

CORAL GABLES INSURANCE & RISK MANAGEMENT ADVISORY BOARD

Minutes of March 5, 2021
Virtual Informative Workshop via Zoom

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTED BY
	21	21	21	21	21	21	21	21	21	21	21	21	

Gary Reshefsky			*P										Mayor Raul Valdes-Fauli
Jose Soto			*P										Commissioner Jorge L Fors Jr.
James Blough			*P										Commissioner Pat Keon
Juan C. Diaz Padron			*P										Commissioner Vincent Lago
Matthew Weaver			*A										Commissioner Michael Mena

A = Absent
E = Excused Absence
P = Present
- = No meeting

***VIRTUALLY:**

STAFF:

Raquel Elejabarrieta, Director Office of Labor Relations & Risk Mgt
David Ruiz, Risk Manager

GUESTS:

Arthur J. Gallagher staff:
Maria Perez / Brad Watson/ Calah Bullard
George Erickson – Siver Insurance Consultants

PUBLIC GUEST:

None

RECORDING SECRETARY:

Eglys Hernandez, Administrative Assistant

OPENING:

Board member Mr. Juan C. Diaz-Padron opened the workshop at 9:03am. It was a workshop held virtually as no Quorum in person was reached.

MINUTES APPROVAL:

No minutes requiring approval.

SECRETARY’S REPORT: None

BOARD MEMBERS REPORTS: None

OLD BUSINESS:

Update Insurance Renewal Process – Ms. Maria Perez- Arthur J. Gallagher

In depth discussions in a period of over three hours were conducted.

A. Presentation by Arthur J. Gallagher (“AJG”) of the renewal of the current insurance program

- Maria Perez presented AJG’s Executive Summary (Exhibit 1) and went over the City’s current insurance program and the status of the insurance renewal.
- Maria also presented the difference in premiums between FMIT’s proposal and the proposal if the City continued with its current program structure, which is approximately \$800,000.

The renewal numbers that were presented were the current worst case scenario in terms of premiums, of importance to note :

- **The Package Program** renewal with the same insurance carrier BRIT, increased by 15% to \$829,500 (for a total of \$1,007,006 when you include excess workers’ compensation) due to claim history and a hardening market. A quote also was received from Safety for \$891,884 (include excess workers’ compensation) and PESLIC for \$910,100 (includes excess workers’ compensation). FMIT quoted \$822,112 but advised that this was contingent on the City also obtaining property coverage with them.
- **The Excess Workers Compensation** renewal saw a rate increase of 7% with the incumbent carrier.
- **The Property Insurance** renewal was a premium rate increase of 4.84% despite a hardening market where some clients saw an increase of over 20%. The City informed the Board that it was in the process of having most of its properties re-indexed and those properties that were not being re-indexed were being physically appraised. The property value of the majority of the City’s properties that were reindexed increased by 13%. JC Padron asked whether the property values are based on market price or replacement cost. Maria Perez answered that the re-indexing is based on replacement costs.
- **Cyber Risk** renewal went up 156% with another carrier (Ascent) due to market conditions. Also, the current carrier BRIT non-renewed as they are no longer offering this coverage to Municipalities. JC inquired about why this increased so much, Maria answered that the incumbent BRIT is no longer writing this coverage and the market is hard.
- **Terrorism Property and Liability as well as Active Assailant** renewal is still pending and awaiting a response from the insurance marketplace.

- **Sports Liability** was non-renewed by Scottsdale the current carrier as they are exiting the Florida market. Currently awaiting a quote from Philadelphia Insurance who currently insures the City's Sports AD&D Program.
- **Pollution Liability** renewal increased 2 % due to current market conditions and included 2 new exclusions for investigations and arsenic at the Granada Golf Course. AJG is still working with the insurance carrier on the two exclusions pertaining to the Granada Golf Course. Gary Reshefsky advised that AJG should push back on this exclusion, Maria Perez agreed.

B. George Erickson of Siver Consultants presented the insurance program being offered by FMIT and compared it to the City's current insurance program:

- George discussed the differences between the City's current insurance program and the program offered by FMIT as it relates to limits and sub-limits. Exhibit 2 contains a side-by-side comparison of the limits /sub-limits for each program. This exhibit was discussed. The cells highlighted in green indicate the better coverage/limit.
- FMIT's proposal was for both property coverage and the package program. The proposal could not be bifurcated, and the City has to obtain both coverages with FMIT if it chooses to switch to FMIT.
- George then discussed other considerations that the City should consider besides premiums and limits/sub-limits. Exhibit 3 contains a summary of the considerations that were discussed. On the property side, those considerations include FMIT's financial security, lack of historical valuation, uncovered property and asset valuations. On the liability side, those other considerations included handling of claims (e.g., settling authority, choosing attorneys, etc.), claims made issues, retroactive dates, and questionable exclusions.

JC Padron asked if we could switch to FMIT in around 6 months. Maria advised that it would not be prudent financially as the City would end up paying for most if not all of the annual property insurance premium as it would not be pro-rated. Gary advised that AJG should continue to negotiate with FMIT. JC Padron questioned as to why the City has Accounts Receivable listed in the amount of \$7.4 million as payments are made digitally.

A discussion was had on the properties that were excluded from FMIT's proposal (bridges, docks and seawalls). JC questioned the value of the bridges regarding the need to insure them in terms of the likelihood of significant damage to the bridges.

There was also discussion on the City's property values and the status of the re-indexing and appraisals. Gary asked what was driving the increase of the City's property values. Gary was informed that the re-indexing report was being finalized and that we would get back to him. Maria also stated that they have requested a new Wind Modeling Study that includes the new Public Safety Building and removes the old one from the schedule of values.

A discussion was had on the impact of losing the retroactive dates on the liability/package coverage. JC asked whether Safety National had agreed to the City's retroactive dates – which they had per Maria Perez.

David, George and Raquel were all in agreement that FMIT's proposal based on the premiums difference should be given further attention and that further discussions and work needed to be had to fully understand FMIT's proposal and how it compares to the City's current structure particularly as it relates to the claims made and retro dates on the liability side and uncovered property and historical valuation on the property side. JC and Gary also stated that FMIT should be given further consideration given the difference in premiums and enhanced windstorm coverage.

JC inquired about the City of Coral Gables compared to other FMIT members in size, George advised the City of Coral Gables would be one of the largest members.

Discussion was had that the City would attempt to obtain a thirty (30) day extension on its current insurance program so that it has more time to vet FMIT. There was discussion concerning the short time frame that the City has to review all of the information received from FMIT and seek the proper clarifications given that there is no meeting in April and the insurance renewal must therefore go before the City Commission on March 23, 2021. The City's insurance policy term runs from May 1 to May 1.

Given the fact that most of the issues and areas that need further consideration from FMIT's proposal was on the liability side and given the short amount of time that the City had before this item went before City Commission, Raquel asked Maria to ask FMIT whether they would consider allowing the City to only obtain property coverage through them.

MEETING ADJORNED: Workshop ended 12:08pm.

NEXT INFORMATIVE WORKSHOP: March 10, 2021



City of Coral Gables

2801 Salzedo Street
Coral Gables, FL 33134

Insurance Renewal Executive Summary May 1, 2021 – 2022

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March 5th, 2021



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Gallagher

Insurance | Risk Management | Consulting

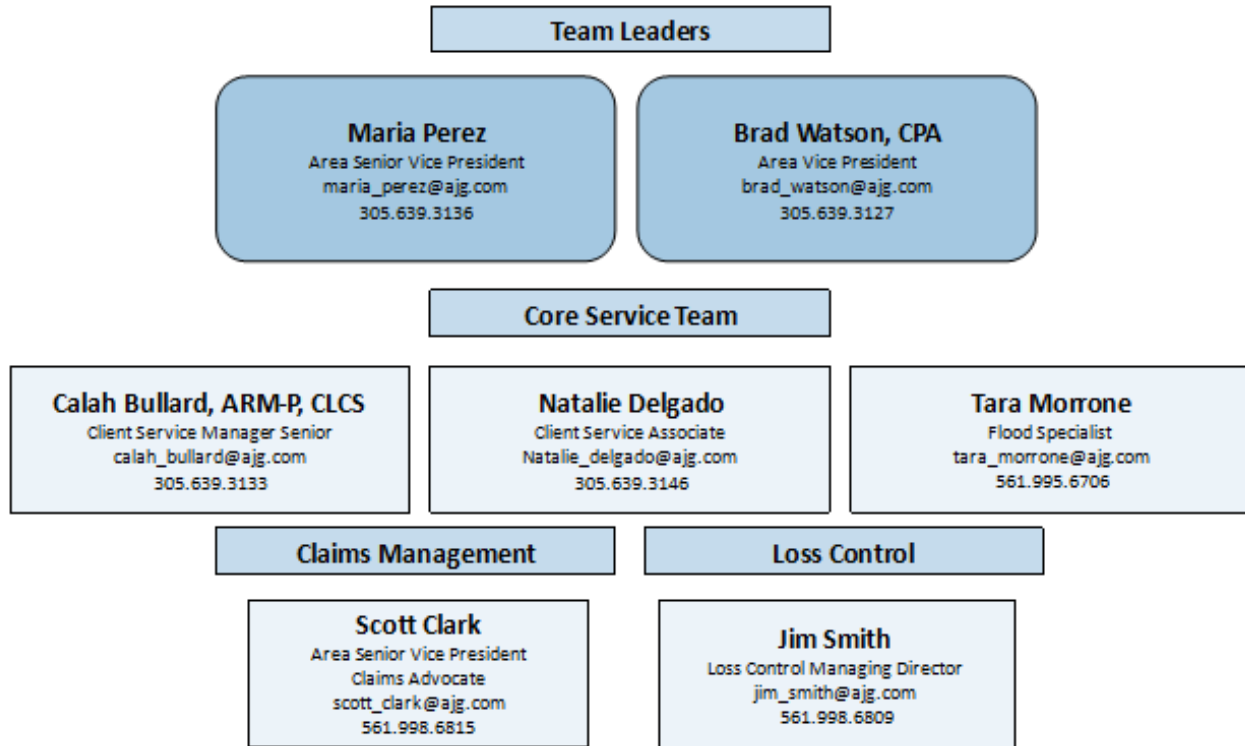
Exhibit 1

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Your Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.



