816 and a deductible of \$50,000 per occurrence, for a premium of \$14,318.

⁴ Several options were presented by Gallagher to reduce the overall limit of Property Insurance Program for perils other than Named Windstorm or Flood from the City's current total insurable value limit to either \$50,000,000 or \$75,000,000. However, the \$50,000,000 option was determined to be too low of a limit for the City's risks, and the premium savings for reducing the limit from \$240,537,035 to \$75,000,000 were only approximately \$11,000. As a result, these options were not recommended.

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 7

Renewal Proposal

Gallagher has offered to renew the Indian Harbor policy for a premium of \$13,073. The limit will be the full insurable values for 2019/2020 of \$240,537,035 and the deductible will remain \$50,000.

Roanoke Alternative Proposal (Recommended)

Gallagher also provided an alternative proposal from Underwriters at Lloyds, Munich Re Syndicate 457 (“Roanoke”) for coverage for property damage resulting from an act of terrorism for a premium of \$12,500. The policy will provides coverage for damage to City property arising out of both certified and non-certified acts of terrorism and is subject to a per occurrence limit of \$100,000,000 and a deductible of \$10,000 per occurrence.

We recommend the proposed policy from Roanoke to replace the expiring Indian Harbor Property Terrorism coverage.

Terrorism Liability Coverage

Current Policy

The City’s policy for liability arising out of both certified and non-certified acts of terrorism is also provided by Indian Harbor and is subject to a per occurrence limit of \$25,000,000 and a \$50,000 deductible. The policy premium is \$10,000.

Renewal Proposal

Gallagher has proposed to renew the Indian Harbor policy with the same terms and conditions as the expiring policy, including the \$10,000 premium.

Roanoke Alternative Proposal (Recommended)

Gallagher has also provided an alternative proposal Roanoke for Liability coverage arising out of both certified and non-certified acts of terrorism. The limit proposed by Roanoke is the same as the Indian Harbor proposal at \$25,000,000. The deductible is \$10,000. The premium is \$8,500.

We recommend the proposed policy from Roanoke to replace the expiring Indian Harbor Terrorism Liability coverage.

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 8

Active Assailant Coverage

Indian Harbor Proposal

Gallagher has included an offer for additional coverage to be added to the Indian Harbor terrorism policy for property damage, business interruption and extra expense arising out of an Active Assailant event. The Indian Harbor coverage is subject to a \$1,000,000 limit and a \$50,000 deductible for a premium of \$10,000.

Roanoke Proposal (Recommended)

Gallagher provided an alternative Active Assailant coverage proposal from Roanoke. The proposed Roanoke coverage is subject to a \$1,000,000 limit and a \$10,000 deductible for a premium of \$6,000.

We recommend that the City purchase of the Roanoke Active Assailant coverage for a premium of \$6,000.

Active Assailant Coverage - In General

Active Assailant coverage is intended to respond to a premeditated malicious physical attack by an Active Assailant who is armed with a hand-held weapon, explosive device in the hand or on the body or any road vehicle that is used as a weapon to cause physical damage or bodily injury. A covered event must affect three or more people physically present during the attack. The assailant may or may not be affiliated with a terrorist organization.

The extra expense coverage can include public relations consultancy costs, relocation expense, counselling and psychiatric care costs, medical expense, job retraining costs, recruitment costs and temporary security costs.

Flood Coverage

Current Coverage

The City currently maintains eight policies in the National Flood Insurance Program (NFIP) through American Bankers Insurance (American Bankers) for a total premium of \$7,593.

American Bankers has offered to renew the same eight policies for \$7,677 in the NFIP program and will add policies for an additional two locations for an additional \$4,477 (\$12,154 total).

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 9

Voyager Alternative Proposal

Gallagher has offered an alternative proposal with Voyager for a premium of \$6,939 for the original eight locations and \$2,941 for the other two locations (\$9,880 total). It appears, based on Gallagher's proposal, that the coverage will be comparable.

In addition to the lower premium, another advantage of the Voyager coverage is the post-loss valuation of property, which is based on Actual Cash Value in the expiring program, but will be on a Replacement Cost basis in the Voyager policy.

We recommend that the City purchase the Voyager alternative proposal for Flood insurance, including the additional two properties for a premium of \$9,880.

