

CITY OF CORAL GABLES INSURANCE & RISK MANAGEMENT BOARD
 214 Minorca Ave, Human Resources Conference Room Coral Gables 33134
 MONDAY, April 1, 2024
 DISCUSSION MINUTES

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTED BY:
	24	24	24	24	24	24	24	24	24	24	24	24	
Nicolas Cabrera	P	PZ	*	UA									Mayor Vince Lago
Paul Susz	P	PZ	*	P									Vice Mayor Rhonda Anderson
Robert C. Lasar	P	P	*	P									Commissioner Kirk Menendez
Marilu Madrigal	UA	UA	*	UA									Commissioner Melissa Castro
Chris Kelly	E	E	*	UA									Commissioner Ariel Fernandez

PZ = Via Zoom

A – Absent
 E – Excused Absence
 UA – Unexcused Absence
 (-) – No Appointment
 (*) – No Meeting
 (**)-No Meeting – COVID19

BOARD MEMBERS:

QUORUM: Quorum was not reached.

STAFF:

Raquel Elejabarrieta – Human Resources Director
 Ericka Sanchez – Human Resources Administrative Assistant

GUEST:

Maria Prez, Arthur J. Gallagher

PUBLIC GUEST:

CALL TO ORDER: Meeting called to order at 8:05 am (quorum was not met)

MEETING ABSENCE:

Chris Kelly
 Nicolas Cabrera
 Marilu Madrigal

MEETING MINUTES APPROVAL: None

SECRETARY’S REPORT: None

BOARD MEMBERS REPORTS: None

NEW BUSINESS: None

OLD BUSINESS:

Ms. Perez opened the discussion with comments about her trip to Lloyds of London Underwriters as she marketed the City's property program and what they have projected for this upcoming year 2024 – 2025.

There was detail discussion about the City's insurance renewal package and exhibit 1.

Mr. Susz inquired about the property insurances' tail and how it will work for the city with the loss ratio. Ms. Perez stated that a loss ratio of 60% and under is preferred in the industry. Mr. Susz asked what is the timeframe used and Ms. Perez answered it is based on a 10-year year loss history. She stated that with property insurance, you will know immediately when a claim happens and that is why there is a shorter tail on property claims as they close within three to five years, usually one. For catastrophic claims it is three to five years.

Ms. Perez said for clients with February 1, March 1, and April 1 property insurance renewals they were able to flatten rates, so clients did not have increases this year. She also stated that there is a lot more capacity this year and there are not issues filling the capacity that is required. The City renews May 1.

During last year's renewal, the city chose to take a 19% quota share on the second \$25 million layer for named windstorm insurance because there was an issue with capacity and certain terms changed as carriers did not want to abide by former terms (City has \$50 million of named windstorm insurance). Additionally, last year's property insurance rate increased significantly (by more than 30%). Ms. Perez stated that this year's property rate was decreasing by 7% and that this rate did not include the 19% quota share that the City took last year. The Board asked Maria Perez what the rate would be if the 19% quota share is kept, and Ms. Prez stated that it would be a credit of approximately \$152,000. Mr. Susz stated that based on the small credit he would not take the quota share to which Director Elejabarrieta agreed.

There was discussion on the amount of insurance to obtain for all other perils (ALP). Board agreed to continue with \$75 million in insurance for ALP.

Next topic was Excess Worker's Compensation insurance which is with Arch Insurance Group. There was 1% rate increase and a 7% increase in payroll, which resulted in an 8% insurance premium increase. Ms. Perez stated that the City does a very good job keeping workers' compensation claims low by having a very active risk management department.

Next topics, flood insurance and why it increased by 18%. Ms. Perez stated that this was due to market corrections in the flood insurance space. Ms. Perez then stated that the cyber liability insurance market has leveled off.

Director Elejabarrieta informed the Board that she will be meeting with the City Manager to present him with the recommendation for the City's insurance renewals for 2024-2025 and that it will be presented at the next City Commission meeting, scheduled for April 16, 2024.

The last part of the meeting was Ms. Perez going over the City's Catastrophe Risk Summary for the City's properties.