Winter Insurance Market Update – February 2021

As we enter 2021, a number of compounding factors are driving the current insurance marketplace. First, there has been a substantial increase in the number of large weather-related loss events. Second, interest rates remain near historical lows, and third, the industry is dealing with an increasing loss trend in liability lines. Each of these factors help drive up prices and reduce coverage availability. Add to all these factors a global pandemic and a tightening in the reinsurance marketplace—the market is experiencing a high sense of uncertainty. This uncertainty is contributing to the feeling that this is a time where the market has entered into a new phase of recalibration. Many would call this recalibration a hard market for certain lines of coverage and industries in the U.S.

This hardening market is an underwriting-driven marketplace. In a traditional hard market, capital (and consequently capacity) is reduced, thereby limiting the availability of insurance. This marketplace is driven by the need for underwriters to make a profit from underwriting versus relying on investment income. Carriers remain intensely focused on underwriting discipline, ensuring they secure the right terms and pricing on certain lines of coverage that have historically not performed from an underwriting standpoint.

The pace of the United States' economic recovery and the outcome of the active hurricane season could alter some of the underlying fundamentals of the current marketplace. However, in all likelihood, the conditions that exist today are not changing anytime soon, and it will take carriers some time re-underwriting their books of business to overcome the challenges associated with the current marketplace. Accordingly, all market indications point to a continuation of premium increases for the balance of the year and throughout 2021.

Utilizing Gallagher Drive®, our proprietary data and analytics platform, our brokerage team can provide specific rate guidance for your line of coverage, industry and geography. Combined with deep expertise in your particular industry and business, Gallagher can help you navigate today's highly nuanced market.

Line of Coverage	Current Marketplace (Range of Rate Increases)
Property	+15% to +20% or more
Umbrella	+20% to +30% or more
General Liability	+5% to +10%
Commercial Auto	+7% to +12%
Workers' Compensation	-2% to +5% or more
D&O (Private)	+10% to +25% or more
D&O (Public)	+25% to +45% or more
Cyber	+15% to +50% or more

Property

The pace of change in the property marketplace continues to accelerate beyond most other lines of coverage.

According to Executive Vice President and Managing Director for Gallagher’s Global Brokerage Property practice, Martha Bane, “This is certainly the most dynamic property market since 2001. Loss trends have continued to outpace pricing models and, as a result, we have seen underwriters accelerate pricing increases especially over the last year.”

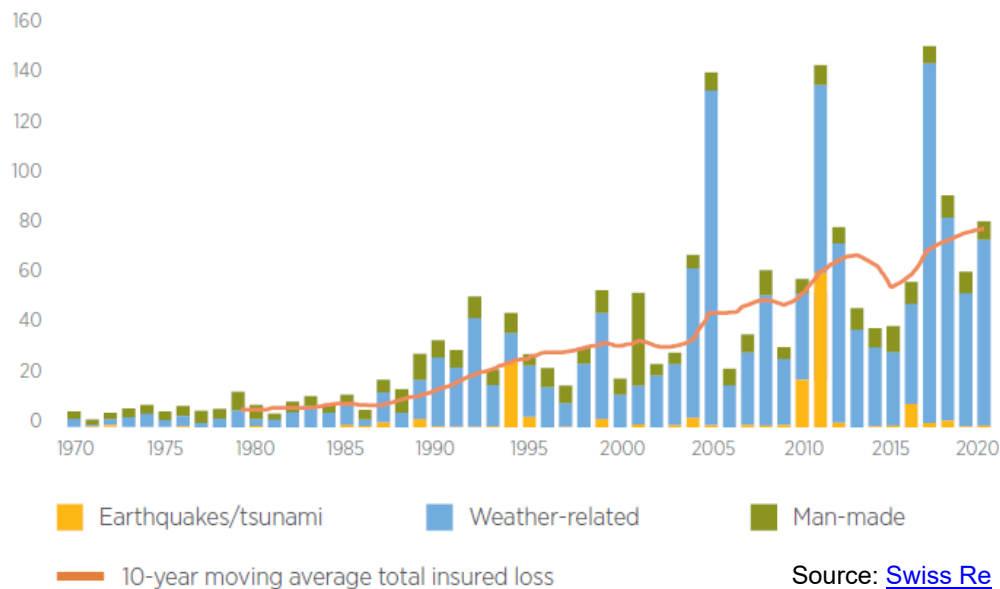
- Three of Gallagher’s largest property carriers **reported average rate increases of 22%** on their national property book.
- Due to rising loss trends and inadequate pricing, the national account property space (TIV > \$125M) has been under distress for a large number of carriers.
- The changes in coverage terms and conditions in the property marketplace have been significant. Increasing deductibles, shrinking sublimits—especially in catastrophic exposed geographies (CAT)—and carriers’ conservative limit deployment can lead to less favorable terms and conditions for clients.
- The rise in non-catastrophic (convective) storm losses continues to impact the industry.

According to The National Oceanic and Atmospheric Administration, the 2020 Atlantic hurricane season saw the highest number of named storms on record with 30 named storms in total.

Hurricanes and typhoons are not the only weather-related events wreaking havoc on the market. In early August, the upper Midwest was impacted by a derecho weather event, which brought straight-line wind speeds in excess of 100 mph to portions of Illinois, Iowa, Minnesota and Wisconsin. There were numerous reports of widespread damage, especially across Iowa. In addition, ongoing wildfires impacted California, Washington and Oregon. All in, the industry has experienced another year of significant catastrophic losses.

GLOBAL REPORTED INSURED LOSSES BY TYPE

Insured losses from 1970–2020 in USD billion at 2020 prices



Workers' Compensation

Overall, workers' compensation rates increased slightly from prior quarters, which is noted in other public sources of information, including CIAB (+1.5%). We predicted that reduced exposures, negative rates and lower-than-expected claim frequency would lead to reduced premiums for insureds, and a better-than-expected combined ratio for carriers.

- **Multiple carriers noted positive rate increases on workers' compensation renewals in the second half of 2020.** Reserve development trends are the driving force behind major changes in the workers' compensation marketplace, and they have remained favorable. As a result, we do not expect the workers' compensation marketplace to start behaving like the property or excess markets anytime soon; however, we believe we are at the beginning of a turning point in the workers' compensation marketplace. We think this turn will be more gradual—moving from its current state of slightly negative to slightly positive in the coming quarters.
- Certain industries tied to the COVID-19 crisis, such as Construction, Healthcare, Food and Agriculture, etc., face an increased risk of exposure.
- There are many scenarios and prognostications about COVID-19, and the possibility that presumption of compensability may be extended to all employees could impact the workers' compensation industry.
- More than 20 states have now proposed or enacted COVID-19-related workers' compensation bills.

Primary General Liability

General liability loss costs continued to rise in the fourth quarter as the overall legal landscape continues to shift in the U.S.

- The frequency of large judgments, increases in litigation financing and an empowered plaintiff bar continue to challenge the industry.
- The median average verdict for the top 50 cases in the U.S. has doubled in the past four years.*
- Clients with tougher product exposures—those operating in Healthcare or other sectors that are susceptible to higher frequency of lawsuits—can expect larger rate increases.
- One area worth watching in the coming months is whether there is a liability exposure for companies failing to adequately follow and communicate public health guidelines. For example, a company not providing appropriate personal protective equipment (PPE).
- Insurance carriers are beginning to introduce or enhance their communicable disease exclusions in response to COVID-19.

Even though loss costs have been rising, plenty of capacity remains. **We expect a firming rate environment to continue, with rate increases in the mid-to-high single-digit range for desirable risks.**

Commercial Auto Liability

Despite several years of price increases in commercial auto liability, rates continued to increase in the fourth quarter despite a drop in claim frequency due to the COVID-19 pandemic.