Cyber Liability Coverage

Current Policy

The City's expiring Cyber-Liability policy is written by Brit and provides a \$5,000,000 per claim/aggregate limit for the following coverages:

- Privacy & Security Liability And Regulatory Coverage
- Privacy & Security Breach Response Coverage
- PCI DSS Assessment Coverage
- Cyber Extortion Coverage
- Business Income and Digital Asset Restoration Coverage
- Multimedia Liability Coverage

The Brit policy is subject to a \$50,000 self-insured retention. The premium for the expiring Brit policy is \$18,563.

Proposed Renewal Terms

Brit has offered to renew the Cyber-Liability policy with the same coverage terms and conditions as the expiring policy for a renewal policy premium of \$18,365. We recommend that the City accept the proposed renewal terms.

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 10

Crime

The City's Crime insurance is provided by Travelers Casualty and Surety Company of America ("Travelers C&S").

The policy provides coverage for crime/theft losses suffered by the City as the result of:

- Employee Dishonest/Theft
- Forgery or Alteration
- On Premises – Theft
- In Transit – Theft
- Money Orders and Counterfeit Money
- Computer Fraud
- Funds Transfer Fraud
- Social Engineering Fraud
- Claim Expenses

We recommend that the City accept the proposal to continue the crime coverage with the same terms and conditions as the expiring policy for a premium of \$11,756.

Miscellaneous Property and Casualty Policies

Premium Summary

We have also recommended that the City purchase the renewal of the additional miscellaneous property and casualty policies which are shown below. These policies have been offered for renewal without any significant changes in coverage unless otherwise noted.

Most of the coverages were proposed at the same as the expiring premium or increased marginally, except for Sports Liability policy which was proposed with a 16% increase from \$16,006 to \$13,306.

Gallagher sought alternative proposals for the Sports Liability and Sport Accidental Death and Disability coverages and did not find a more competitively policy option for the City's Sports Liability policy. They did, however, find a lower cost policy for the Sports Accidental Death and Disability policy with Philadelphia Insurance. The Philadelphia proposed premium is \$13,306 compared to \$16,864 proposed by the incumbent insurer (Nationwide) for similar coverage.

SIVER INSURANCE CONSULTANTS

Ms. Raquel Elejabarrieta, Esq.

March 18, 2019

Page 11

Coverage	Insurer	2016/2017 Premium	2017/2018 Premium	% Change
Accidental Death & Dismemberment – Business Travel (2nd year of 2 year policy)	Hartford Life and Accident Insurance Company	\$360	\$360	0.0%
Accidental Death & Dismemberment – Police and Fire (2nd year of 2 year policy)	Hartford Life and Accident Ins. Company	\$12,338	\$12,338	0.0%
Public Official Bond – Finance Director	Hartford Fire Insurance Co.	\$1,138	\$1,138	0.0%
Sports Liability	Scottsdale Ins. Company	\$21,006	\$24,312	+16%
Accidental Death and Dismemberment – Amateur Sports	Philadelphia Insurance	\$16,006	\$13,306	-17%
TOTAL PREMIUM		\$50,848	\$51,454	+0.1%

Financial Strength of Insurers

The insurers proposed by Gallagher have the following financial ratings from A.M. Best:

Insurance Company	Coverage	Best's Rating
Underwriters at Lloyd's (Brit)	Public Entity Package Policy Cyber Liability	A (XV)
New York Marine and General Ins. Co.	Excess Workers Compensation	A- (IX)
Underwriters at Lloyd's	Property – First \$10,000,000 including named windstorm	A (XV)
Evanston Insurance Company	Property - \$7,500,000 part of \$15,000,000 excess of \$10,000,000 including named windstorm	A (XV)
Liberty Insurance Co.	Property - \$7,500,000 part of \$15,000,000 excess of \$10,000,000 including named windstorm	A (XV)
Landmark American Insurance Company	Property - \$217,485,035 excess of \$25,000,000 excluding named windstorm	A+ (XIV)
Everest Indemnity Insurance Co.	Property - \$25,000,000 excess of \$25,000,000 named windstorm only	A+ (XV)
Indian Harbor Insurance Company	Property - Liability Terrorism Property Terrorism	A+ (XV)
Lloyds - Munich Re (Roanoke)	Alternative Property - Liability Terrorism Alternative Property Terrorism	A (XV)
Travelers Property Casualty	Boiler and Machinery	A++ (XV)