PUBLIC COMMENT: None

NEXT MEETING:

ADJOURNMENT: Meeting adjourned at 8:54 am
Motion by: Robert C. Lasa / 2nd / All approved unanimously.



Insurance Renewal Update

May 1, 2024-2025

City of Coral Gables

2151 Salzedo Street
Coral Gables, FL 33134

Arthur J Gallagher Risk Management Services, LLC

Maria Perez | Area Senior Vice President
Maria_Perez@ajg.com | 305.639.3136

Ampy Jimenez | Area Vice President
Ampy_Jimenez@ajg.com | 305.716.3293

March 19, 2024



ajg.com

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Gallagher

Insurance | Risk Management | Consulting

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.

Name/Title	Phone	Email	Role
<i>Primary Service Team</i>			
Maria Perez Area Senior Vice President	(305) 592-6090	Maria_Perez@ajg.com	Producer- Team Leader
Ampy (Cabrera) Jimenez CPIA CISR Elite Area Vice President	(786) 331-1269	Ampy_Jimenez@ajg.com	Producer- Marketing Director
Kathy Hill, CIC Ares Assistant Vice President	(561) 998-6785	Kathy_Hill@ajg.com	Senior Client Service Manager
Bridgette Geist, CLCS Client Service Manager	(561) 998-6771	Bridgette_Geist@ajg.com	Client Service Manager
<i>Claims Management</i>			
Scott Clark Claims Advocate Senior, Area Vice President	(561) 998-6815	Scott_Clark@ajg.com	Senior Claims Advocate
<i>Loss Control</i>			
Jim Smith Regional Risk Control Leader	(561) 998-6809	Jim_Smith@ajg.com	Regional Risk Control Leader

Insurance Premiums

Policy Type	Carrier	2022-2023	2023-24	2024-2025	Change %	Comments
Package	Berkley	\$804,000	\$500,000	\$566,000	13%	Premium increase due to exposure increase - Gross Operating Exposure 6% Increase
Excess WC	Arch	\$172,305	\$154,821	\$166,771	8%	Premium Increase due to increased payroll, rate increased by 1%, Payroll increased by 7%
Property	Various	\$1,690,242	\$2,779,657	\$2,645,271	-7.5%	2023 Premium represents 19% quota share by City** 2024 Premium represents 100% placement
Excess AOP only xs 25M xs 50M		\$30,000	\$25,000	\$30,000	20%	
Excess AOP only tiv xs \$75M		\$65,000				Layer not Purchased in 2023
Property SUBTOTAL		\$1,785,242	\$2,804,657	\$2,675,271	-5%	
Equipment Breakdown	Travelers	\$10,800	\$11,503		-100%	Pending Revision
Business Travel	Hartford	\$750	\$750	\$750	0%	
ADD Police and Fire	Hartford	\$12,864	\$12,053	\$12,053	0%	
Diana Gomez Bond	Hartford	\$1,138	\$1,138	\$1,138	0%	
Bond Golf and Country Club Health Studio Bond	Hartford	\$250	\$250	\$250	0%	
Bond War Memorial Youth Center Health Studio	Hartford	\$250	\$250	\$250	0%	
Pollution Liability	Indian Harbor	\$23,900	\$34,500	Pre-paid Multi Year*		
Crime	Hanover	\$11,637	\$9,561	\$9,657	1%	
Sports Liability	HDI	Included in Package	Included in Package	Included in Package		
ADD Sports	Zurich	\$11,662	\$9,410	\$9,780	4%	Increase due to increased exposures: 4% increase in participants
Cyber Liability	Accredited Specialty / 23-24 C&F/Amwins	\$79,569	\$59,614	\$55,633	-7%	Opt 2 - 250K Retention \$45,907

Terrorism Property & Liability	AJG UK	\$20,000	\$26,000	\$27,240	5%	
Deadly Weapon Protection	Hiscox/AJG UK	\$5,900	\$10,903	\$11,993	10%	
Flood	Voyager	\$9,720	\$97,751	\$114,911	18%	
Fine Arts****		Included in Property	Included in Property	Included in Property		
EMPA, FEES & TRIA		\$4,500	\$2,818	included above		
Broker Fee		\$90,000	\$90,000	\$90,000		
Total Cost of Program		\$3,044,487	\$3,825,979			

Note: TRIA Purchased on Pollution Policy.