- Many primary umbrella/excess markets are requiring higher commercial auto liability limits of \$2 million to \$5 million, or in some cases \$10 million.
- Loss costs are rising as new technologies make vehicles more expensive to repair. We expect carriers to continue to push rate increases across the board in commercial auto liability.

Umbrella/Excess Liability

Umbrella and excess liability placements have been greatly impacted by several underlying inflationary factors. The rising inflation associated with commercial auto coupled with an increase in medical costs, wage growth, cost of goods and services, and social inflation are the primary forces driving the drastic changes we are seeing in the marketplace.

- **2020 rates continued to climb to their highest levels in recent years—more than 15% on almost every renewal—with significantly higher increases on the vast majority of larger clients, especially clients with heavy auto fleet exposures or clients who operate in higher-hazard industries.**
- Social inflation goes to the sensibility of juries and how that translates into the expected value of claim outcomes. Social inflation is generally defined as an increase in insurance costs due to rising litigation, larger jury verdicts and overarching anti-corporate sentiment in the economy.
- Carriers are concerned with a litigation environment largely favoring plaintiffs and climbing jury verdicts.
- Many carriers are also restricting the amount of limit they are willing to put forth, or repositioning their capacity at a higher level. For example, carriers that have historically offered \$25 million lead umbrella policies are now limiting their lead positions to \$10 million or less, in most cases.
- A recurring message from the market involves capacity management. Carriers want to limit their exposure to these higher umbrella and excess layers. We've experienced multiple instances when clients were not able to buy the limit they purchased last year because of a lack of availability. That means that clients need to involve substantially more carriers and often substantially more premium to achieve the same limits as those expiring.
- Rate increases are not limited to the primary carrier. Rate increases are continuing through the excess liability tower as excess markets are focused on rate relativity and rate adequacy.
- In a post-COVID-19 environment, communicable disease exclusions are also being added. These exclusions are wide-ranging, with some eliminating all communicable diseases and others only COVID-19. The restrictive terms and conditions might have a material impact on the value of the coverage beyond the hard dollar structure and pricing changes imposed upon renewal.
- In addition to communicable disease exclusions, underwriters have added a host of others, including sexual abuse and misconduct (SAM), traumatic brain injury (TBI), wildfires, opioids, cannabis, glyphosate and on-premises violent acts.

Accordingly, we do not anticipate much change in the casualty environment in 2021. The fact of the matter is that rates still have a long way to catch up to loss-cost trends. General liability and commercial auto costs will continue to climb modestly, umbrella and excess pricing will rise, higher umbrella and excess layers will be limited, and the industry will keep a careful watch on the impact of COVID-19 on the workers' compensation marketplace.

Directors and Officers

The Directors & Officers (D&O) marketplace has been distressed for several quarters, as average claims have increased substantially in recent years. **The market's deterioration has continued with every aspect of the public company D&O marketplace being impacted, including premium, retention, capacity, attachment and terms and conditions. The market for privately held companies is not nearly as hard as the publicly traded D&O market, although larger private companies will still see double-digit increases.**

CAPACITY

- Carriers are often reducing capacity.
- Some carriers have a moratorium on new D&O business.
- Fewer and fewer carriers wish to write primary and first excess D&O layers.

TERMS AND CONDITIONS

- Reduced capacity for shareholder derivative demand investigative costs, most notably in excess layers.
- Removal or reduction of limit reinstatement provisions on Side A Difference in Conditions (DIC) policies.
- Restricting pre-negotiated extended reporting provisions (ERP), especially for anything more than one year.

PRICING

- Very dependent on market segment, financial condition, claims history and current pricing.
- Unfavorable industries have seen or may soon see increases in excess of 85%.
- Typical publicly traded company D&O renewals can expect increases of 25% to 45% or more.

MARKET SEGMENTS OF MOST CONCERN

- Hospitality
- REITs (retail)
- Airlines
- Restaurants
- Retail
- Entertainment
- Automotive

MARKET SEGMENTS ALSO OF CONCERN

- Life sciences
- Technology
- Large market caps
- Construction
- Higher education

Cyber

THE MARKET HARDENS

With the rise in ransomware attacks across the U.S. and increases in carrier-reported losses, the cyber insurance market hit an inflection point in 2020. **We have moved from a long period of flat-to-falling cyber insurance premiums to a marketplace where underwriters are regularly seeking rate increases in an approximate range of 15% to 50% or more.** We're seeing this trend cut across most industry sectors with larger companies subject to greater increases and increased underwriting scrutiny.

- Increases in the frequency and severity of ransomware claims, which manifested in 2020, continue to drive the hardening of the cyber market.
- The 2020 Beazley Breach Briefing* reported a 131% increase in ransomware attacks compared to the previous year. Additionally, reports of seven- and eight-figure ransom demands are becoming more common.
- The sudden onset of COVID-19 resulted in the majority of the global workforce moving to remote locations, which created an environment that is inherently less secure for organizations.
- The threat landscape continues to worsen. We are seeing increases in cyber claims frequency and severity driven by ransomware, increased risks to remote workforce, supply chain risk, and emerging strengthening of privacy laws. Most carriers are increasing their underwriting scrutiny around cyber risk—proprietary applications, reliance on third-party system scans, etc. We expect this trend to continue for the foreseeable future.

TAKE STEPS TO ASSESS YOUR CYBER RISK

- Review cyber policies to evaluate the scope of coverage, and how it may cover cyber losses related to the use of employee-owned devices and remote networks. A specific focus should be concentrated on how a policy might define “computer networks,” “computer systems” and other key terms.
- Be aware that cyber claims costs for business interruption losses are almost always impacted by waiting periods before coverage will apply and limited to a specific period of restoration.
- Review policies carefully to see whether any portion of the loss may be covered. For example, if faced with a social engineering loss, it is possible that lost funds may not be covered in the cyber policy and that other policies, such as crime policies, may apply.

Challenging Risk Profile Characteristics

While the hardening market is not as severe as compared with the market of the early 2000s, pockets of the marketplace certainly resemble that of a traditional hard market. Due to the variability that we're seeing in this market and specific account characteristics, individual rates may vary from the ranges noted at the beginning of this report.

PROPERTY

- Limits: \$50 million+ TIV
- Frame/habitational/auto/dealer
- CAT exposure
- Molten metals
- Food & Agribusiness
- Plastics/polycarbon tech
- Any locations with large hail exposure
- Outstanding engineering recommendations

INDUSTRIES

- Senior Living
- National Accounts
- Transportation & Logistics
- Marine
- Habitational/apartments
- Nonprofit
- Public Sector
- Food & Agribusiness

EXECUTIVE LINES

- Limits: \$15 million+
- Large private company D&O
- Publicly traded D&O
- Sexual abuse and molestation
- Industries negatively impacted by COVID-19

UMBRELLA EXCESS

- Large limits: \$25 million+ capacity has diminished, and pricing has dramatically increased because of mega-verdicts
- Any underlying exposure with a large fleet
- Any underlying exposure with a moderate hazard general liability exposure—especially construction and habitational/apartments

Conclusion

It is unknown what the full magnitude of the COVID-19 pandemic's economic impact will be overall, or what effect it will have on the insurance industry. **However, the underlying fundamentals we see with the environment today are likely to continue into the foreseeable future. There's nothing that indicates the momentum will slow. If anything, the market's hardening in 2019 and 2020 will continue.**

Because of the highly nuanced nature of this market, it is imperative that you are working with an insurance broker who specializes in your particular industry or line of coverage. Gallagher has a vast network of specialists that understand your industry and business, along with the best solutions in the marketplace for your specific challenges.

Public Entity/K-12 Market Update (Fall 2020)

PROPERTY, INCLUDING BUILDERS RISK

The pricing of this coverage continues its upward trend with most insureds seeing double-digit premium increases (on average 18% to 22%), year over year. Public Entities (including K-12 schools) continue to utilize deductible increases and reductions in limits to offset premium and rate increases. We expect this trend to continue, and recent storms and CAT losses will continue to put pressure on this line. We have seen a large exodus of Builders Risk carriers from the market. Keep an eye out in this area.

General Liability and Auto Liability

These lines continue to see upward premium pressures. Certain areas are experiencing more pressure than others, such as:

- Public Entities that purchase higher or Excess Liability limits.
- Entities with losses, which may find it difficult to purchase coverage at any price.
- Many insureds that have had to cut limits while paying the same or even higher premiums.
- Sexual Abuse and Molestation coverage continues to be the hardest hit; limits are almost unavailable at any price. Strong risk management policies and procedures must be in place to purchase this coverage. This trend is rolling across the country.

WORKER'S COMPENSATION

While this is currently the line of coverage with the least upward pressure, expect changes to come as covered COVID-19 claims increase. Laws extending the presumption of coverage continue to develop across the states.

CYBER LIABILITY

We believe that this coverage will see the most upward pressure in the near future. With many, many schools providing distance learning, and Public Entities continuing to offer remote working, losses are bound to happen. We have already seen more than \$1 Million+ claims turned in since schools resumed fall classes. Expect increases here.

CRISIS RESILIENCE COVERAGE AND CONSULTING SERVICES

This continues to be of high interest to Public Entities; there are good alternatives available.