SIVER INSURANCE CONSULTANTS

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 12

Insurance Company	Coverage	Best's Rating
Insurance Co.		
American Bankers	Flood (NFIP)	A++ (XV)
Voyager Indemnity Insurance	Alternative Flood	A (XIII)
Hartford Life and Accident Ins. Co.	Accidental Death & Dismemberment – Business Travel/Police and Fire	A (XV)
Hartford Fire Ins. Co.	Public Official Bond – Finance Director	A+ (XV)
Commerce and Industry Ins. Co.	Underground Storage Tank	A (XV)
Travelers Casualty and Surety Co. of America	Excess Crime	A++ (XV)
Scottsdale Insurance Company	Sports Liability	A+ (XV)
National Casualty Co,	Accidental Death and Dismemberment – Amateur Sports	A+ (XV)

In our opinion, all of the insurers being used to place the City's insurance programs are acceptable and have very sound financial ratings.

SUMMARY AND CLOSING

To summarize, Siver recommends that the City accept the Package from "Brit" as presented by Gallagher. The premium for this package option from "Brit" is \$596,000. We also recommend the excess workers' compensation renewal proposal from New York Marine and General Insurance Company, which provides statutory limits over the Package's workers' compensation limits for a premium of \$184,591 (total premium of \$787,591).

We recommend that the City accept the proposed Property Program to be provided by a combination of Lloyd's, Evanston, Liberty, Landmark, and Everest, as presented by Gallagher, for a premium of \$1,146,906.

We recommend the City accept the purchase of Boiler and Machinery insurance from Travelers Property and Casualty Insurance Company for a premium of \$10,427.

We recommend that the City purchase the Flood coverage, as proposed by Gallagher with Voyager Indemnity Insurance for a total premium of \$9,880

We recommend that the City purchase the proposed Cyber Liability coverage from "Brit" with a \$5,000,000 limit for a premium of \$18,365.

SIVER INSURANCE CONSULTANTS

Ms. Raquel Elejabarrieta, Esq.
March 18, 2019
Page 13

We recommend that the City accept the proposal to renew the Crime policy with Travelers for a total premium of \$11,756.

We recommend that the City renew their coverage for liability arising out of both certified and non-certified acts of terrorism, subject to a per occurrence and aggregate limit of \$25,000,000 from Roanoke for a premium of \$8,500.

We recommend that the City purchase coverage for damage to City property arising out of both certified and non-certified acts of terrorism subject to a per occurrence limit equal to the City's total insured values of \$240,537,035 from Roanoke for a premium of \$13,761.

We further recommend that the City purchase the additional proposed coverage option of Active Assailant Event coverage for the premium amount indicated in Gallagher's proposal (\$6,000).

We further recommend that the City purchase the renewal of five additional miscellaneous property and casualty policies for which renewal was offered by Gallagher. These policies include the policies for Accidental Death & Dismemberment – Business Travel, Accidental Death & Dismemberment – Police and Fire, Public Official Bond – Finance Director, Sports Liability, and Accidental Death and Dismemberment – Amateur Sports. The combined premium for these five policies before any applicable fees and assessments is \$51,454.

In total, all of the insurance programs we have recommended to the City can be summarized as follows:

SIVER INSURANCE CONSULTANTS

Ms. Raquel Elejabarrieta, Esq.

March 18, 2019

Page 14

COVERAGE	2018/2019 COSTS	2019/2020 COSTS
Package	\$603,000	\$596,000
Excess Workers' Compensation	\$188,735	\$184,591
Property Program	\$1,115,000	\$1,146,906
Boiler and Machinery	\$9,636	\$10,427
Cyber Liability	\$18,563	\$18,365
Crime	\$12,070	\$11,756
Liability Terrorism	\$10,000	\$8,500
Property Terrorism	\$14,318	\$12,500
Active Assailant	N/A	\$6,000
Pollution Liability*	\$2,875	\$23,500
Miscellaneous Property and Casualty Policies (5 total)	\$50,848	\$51,454
Flood	\$7,593	\$9,880
EMPA & TRIA	\$2,732	\$2,741
Total after surcharges	\$2,035,370	\$2,082,620
Broker Fee	\$120,000	\$120,000
Total Cost of Program	\$2,155,370	\$2,202,620

* The expiring policy is "Underground Storage Tank" liability coverage only, recommended policy is a more comprehensive Pollution Liability policy.

We appreciate this opportunity to be of service to the City of Coral Gables. If you have any questions, please let us know.

Very truly yours,

SIVER INSURANCE CONSULTANTS

George W. Erickson, JD, CPCU, LLM