



City of Coral Gables
CITY COMMISSION MEETING
March 26, 2019

ITEM TITLE:

RESOLUTION AUTHORIZING THE RENEWAL OF THE PROPERTY AND CASUALTY INSURANCE PROGRAM, WHICH INCLUDES, BUT IS NOT LIMITED TO, PROPERTY, GENERAL LIABILITY, AUTOMOBILE LIABILITY, PUBLIC OFFICIALS ERRORS & OMISSIONS, EXCESS WORKERS' COMPENSATION, CRIME, CYBER LIABILITY, TERRORISM PROPERTY & LIABILITY, POLLUTION LIABILITY, ACTIVE ASSAILANT, FLOOD, AS WELL AS OTHER ANCILLARY LINES OF INSURANCE COVERAGE AND INSURANCE BROKER FEES THROUGH ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., FOR A NOT TO EXCEED AMOUNT OF \$2,202,620 FOR THE POLICY PERIOD OF MAY 1, 2019 TO APRIL 30, 2020 (FUNDING SOURCE: INSURANCE FUND)

DEPARTMENT HEAD RECOMMENDATION:

Approve.

BRIEF HISTORY:

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

The City's property insurance program premium increased by 3%, which was attributable to a 7% rate increase as market conditions adjusted due to the number of natural disasters nationwide and the City's insurable values decreasing by 5%. The City's general liability and workers' compensation insurance carrier (BRIT) reduced its premium by \$7,000, offered a rate guarantee for next year and will provide the City \$6,000 for loss control and the City's excess workers' compensation insurance carrier (Midlands) offered a 2% insurance premium reduction. The City obtained a quote for terrorism liability and terrorism property from Roanoke at a lower cost with a lower deductible than the incumbent carrier and added active assailant coverage with the same carrier for an additional total premium for all three coverages of \$2682. The City also added two properties to its flood insurance coverage, which are in a special flood hazards area, and switched its entire flood coverage to a private flood carrier, which provided a reduced premium and better terms. The City's general terms and conditions for all the other coverages are similar to last year and any differences in premium are shown below.

The total cost to renew the various insurance policies and the additional coverages obtained is \$47,250 more than the cost of these policies in the prior year for an amount not to exceed \$2,202,620.

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

Description of the Insurance Policy, Surcharge or Fee	Premiums/Fees May 1, 2018 to April 30, 2019	Premiums/Fees May 1, 2019 to April 30, 2020
Package	\$603,000	\$596,000
Excess Workers Comp	\$188,735	\$184,591
Property	\$1,115,000	\$1,146,906
Boiler & Machinery	\$9,636	\$10,427
ADD Business Travel	\$360	\$360
ADD Police and Fire	\$12,338	\$12,338
Bond Finance Director	\$1,138	\$1,138
Pollution Liability (<i>coverage expanded for 2019-2020 policy period</i>)	\$2,875	\$23,500
Crime	\$12,070	\$11,756
Sports Liability	\$21,006	\$24,312
ADD Sports	\$16,006	\$13,306
Cyber Liability	\$18,563	\$18,365
Terrorism Liability	\$10,000	\$8,500
Terrorism Property	\$14,318	\$12,500
Active Assailant	N/A	\$6,000
Flood (<i>two locations were added</i>)	\$7,593	\$9,880
Total without surcharges	\$2,032,638	\$2,079,879
EMPA & TRIA	\$2732	\$2741
Total after surcharges	\$2,035,370	\$2,082,620
Insurance Brokerage Fee (Gallagher)	\$120,000	\$120,000
Total Cost	\$2,155,370	\$2,202,620

Meetings of the Insurance and Risk Management Advisory Board (the "Board") took place on February 11, 2019 and March 11, 2019 to discuss in detail the renewal of the City's property and casualty insurance program. During these meetings, Gallagher discussed the renewal process and made a detailed presentation of the quotes obtained from the different carriers for the various types of insurance coverage. The Board is in agreement with the approval of the aforementioned insurance policies. Furthermore, George Erickson from Siver Insurance Consultants, the City's independent insurance consultant, also concurs with the above recommendations (see attached summary and recommendation letter provided by Mr. Erickson).

FINANCIAL INFORMATION: (If Applicable)

	Amount	Account No.	Source of Funds
	Not to exceed \$ 2,202,620	540-0000-590-45-50 & 540-0000-590-24-00	Insurance Fund
Total:		APPROVED BY:	

Attachments:

1. Resolution
2. Insurance renewal proposal and premium summary presentation by Arthur J. Gallagher
3. Siver Insurance Consultants Summary and Recommendation Letter
4. Board Minutes (February 11, 2019 and March 15, 2019)