COMMUNICABLE DISEASE EXCLUSIONS

Because most Public Sector clients renewed early in 2020 before COVID-19 was fully realized, we have not seen significant changes in exclusions. We expect to see those types of exclusions on Property, Liability, and Worker's Compensation (as applicable) lines for renewals moving forward.

Conclusion

SPECIAL NOTE OF INTEREST – COST PRESSURE IN THE PUBLIC SECTOR

As Public Entities and K-12 schools continue to work through the current economic and pandemic environment, many are facing 20% to 30% revenue reductions with no backstop in place. COVID-19 has increased operating expenses overall, and especially for K-12 schools. Public Entities of all type and size are desperately seeking cost reductions and seriously slashing budgets. It is more important than ever for Entities to focus on their total cost of risk and not just the line item of insurance costs.

Marketing Summary

CARRIER	LINE OF COVERAGE	CARRIER POSITION
Certain Underwriters at Lloyd's, London	Public Entity Package	Quoted
Safety National Casualty Corporation	Public Entity Package	Quoted
FMIT	Public Entity Package	Quoted
Munich Re Insurance	Public Entity Package	Indication
Trident	Public Entity Package	Pending
Euclid	Public Entity Package	Declined
Safety National Casualty Corporation	Excess Workers Compensation	Quoted
FMIT	Excess Workers Compensation	Quoted
Midwest Employers Casualty Company	Excess Workers Compensation	No Response
Hartford Fire Insurance Company	Public Official Bond	Quoted
FMIT	Public Official Bond	Quoted
Indian Harbor	Pollution Liability	Quoted
Scottsdale Insurance Company	General Liability (Sports)	Declined
AIG	General Liability (Sports)	Pending
Zurich American Insurance Company	General Liability (Sports)	Declined
Philadelphia Insurance Company	General Liability (Sports)	Pending
Philadelphia Insurance Company	ADD Amateur Sports	Quoted
Zurich American Insurance Company	ADD Amateur Sports	Quoted
AIG	ADD Amateur Sports	Quoted
Travelers Property Casualty Co of America	Boiler & Machinery	Quoted
FMIT	Boiler & Machinery	Quoted
Travelers Property Casualty Co of America	Crime	Quoted
FMIT	Crime	Quoted
Hartford Fire Insurance Company	ADD Business Travel	Quoted
FMIT	ADD Business Travel	Declined
Hartford Fire Insurance Company	ADD Police & Fire	Quoted
FMIT	ADD Police & Fire	Declined
Certain Underwriters at Lloyd's, London	Cyber Risk Liability	Declined
Ace American Insurance Company	Cyber Risk Liability	Declined
Ascent	Cyber Risk Liability	Quoted
AIG	Cyber Risk Liability	Declined
XL	Cyber Risk Liability	Declined
Axis	Cyber Risk Liability	Declined
Corvus	Cyber Risk Liability	Declined
Travelers	Cyber Risk Liability	Declined
At-Bay	Cyber Risk Liability	Declined
Coalition	Cyber Risk Liability	Declined
Chubb	Cyber Risk Liability	Declined
CFC	Cyber Risk Liability	Declined
Starr	Cyber Risk Liability	Declined
Canopus	Cyber Risk Liability	Declined
Arch	Cyber Risk Liability	Declined
TMHCC	Cyber Risk Liability	Declined
Everest	Cyber Risk Liability	Declined
Ascot	Cyber Risk Liability	Declined

Ironshore	Cyber Risk Liability	Declined
AWAC	Cyber Risk Liability	Declined
Nationwide	Cyber Risk Liability	Declined
RSUI	Cyber Risk Liability	Declined
Sompo	Cyber Risk Liability	Declined
Zurich	Cyber Risk Liability	Declined
Beazley	Cyber Risk Liability	Declined
Atlantic Specialty Insurance Company	Tenant Users Liability	Automatic Renewal
Atlantic Specialty Insurance Company	Tenant Users Property	Automatic Renewal
Roanoke	Terrorism Property	Pending
Roanoke	Active Assailant	Pending
Voyager	Flood	Quoted
FMIT	Property	Quoted
Alesco Risk Management Services	Property	Pending
Allied World Assurance Company	Property	Pending
AmWINS Bermuda	Property	Pending
ARCH Insurance Group	Property	Pending
Arrowhead Insurance Risk Managers, LLC	Property	Pending
Aspen Insurance	Property	Pending
AXA XL, a division of AXA	Property	Pending
AXIS Insurance	Property	Pending
Beazley USA	Property	Pending
Berkshire Hathaway Specialty Insurance Company	Property	Pending
Canopus Underwriting Agency, Inc	Property	Pending
Colony Specialty	Property	Pending
Core Specialty	Property	Pending
Crum & Forster	Property	Pending
Ethos Specialty	Property	Pending
Everest Reinsurance Company	Property	Pending
Global Excess Partners	Property	Pending
Hallmark E&S	Property	Pending
Hiscox USA	Property	Pending
Ironshore	Property	Pending
James River Insurance Company	Property	Pending
Kemah Capital LLC	Property	Pending
Kinsale Insurance Company	Property	Pending
Lexington Insurance Company	Property	Pending
Markel	Property	Pending
Munich Re America	Property	Pending
Navigators Group	Property	Pending
Rivington Partners	Property	Pending
RSUI	Property	Pending
Sompo International	Property	Pending
SRU	Property	Pending
Starr Companies	Property	Pending
Swiss Re	Property	Pending
Velocity Risk Underwriters, LLC	Property	Pending

Waypoint (AmRisc)	Property	Pending
Westchester, A Chubb Company	Property	Pending

Renewal Results

A. Package: This will be the eighth renewal year for Lloyds of London (BRIT) as the Liability and WC package carrier. The underwriting team offered a renewal premium of \$829,500 which represents a 15% premium increase with claim history and a hardening market driving the premium increase. BRIT is still willing to provide additional funds for Loss Control. This year they are willing to provide \$7,000.

This year we marketed this coverage to five different carriers. Below is a brief coverage comparison to assist in highlighting the differences between carriers who provided a quote. However, Brit is the leader in this niche and will have the more robust product offering.

	Safety National	Lloyd's (Brit Insurance)	FMIT(Pending George)	PESLIC
AM Best Rating:	A+ XV	A XV	N/A	A+ XV
Admitted or Surplus Lines	Admitted except PO/EPLI & LEL	Surplus Lines		Surplus Lines
Rate Agreement	Yes subject to conditions	No	No	No
Contingent on buying WC	Yes	No	Contingent on buying WC, Property, and all other quoted lines	No
Sexual Harassment & Abuse	Only provided in GL	Harassment Provided in GL, PO, And Law Enforcement. Abuse is a separate coverage section.		Indication not disclosed
Loss Control Grant	\$10,000	\$7,000	\$0	\$0
Package Premium	\$529,269	\$829,500	\$547,778	\$547,485
WC Premium	\$362,615	\$177,506	\$274,334	\$362,615
Total Package & WC Premium	\$891,884	\$1,007,006	\$822,112	\$910,100

- A more in-depth comparison can be provided

B. Property: Total Insurable Values have remained flat year over year. However, due to the hardening market, it is expected to receive rate increases up to or in excess of 20%. This was consistent with your incumbent markets' initial indications which were at a 31% rate increase. After more negotiation, we were able to reduce the increase to 4.84%. This is an extremely favorable renewal considering the market.

Property Comparison

Layer	2020-2021	Initial Indication 2021-2022	2 nd Indication 2021-2022	Initial Indication Δ%	2 nd Indication Δ%
Primary \$10,000,000	\$754,861	\$1,105,997	\$855,818	47%	13%
\$15MM xs \$10MM All Other Perils	\$314,999	\$450,000	\$375,000	43%	19%
\$25MM xs \$25MM Named Windstorm and Tropical Depression	\$191,600	\$276,000	\$226,800	44%	18%
\$239,211,236 xs \$25MM All Other Perils	\$67,500	\$90,000	\$75,000	33%	11%
Total	\$1,328,960	\$1,921,997	\$1,532,618	45%	15%

If the city wanted to reduce the 3rd layer shown above from \$239,211,236 excess \$25,000,000 to \$50,000,000 excess \$25,000,000 that would result in a \$50,000 premium savings.