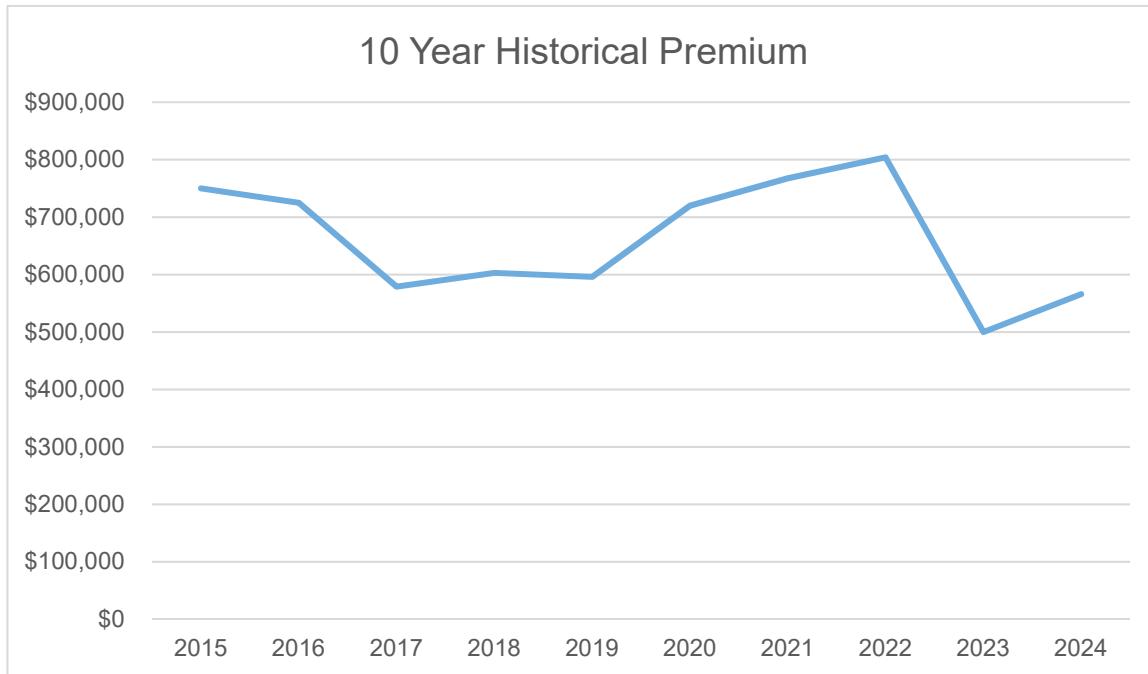
* Pollution – Prepaid for 2 Years

** If City had purchased 100% of property in 2023 the premium would have been \$2,811,057

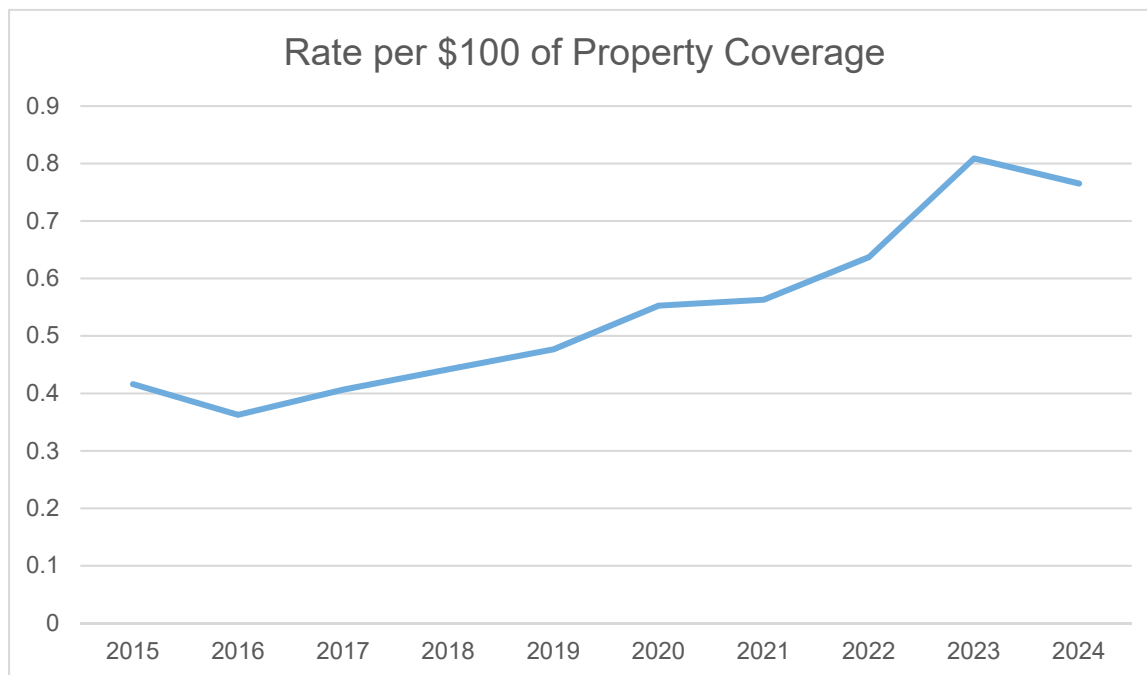
2024 New/Different Options

Policy Type	Carrier	Option	Premium	Notes
Equipment Breakdown	Travelers - (incumbent)	\$250,000,000;1,000 Deductible	*\$15,839	Same as expiring terms *waiting revision for updated values
Equipment Breakdown	HSB	\$250,000,000;1,000 Deductible	*\$24,000	Indication only *waiting revision for updated values
Equipment Breakdown	Liberty	\$250,000,000;1,000 Deductible	*\$20,000	Indication only *waiting revision for updated values
Cyber Liability	Crum & Forster – (incumbent)	\$2M/\$2M/\$50K SIR	\$55,633	Same as expiring terms
Cyber Liability	Crum & Forster – (incumbent)	\$2M/\$2M/\$250K SIR	\$45,917	Option for higher SIR with incumbent
Cyber Liability	Corvus	\$2M/\$2M/\$100k SIR	\$68,413	Indication
Cyber Liability	Cowbell	\$2M/\$2M/\$50k SIR	\$60,183	Indication
Cyber Liability	XL	\$2M/\$2M/\$250k SIR	\$80,000	Indication
Cyber Liability	Great American	\$2M/\$2M/\$250k SIR	\$44,997	Indication – terms not as broad as incumbent
ADD Police/Fire	Hartford	as expiring	\$24,106 (\$12,053 per year)	2 Year Pre-paid policy
Business Travel	Hartford	as expiring	\$1,500 (750 per year)	2 Year Pre-paid policy
Crime	Hanover – (incumbent)	\$5M Limit; \$50K Deductible	\$9,657	Same as expiring terms
Crime	Travelers	\$5M Limit; \$50K Deductible	\$9,954	Same as expiring terms