Total Property Rate History

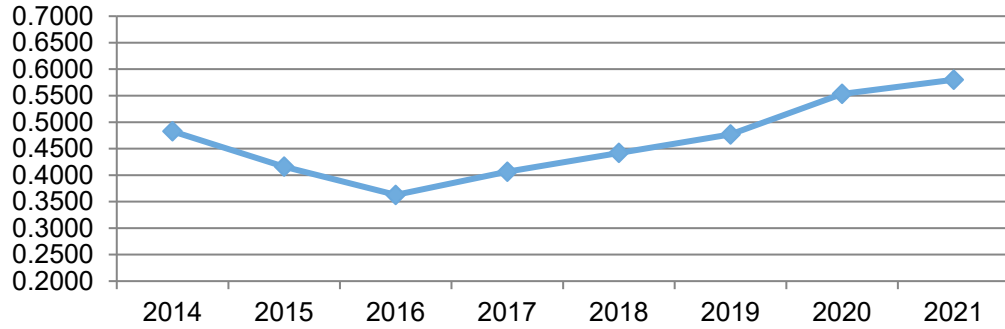
	2014	2015	2016	2017	2018	2019	2020	2021*
TIV	\$213,800,562	\$240,506,569	\$243,201,290	\$242,312,608	\$252,314,816	\$240,537,035	\$240,167,979	\$264,211,236
Rate/\$100	0.4828	0.416	0.3627	0.4065	0.4419	0.4768	0.5527	0.5801
Rate Δ		-13.8%	-12.8%	12.1%	8.7%	8.0%	16%	4.84%

*New TIV after re-indexing is \$291,148,932

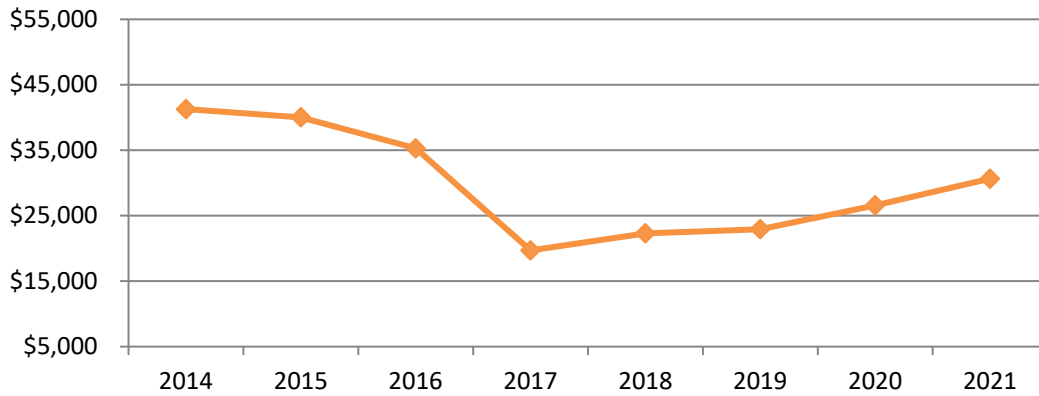
Due to the recent Duff and Phelps re-indexing we are waiting to see how the property premiums will be affected. However, based on the indicated blended rate we can estimate the total property premium will be **\$1,688,876**.

HISTORICAL PROPERTY COMPARISON

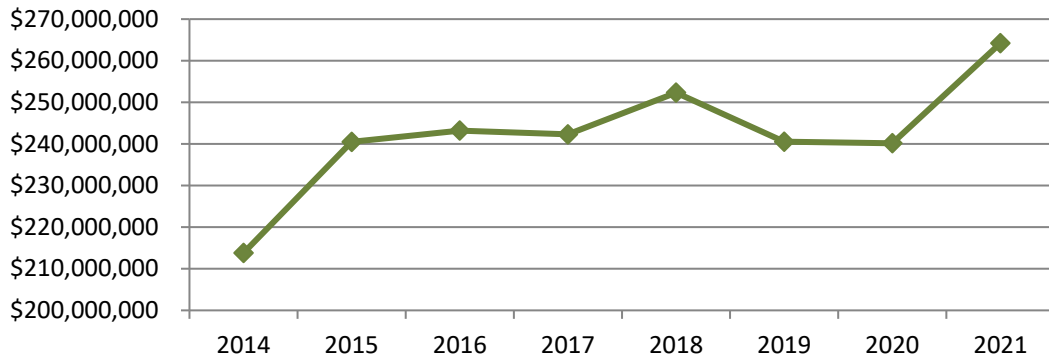
Rate per \$100 of Property Coverage



Price per \$1 Million of Named Windstorm



Total Insured Values



C. Excess Workers Compensation: Safety national is your incumbent carrier. This year your incumbent carrier has offered a renewal with a 7% rate increase. As you'll see in the chart below Safety has only offered either flat or reduced rate renewal for the past 5 years.

Excess WC Rate History

	2016	2017	2018	2019	2020	2021
Payrolls	\$61,875,651	\$65,044,750	\$74,684,272	\$73,542,192	\$71,014,924	\$76,019,911
Premium	\$184,643	\$ 194,100	\$ 188,735	\$ 184,591	\$154,955	\$177,506
Rate per \$100	0.2967	0.2967	0.2510	0.2510	0.2182	0.2335
Δ%		0%	-15%	0%	-13%	7%

D. Business Travel, ADD for Police and Fire: Hartford has provided a renewal quote with a 2 year policy term for both coverages. The BTA premium has increased from the expiring \$360 to \$750. This is due to the company increasing their policy minimum. With the premium increase Hartford has enhanced their policy with adaptive home & vehicle, bereavement counseling, coma, medical emergency evacuation, paralysis, repatriation of remains, airbag and therapeutic counseling.

E. Cyber Risk: Your incumbent cyber carrier, BRIT, issued a non-renewal. They are no longer providing coverage for Municipalities. Unfortunately, this is the same stance most carriers are taking this year. We reached out to 25 carriers and only one has decided to provide a quote. Ascent has provided a quote with a \$3,000,000 policy aggregate and a \$50,000 deductible for 156% premium increase. They are also not willing to provide a Social Engineering sublimit.

Should the city wish to maintain the full \$5,000,000 cyber limit, Hudson Excess Insurance Company is willing to provide an additional \$2,000,000 limit excess Ascent's \$3,000,000 for an additional \$33,805 in premium.

F. Equipment Breakdown: This year will be the third year of the 3-year rate guarantee so the renewal premium increase is tied to the TIV increase. Due to the recent re-indexing we are waiting to see if the flood premium will be affected.

G. Crime Liability: This is the third year that Travelers has issue an either flat or reduced premium renewal. This year there is a 1% premium reduction. However, due to the current uptick in Social Engineering claims, Travelers has taken a harder look at the City. They determined they are reducing the \$250,000 sublimit to \$100,000. They have also provided a \$100,000 Telecommunication Fraud sublimit.

H. Terrorism Property, Liability and Active Assailant: We are still waiting for a response from the marketplace

I. Sports Liability and Accidental Death and Dismemberment: We received a quote from your incumbent ADD carrier, Philadelphia Insurance Company. Philadelphia’s renewal is completely flat. We also received two alternate quotes from AIG and Zurich. Below is a brief comparison:

Coverage	Expiring	Option 1	Option 2	Option 3
	Philadelphia	Philadelphia	AIG	Zurich
Accidental Death	\$10,000	\$10,000	\$10,000	\$10,000
Accidental Dismemberment	\$10,000	\$10,000	\$10,000	\$10,000
Aggregate ADD	\$500,000	\$500,000	\$500,000	None
Accident Medical Expense	\$100,000	\$100,000	\$100,000	\$100,000
Deductible	\$250	\$250	\$250	\$250
Benefit Period	3 Years	3 Years	1 year	3 Years
Premium	\$13,306	\$13,306	\$10,800	\$10,030

Your Sports Liability carrier, Scottsdale, issued a non-renewal due to them exiting the Florida market. We sent marketing submissions to all the carriers we marketed the ADD portion to and we are waiting for their responses.

J. Pollution Liability: The City’s pollution policy covers the regulated storage tanks in addition to other exposures such as Bodily Injury as a result of pollution release not covered by a traditional Storage Tank liability policy (ex. propane, other vaporous pollutants), sewer backup coverage of waste water collection and abandoned pollutants at covered locations. This year Indian Harbor has provided a nominal 2% premium increase. It is expected that as the tanks age the premium will increase as the likelihood of a claim also increases. Indian Harbor has also increased the SIR for the two USTs at 525 Dixie Highway to \$250,000 since they are now over 20 years old. The carrier has also included two new exclusions for investigations and arsenic at the Granada Golf Course. We are still negotiating these additions. Due to the recent re-indexing we are waiting to see if the flood premium will be affected.

K. Flood: The City currently insures 10 locations under the Voyager flood policy. This year Voyager’s renewal is 5% premium increase. Due to the recent re-indexing we are waiting to see if the flood premium will be affected.

Insurance Premiums

Policy Type	2020-2021 Expiring Program	2021-2022 Renewal (BRIT)	2021-2022 Renewal (FMIT)	Δ% BRIT	Δ% FMIT
Package	\$720,000	\$829,500	\$547,778	15%	-24%
Excess WC	\$154,955	\$177,506	\$274,334	15%	77%
Property	\$1,328,960	\$1,688,876 *	\$1,081,303 *	27%	-19%
Boiler and Machinery	\$8,400	\$9,455	\$9,455	13%	13%
ADD Business Travel	\$360	\$750	\$750	108%	108%
ADD Police and Fire	\$12,338	\$12,864	\$12,864	4%	4%
Bond Finance Director	\$1,138	\$1,138	\$1,138	0%	0%
Pollution Liability	\$23,500	\$23,900	\$23,900	2%	2%
Crime	\$11,798	\$11,079	\$11,079	-6%	-6%
Sports Liability	\$26,505	\$50,000	\$50,000	89%	89%
ADD Sports	\$13,306	\$13,306	\$13,306	0%	0%
Cyber Liability	\$21,375	\$54,635	\$54,635	156%	156%
Terrorism Liability	\$8,500	\$12,750	\$12,750	50%	50%
Terrorism Property	\$11,850	\$18,563	\$18,563	57%	57%
Flood	\$8,794	\$9,234	\$9,234	5%	5%
Active Assailant	\$6,000	\$9,000	\$9,000	50%	50%
Total without surcharges	\$2,357,779	\$2,922,556	\$2,130,089	24%	-10%
EMPA, FEES & TRIA	\$4,476	\$4,694	\$739	5%	-83%
Property Schedule Changes**	\$158,540				
Total after surcharges	\$2,520,795	\$2,927,250	\$2,130,828	16%	-15%
Premium Increase		\$406,455	-\$389,967		
Broker Fee	\$120,000	\$90,000	\$90,000	-25%	-25%
Total Cost of Program	\$2,640,795	\$3,017,250	\$2,220,828	14%	-16%

Payroll increased 7%

TIV increased 21%

B&M TIV increased 13%

*\$1,688,876 is an estimate with the re-indexed values. \$1,081,303 does not reflect the re-indexed values.

**Addition of Fire Station 2, Trolley Building & Station, Public Safety Building and the removal of the Guard House.

2020-2021 Program Structure

\$50MM Named Windstorm Limit
\$240,167,979 All Other Perils Limit

<p>Everest Indemnity Insurance Co. Underwriters at Lloyd's, London Canopus Syndicate 4444- Eagle Arch Specialty Ins. Co.</p> <p>Named Windstorm Only \$25MM XS of \$25MM per Occ</p>	<p>Certain Underwriters at Lloyd's</p>	<p>Travelers Property Casualty Company</p>		
<p>Landmark American Insurance Co.</p> <p>2nd Excess Property \$215,167,979 XS \$25MM per Occurrence</p>	<p>Property Limit \$100,000,000</p>	<p>Total Limit \$250,000,000</p>	<p>❖ Carrier: Certain Underwriters at Lloyd's of London</p> <ul style="list-style-type: none"> • General Liability \$650,000 per occurrence Excess Limit: \$4M per Occurrence/ \$8M Annual Aggregate Including the following sub-limits(not included in XS limit) ✓ Sexual Harassment \$4,650,000 per occurrence \$4,650,000 Annual Aggregate ✓ Sexual Abuse \$4,650,000 per occurrence \$4,650,000 Annual Aggregate 	
<p>Evanston Insurance Co. Ironshore Specialty Insurance Co. Axis Surplus Insurance Co. Arch Specialty Insurance Co.</p> <p>First Excess Layer \$15MM XS of \$10MM Per Occurrence</p>	<p>Liability Limit \$25,000,000</p> <p>Active Assailant Limit \$1,000,000</p>		<ul style="list-style-type: none"> • Automobile Liability \$4,650,000 per occurrence • Public Officials \$4,650,000 per occurrence \$5,300,000 Annual Aggregate. Including the following sub-limits: ✓ Errors & Omissions* \$4,650,000 per occurrence \$5,300,000 Annual Aggregate ✓ Employment Practice Liability* \$4,650,000 per occurrence \$5,300,000 Annual Aggregate 	<p>Carrier: Midwest Employers Casualty</p> <p>Excess Workers Compensation Statutory Employers Liability: \$1,000,000 each accident / each employee for disease or cumulative injury Retention: \$1,000,000</p>
<p>Endurance American Specialty Insurance Co. Certain Underwriters at Lloyds Houston Casualty Company</p> <p>\$10,000,000 in any Occurrence Primary Property</p>			<ul style="list-style-type: none"> • Employee Benefits Liability* \$4,650,000 per occurrence \$5,300,000 Annual Aggregate • Law Enforcement Activities \$650,000 per Occurrence Excess Limit: \$4M per Occurrence/ \$4M Annual Aggregate Including the following sub-limit (not included in excess limit): ✓ Sexual Harassment \$4,650,000 per occurrence \$4,650,000 Annual Aggregate ✓ Sexual Abuse \$4,650,000 per occurrence ✓ \$4,650,000 Annual Aggregate 	
<p>Deductibles \$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 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 and max of \$7,500,000 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 per occurrence and a max of \$7,500,000 per occurrence in respect to Named Windstorm and Hail \$100,000 per occurrence All Other Windstorm of Hail</p>	<p>Property Deductible \$10,000</p>	<p>Deductible \$1,000</p>	<p>Premium: \$596,000 + fees and assessments</p> <p>* Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits</p> <p>SIR Per Occurrence \$350,000</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</p> <p>SIR Per Occurrence \$500,000</p>
<p>Property Including Pumps & Fountains</p>	<p>Property & Liability Terrorism</p>	<p>Boiler & Machinery</p>	<p>Public Entity Liability</p>	<p>Workers' Compensation</p>

Wind Modeling

Hurricane Including Storm Surge

The city of Coral Gables has approximately \$291 Million in values exposed to hurricane related events in the State of Florida. The following chart illustrates the probability of ground up losses exceeding various amounts due to one event in a given year, as described by the Occurrence Exceedance Probability (OEP). The 250yr event loss probability is commonly used by the insurance marketplace as a gauge for insurance pricing

		2021	
Critical Probability	Return Period (years)	Ground Up Loss AIR v7	Loss Net of Deductible and Layering
0.01%	10,000	146,537,679	141,411,225
0.02%	5,000	118,305,008	113,311,696
0.10%	1,000	64,340,330	60,433,882
0.20%	500	47,355,032	43,616,809
0.40%	250	33,315,514	29,586,147
1.00%	100	18,289,754	14,703,069
2.00%	50	9,399,017	6,369,144
4.00%	25	3,112,191	1,324,394
10.00%	10	102,793	246
20.00%	5	32	4
Average Annual Loss		687,799	521,654
Standard Deviation		4,844,567	4,393,685

This modeling was based on original TIV of \$300M. Updated modeling has been requested.

Glossary of Terms/Acronyms:

AIR Worldwide Corporation (AIR) - Catastrophe Modeling Software

Average Annual Loss (AAL): the annualized estimate of loss to a representative unit of exposure from a broad range of modeled catastrophe events;

Return Period: the expected length of time between recurrences of two events with similar characteristics. The return period can also refer to specific level of loss;

Probable Maximum Loss (PML): estimate of the maximum loss on a particular risk as a result of a single event, assessed with due care and taking into account all risk elements;

Ground Up Loss: the amount of loss sustained before deductions, underlying coverage and reinsurance are applied.

Occurrence Exceedance Probability (OEP): The probability that a single occurrence will exceed a certain threshold.

Exposure Comparison

COMPARISON OF LIABILITY EXPOSURES

Exposures	2020-2021	2021-2022	% Change
Expenditures	\$ 229,939,150	\$ 207,212,038	-10%
# of Employees (FT & PT)	940	978	4%
# of Autos	626	644	3%
Payroll	\$ 71,014,924	\$ 76,019,911	7%
EMTs	Included below	Included below	
Paramedics	139	139	0%
Armed Officers	193	198	3%
Population	50,815	50,999	0%
TIV	\$ 240,167,979	\$ 291,148,932	21%

	2020-2021	2021-2022	% Change
Sports Program # of participants	16,919	16,919	0%

COMPARISON OF YOUR TOTAL INSURED VALUES

Schedule of Values	2020-2021*	2021-2022**	% Change
Building	\$ 179,077,000	\$ 227,449,314	27%
Contents	\$ 11,322,000	\$ 12,593,981	11%
Vehicles	\$ 18,155,205	\$ 18,155,205	0%
Golf Carts	\$ 179,433	\$ 179,433	0%
BI	\$ 5,285,000	\$ 5,285,000	0%
EDP	\$ 16,163,341	\$ 17,500,000	8%
EDP EE	\$ 2,000,000	\$ 2,000,000	0%
Account Receivable	\$ 1,000,000	\$ 1,000,000	0%
Fine Arts	\$ 3,500,000	\$ 3,500,000	0%
Valuable Papers	\$ 500,000	\$ 500,000	0%
Pump Stations	Included	Included	
Fountains	Included	Included	
Seawalls & Docks	\$ 2,986,000	\$ 2,986,000	0%
Total	\$ 240,167,979	\$ 291,148,932	21%

*Property values at binding 5/1/2020

**Property values include addition of 3 new buildings, removal of guard house, old public safety, police pump station.

LARGE LOCATIONS AT RISK

Building Name	Address	Total Insured Value
Public Safety Building	2151 SALZEDO STREET	\$ 51,838,873
Parking Garage 2	220 ARAGON AVENUE	\$ 20,632,000
Parking Garage 6	1 ARAGON AVENUE	\$ 14,730,000
Museum	285 ARAGON AVENUE	\$ 11,678,000
City Hall	405 BILTMORE WAY	\$ 11,201,000