Private Flood	Voyager – (incumbent)	Scheduled locations (23) Deductible \$25k (RCV Valuation)	\$114,911	Same as expiring terms.
Excess WC	Arch – (incumbent)	Limits: Statutory / \$1M EL; SIR: \$1M	\$166,771	Two year rate commitment - 2024 rate increase is 1%. Payroll increase 7% \$88,519,463
Policy Type	Carrier	Option	Premium	Notes
Package	Berkley – (incumbent)	Limit \$4,650,000 xs \$350K SIR.	\$566,000	Same as expiring terms
Package	Munich Re	Limit \$4,650,000 xs \$350K SIR. Law enforcement \$500 SIR.	\$1,175,000 to \$1,225,000	Indication only
Package	Euclid	Limit \$4.650,000 xs \$350K SIR.	\$750,000 to \$800,000	Indication only
Pollution Liability	Ascot – (incumbent) 2 year prepaid	Limit \$2M/ \$4M Aggregate; \$25K Retention / 2 Year Policy term	\$35,535 (\$34,500+ \$1,068 TRIA)	2 Year Term; Coverage is applied over two year term.
Terrorism Property and Liability	Hiscox – (incumbent)	Property: Limit \$100M; Liability \$25M Limit; Deductible \$10K	*\$27,250	Same as expiring terms *waiting revision for updated values
Deadly Weapon	London – (incumbent)	Limit \$100M/\$100M aggregate; Deductible \$10K	*\$11,993	Same as expiring terms *waiting revision for updated values
Terrorism Property and Liability	London/McGowan	Limit \$200M aggregate; Liability \$2.5M; Deductible \$10K	*\$21,379	Indication *waiting revision for updated values
Deadly Weapon	London/McGowan	Limit \$100M/\$100M aggregate; Deductible \$10K	*\$11,554	Indication *waiting revision for updated values