Commission Disclosure

COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM	COMM.% OR FEE	WHOLESALE, MGA OR INTERMEDIARY		
				NAME	COMM.% OR FEE	AJG OWNED? YES/NO
Public Entity Package	BRIT (Lloyd's Syndicate 2987)	\$829,500.00	0 %	Brit Global Specialty USA	N/A	No
Public Entity Package	FMIT	\$1,903,415.00	0 %	Risk Placement Services	5%	Yes
Public Entity Package	Safety National Casualty Corporation	\$529,269.00	0 %	Risk Placement Services	5%	Yes
Excess Workers Compensation	Safety National Casualty Corporation	\$177,506.00	0 %	Safety National Casualty Corporation	Not Disclosed	No
Property-Primary	Various	\$855,818.00	0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Property-First Excess	Various	\$375,000.00	0 %	Risk Placement Services	5 %	Yes
Property-Second Excess	Various	\$75,000.00	0 %	Risk Placement Services	5 %	Yes
Property-Third Excess (NWS)	Various	\$226,800.00	0 %	Risk Placement Services	5 %	Yes
Property - Terrorism	Roanoke Insurance Group		0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Liability - Terrorism	Roanoke Insurance Group		0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Active Assailant	Roanoke Insurance Group		0 %	AmWINS Brokerage of Florida, Inc. (Jacksonville)	5 %	No
Boiler & Machinery	Travelers Property Casualty Co of America (The Travelers Companies, Inc.)	\$9,455.00	0 %	Risk Placement Services	5 %	Yes
Crime	Travelers Casualty and Surety Co of America (The Travelers Companies, Inc.)	\$11,079.00	0 %	Arthur J Gallagher - Itasca	5 %	Yes
Public Official Bond	Hartford Fire Insurance Company	\$1,138.00	0 %	N/A	N/A	N/A
Pollution Liability	Indian Harbor	\$23,900.00	0 %	N/A	N/A	N/A

COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM	COMM.% OR FEE	WHOLESALER, MGA OR INTERMEDIARY		
				NAME	COMM.% OR FEE	AJG OWNED? YES/NO
General Liability (Sports)		\$.00	0 %	N/A	N/A	N/A
ADD Amateur Sports	Philadelphia Insurance Company	\$13,306.00	0 %	N/A	N/A	N/A
ADD Amateur Sports	AIG	\$10,800.00	0 %	N/A	N/A	N/A
ADD Amateur Sports	Zurich American Insurance	\$10,030.00	0 %	N/A	N/A	N/A
Cyber Liability	ACE American Insurance Company	\$45,220.00	0%	N/A	N/A	N/A
Flood Liability	Voyager Indemnity Insurance	\$9,234.00	18%	N/A	N/A	N/A

Benefits and HR Consulting

Similar to our **CORE360™** approach, which focuses on the actual and potential costs that drive total cost of risk, our Benefits and HR consultants focus on more than just placing benefits insurance. They help clients with their total organizational wellbeing and talent risk management.

We would love the opportunity to introduce Gallagher Benefit Services to you to demonstrate the full power of Gallagher to improve your profitability and organizational wellbeing.

Gallagher Better WorksSM

Better. It's something all companies strive for. Better outcomes from better performance. But how do you get there?

You start by building a better workplace. One that attracts, engages and retains top talent at the right cost. That's why the Gallagher Better WorksSM comprehensive approach to organizational wellbeing aligns your people strategy with your overall business goals.

It centers on strategically investing in your people's health, talent, financial wellbeing and career growth at the right cost structures to support a multigenerational workforce. And it utilizes data, helping you gather insights and apply best practices that promote productivity and growth.

As you develop and sustain a wellbeing-centric culture, you'll optimize your annual talent investment and mitigate organizational risk to maximize profitability. Best of all, you'll gain a competitive advantage as a workplace that simply works better.

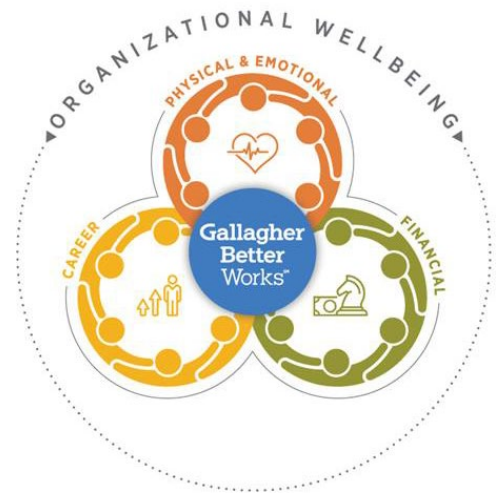
Because while your best is finite, your better is never finished.

Expertise and Solutions to Help You Optimize Your People Strategy

- 2018 Benefits Strategy and Benchmarking Survey: <https://www.ajg.com/lp/us-benefits-strategy-benchmarking-survey/>
- and 2017 Best-in-Class Benchmarking Analysis: https://www.ajg.com/lp/best-in-class/?utm_source=Misc&utm_medium=Press_release&utm_campaign=GBS_BIC2017Q4
- Thought leadership across multiple touchpoints through our Human Capital Insights report; visit <https://www.ajg.com/lp/human-capital-insights/> for a copy
- A full spectrum of solutions to help employers to recruit, retain and engage top talent
- Focus on benefits, compensation, retirement, employee communications and workplace culture

Gallagher's team of benefits and HR consultants paired with risk management and insurance consultants can serve your organization as a strategic business partner, uniquely positioned to help you:

- Take a holistic approach to reducing your total cost of risk
- Tackle any risk or challenge from multiple angles taking into account both the human capital and property perspectives



Thank You for Your Business

We have enjoyed our partnership and appreciate the continued time, support and confidence you have placed in us as your risk management team. This past year has been successful as evidenced by your scorecard. Your total cost of risk is being impacted favorably and our strategy for this upcoming renewal continues to focus on ways to improve this positive impact on your profitability. Thank you.

Legal Disclaimer

Gallagher provides insurance and risk management advice that is tailored to our clients' risk transfer needs. Our review can include evaluation of insurance premium, risk transfer options, finance agreements, insurance limits, indemnification obligations, and contracts to ascertain appropriate coverage. We do emphasize that any risk management advice, insurance analysis, and limited review of contract terms and conditions, is only provided from an insurance/risk management perspective and is NOT legal advice. We do not provide legal advice and always recommend that our clients seek advice from legal counsel to become fully apprised of all legal implications from their business transactions.

We help you face your future with confidence.



Insurance | Risk Management | Consulting

Gallagher's holistic approach keeps your total cost of risk—and your best interest—in focus. With expertise where you most need it, Gallagher delivers the solutions that let businesses grow. Communities thrive. And people prosper.

GLOBAL REACH. LOCAL PRESENCE.

Founded in
1927

\$5B
Total Adjusted Brokerage & Risk Management Revenues (2018)

30,000+
Employees worldwide

850+
Offices in 35 countries

150+
Countries served

HIGHLY SPECIALIZED. DEEP EXPERTISE.

- | | | |
|-----------------------------|----------------------------|---|
| Alternative Risk & Captives | Environmental | Private Client Services |
| Aviation | Enterprise Risk Management | Property |
| Casualty | Equity Advisors | Risk Management |
| Commercial Surety & Bonds | Fine Arts | Trade Credit & Political Risk Insurance |
| Cyber Liability | Law Firms | |
| Entertainment | Management Liability | |

OUR APPROACH TO RISK.



CORE360™ is our unique, comprehensive approach of evaluating our client's risk management program that leverages analytical tools and diverse resources for customized, maximum impact on six cost drivers of their total cost of risk.

22+ INDUSTRY PRACTICES



LEADERS WHERE IT COUNTS

Gallagher Named One of the World's Most Ethical Companies® for 2019

The only insurance broker to have received this honor, Gallagher has been named as one of the World's Most Ethical Companies by the Ethisphere® Institute, a global leader in defining and advancing the standards of ethical business practices, eight years in a row.

Gallagher has been designated as one of the "World's Best Employers" by Forbes Magazine for 2018.

This is a great honor that is given to just 500 companies around the world each year. Designation recipients are determined by an independent collection and analysis of anonymous employee reviews collected by Statista, a leading statistical agency. Gallagher was the only Insurance Brokerage to be honored with this designation for 2018.



SHARED VALUES + PASSION FOR EXCELLENCE = PROMISES DELIVERED

The Gallagher Way

25 tenets that have guided a team-oriented culture for 30+ years

Social Responsibility

Companywide focus on ethical conduct, employee health and welfare, environmental integrity and community service

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COST COMPARISON			
	Current Program	Renewal Program	FMIT
Excess Package	\$720,000	\$829,500	\$547,778
Excess GL	Included in PKG	Included in PKG	\$79,165
Excess Auto	Included in PKG	Included in PKG	\$254,743
Public Officials/EPLI	Included in PKG	Included in PKG	\$153,074
Law Enforcement	Included in PKG	Included in PKG	\$60,796
Excess Workers' Compensation	\$154,955	\$177,506	\$274,334
Property	\$1,328,960	\$1,532,618	\$1,081,303
Boiler and Machinery	\$8,400	\$9,455	\$9,455
ADD Business Travel	\$360	\$750	\$750
ADD Police and Fire	\$12,338	\$12,864	\$12,864
Bond Finance Director	\$1,138	\$1,138	\$1,138
Pollution Liability	\$23,500	\$23,900	\$23,900
Crime	\$11,798	\$11,079	\$11,079
Sports Liability	\$26,505	\$50,000	\$50,000
ADD Sports	\$13,306	\$13,306	\$13,306
Cyber Liability	\$21,375	\$54,635	\$54,635
Terrorism Liability	\$8,500	\$12,750	\$12,750
Terrorism Property	\$11,850	\$18,563	\$18,563
Flood	\$8,794	\$9,234	\$9,234
Active Assailant	\$6,000	\$9,000	\$9,000
Fees and Surcharges	\$4,476	\$3,694	?????
Total Cost			

Exhibit 2

	Current Program	Proposed Renewal Program	Florida Municipal Insurance Trust (FMIT)
PROPERTY			
Limits:			
All Other Perils	\$240,167,979	\$264,211,236	\$150,000,000
Windstorm	\$50,000,000	\$50,000,000	\$150,000,000
Flood	\$10,000,000	\$10,000,000	\$10,000,000
Earth Movement	\$5,000,000	\$5,000,000	
Business Interruption	\$5,285,000	\$5,285,000	\$5,000,000
Extra Expense	Included in BI	Included in BI	\$2,000,000
Newly Acquired Property	\$5,000,000	\$5,000,000	\$2,000,000
Electronic Data Proc.	\$10,000,000	\$10,000,000	Included
Property in Transit	\$250,000	\$250,000	\$250,000
Increased Cost of Construction (Ordinance and Law)	\$10,000,000	Cov A – Included Cov B&C - \$10,000,000	25% of Loss
Terrorism			\$5,000,000
Errors and Omissions	\$5,000,000	\$5,000,000	\$100,000
Miscellaneous Unnamed Locations	\$1,000,000	\$1,000,000	n/a
Valuable Papers	\$500,000	\$500,000	\$500,000
Builder's Risk	\$5,000,000	\$5,000,000	
Newly Acquired Business Personal Property			\$500,000
Valuable Papers	\$500,000	\$500,000	\$500,000
Accounts Receivable	\$7,400,000	\$7,400,000	\$500,000
Property Mitigation			\$500,000
Property Off Premises			\$250,000
Off Premises Power Failure			\$100,000
Service Interruption	\$500,000	\$500,000	\$100,000
Pollutant Cleanup	\$500,000	\$500,000	\$100,000
Preservation of Property			\$100,000
Leasehold Interest	\$250,000	\$250,000	\$100,000
Fungus/Mold Cleanup	Included	Included	\$25,000
Debris Removal	\$5,000,000 or 25% of loss (lesser of)	\$5,000,000 or 25% of loss (lesser of)	25% of Loss

	Current Program	Proposed Renewal Program	Florida Municipal Insurance Trust (FMIT)
Property in the Open (non-scheduled)			\$500,000
Property of Others	\$250,000	\$250,000	\$50,000
Scheduled Equipment			\$1,072,096
Unscheduled Equipment (under \$15,000/item)			\$1,000,000
Fine Arts	\$3,500,000	\$3,500,000	
Auto Physical Damage	\$10,000,000 per occurrence/ \$1,000,000 per vehicle	\$10,000,000 per occurrence/ \$1,000,000 per vehicle	
Deductibles:			
Per Occurrence/AOP	\$50,000	\$50,000	\$50,000
Named Storm	5% per unit of insurance	5% per unit of insurance	5% of the scheduled item
BI Waiting Period	72 hours	72 hours	72 Hours
PACKAGE			
Limits:			
General Liability per Occurrence	\$4,650,000	\$4,650,000	\$5,000,000
General Liability Aggregate	\$9,000,000	\$9,000,000	No aggregate
GL Sexual Harassment Occ/ Agg	\$4,650,000	\$4,650,000	Included in GL
Auto Liability Per Occurrence	\$4,650,000	\$4,650,000	Included in GL
Public Officials per Occurrence	\$4,650,000	\$4,650,000	\$5,000,000
Public Officials Aggregate	\$5,300,000	\$5,300,000	No aggregate
EPLI Per Occurrence	\$4,650,000	\$4,650,000	Included in POL
EPLI Aggregate	\$5,300,000	\$5,300,000	No aggregate
Public Officials Sexual Harassment per occurrence/agg	\$4,650,000	\$4,650,000	No aggregate
Emp. Ben. Liability per Occurrence	\$4,650,000	\$4,650,000	Included in GL
Emp. Ben. Liability Aggregate	\$5,300,000	\$5,300,000	No aggregate

	Current Program	Proposed Renewal Program	Florida Municipal Insurance Trust (FMIT)
Law Enforcement Per Occurrence	\$4,650,000	\$4,650,000	\$5,000,000
Law Enforcement Aggregate	\$5,000,000	\$5,000,000	No aggregate
Law Enforcement Sexual Harassment per occurrence/agg	\$4,650,000	\$4,650,000	Included in LEL
Sexual Abuse per claim/aggregate	\$4,650,000	\$4,650,000	No aggregate
Self-Insured Retentions:			
General Liability	\$350,000	\$350,000	\$350,000
Auto Liability	\$350,000	\$350,000	\$350,000
Public Officials	\$350,000	\$350,000	\$350,000
Employment Practices	\$350,000	\$350,000	\$350,000
Law Enforcement	\$350,000	\$350,000	\$350,000
Workers' Compensation	\$500,000	\$500,000	\$500,000

OTHER CONSIDERATIONS REGARDING FMIT

- **Financial Security** – FMIT is unrated by AM Best. It is a self-insurance trust that is not regulated in the same manner as an insurance company. If FMIT were to become insolvent, it would be particularly problematic for the City because it would not be just one insurer in a large program becoming insolvent, it would basically be the insurer of all of the City’s major coverages becoming insolvent. In addition, if the FMIT were to ever become insolvent, there is not state guarantee fund available to pay claims under any lines of coverage provided, including workers’ compensation.
- **Claim Issues** – Going with FMIT will represent potential changes to how liability and workers’ compensation claims are handled in the City. Some differences in the program include:
 - Less ability to choose your own attorneys.
 - Less freedom to settle claims above sovereign immunity caps.
 - FMIT having ability to force City to settle claims in their self-insured layer.
 - No ability to support claim bills without FMIT written permission.
- **Historical Valuation** – The City current has a number of buildings insured to take into account historical reproduction costs. FMIT does not offer this coverage.
- **Uncovered Property** – Several classes of property cannot be insured in the FMIT program. The City would either need to self-insure or look for a stand-alone policy to insure this property. The excluded property classes include:
 - Piers, wharves, docks, boardwalks and bridges are excluded for windstorm (wind coverage has been added back for two City docks)
 - Seawalls are excluded for all coverages
- **Questionable Exclusions and Provisions** –
 - **Contractual Liability for Indemnity Agreements** – Excluded except between governments and very limited exceptions.
 - **City Liability for City Employee Actions:**
 - “any act or omission of a Member [i.e., Employee] committed **while acting outside the course and scope of his employment**, or committed in bad faith with malicious purpose, or in a manner exhibiting wanton and willful disregard of human rights, safety or property;” [Particularly troublesome if any City staff have “take-home” vehicles or ever use City vehicles for any personal purpose.]
 - “the willful violation of any federal, state or local law, ordinance or regulation committed by or with the knowledge or consent of any Member [i.e., Employee].”
 - “violation of public trust”

- **Liability for Flooding** – Excluded, if caused by the failure of any dam, dyke, levee, reservoir, water barrier, ditches, canals, gate, aqueduct, water shed, channel or culvert;
 - **Public Records Act Violations**
 - **Property Damage from Law Enforcement Activities**
- **Claims-Made Issues** – FMIT provides Public Officials, Employment Practices and Employee Benefits Liability on an occurrence basis. These coverages are currently insured on a claims made basis. While FMIT is offering add-on prior acts coverage for Public Officials and Employment Practices, no offer has been extended for Employee Benefits Liability. Additionally, if the City leaves FMIT in the future, it will not be possible to purchase such coverages again with the current retroactive dates.
- **Future Access to Standard Markets** – Because the City will be severing its existing relationships with many insurance companies, if the City elects to leave the FMIT in the future, they may have difficulty getting quotes in the standard marketplace, especially if they do so in a difficult insurance market.
- **Control Issues** – FMIT is run by a Board of Trustees made up of 10-15 mayors of member Cities. In addition, FMIT issues their policy forms so that all members are subject to the same policy language. It is nearly impossible to negotiate specialized changes for the benefit of one member. Since their Board only meets infrequently, it can be a very difficult and slow endeavor to enact changes to the program even if FMIT agrees that it should be done.
- **Policy Term** – The FMIT will, in all likelihood, force the City to switch to an October 1 – October 1 policy period from the current May 1 to May 1 term.