10 Year Historical Package Premium and Property Rates



Policy Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Premium	\$750,000	\$725,000	\$579,000	\$603,000	\$596,000	\$720,000	\$767,500	\$804,000	\$500,000	\$566,000



Policy Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Property Rate	0.416	0.3627	0.4065	0.4419	0.4768	0.5527	0.563	0.637	0.809	0.7653

Marketing Summary

Line of Coverage	Carrier	Response
Public Entity Package		
	Berkley (incumbent)	Quoted
	Munich Re	Indication only
	Euclid	Indication only
	Ambridge (Brit)	Declined - unable to compete on pricing
	Genesis	Pending
	Safety National	Declined – unable to quote without XSWC
	Old Republic	Declined – unable to compete on pricing
	Egis	Declined to quote due to the Law Enforcement exposure.
Excess Workers Compensation		
	Arch – (incumbent)	Quoted – 2 year rate guarantee
Equipment Breakdown		
	Travelers	Quoted
	Liberty	Not Competitive
	HSB	Not Competitive
ADD Business Travel		
	Hartford – (incumbent)	2 year prepaid policy
Bond		
Finance Director	Hartford – (incumbent)	Quoted
Golf and Country Club Health Studio	Hartford – (incumbent)	Quoted
War Memorial Youth Center Health Studio	Hartford – (incumbent)	Quoted
Pollution Liability		
	Ascot	2 year prepaid policy
Crime		
	Hanover –(incumbent)	Quoted
	Travelers	Quoted
	Beazley	Pending
	Chubb	Not Competitive - Price
	Great American	Not Competitive - Price
	Ironshore	Declined - Not competitive on Price
ADD Sports		
	Zurich – (incumbent)	Quoted
Cyber Liability		
	Crum & Forster – (incumbent)	Quoted
	Corvus	Quoted
	Great American	Quoted
	Cowbell	Quoted
Terrorism Property & Liability & Deadly Weapon Protection		
	AJG UK (incumbent)	Quoted Terrorism
	AJG UK (incumbent)	Quoted Deadly Weapon
	Lloyds/McGowan	Quoted Terrorism
	Lloyds/McGowan	Quoted Deadly Weapon
	Amwins	Pending
Flood		
	Voyager	Quoted
Property		
	Markel	Quoted
	Ironshore	Quoted
	Arch	Quoted

Property		
	Westfield	Reviewing
	Hallmark	<ul style="list-style-type: none"> • Capacity non-renewed in excess for RPS due to CORE capacity in primary • Not competitive on primary
	Aspen	Quoted
	Eagle	Quoted
	Intact	Quoted
	Beazley	Quoted
	Kemah Capital	Indication Received
	Waypoint	Declined – no manuscript form
	Arrowhead	Not likely to offer competitive terms
	AXIS	Modeling
	Berkshire Hathaway	Indicated
	Canopus Underwriting Agency, Inc	Pending
	Core Specialty Insurance Holdings, Inc	Quoted
	C.N.A.	Pending
	Crum & Forster	Declined
	Great American XS	Clear, x-wind possibly
	Lexington Insurance Company	Quoted
	Lancashire	Declined
	Mitsui Sumitomo	Declined
	Paragon	Declined
	Risk Smith	Declined
	R.B. Jones Property	Declined – no appetites
	RSUI	Quoted
	Swiss Re E&S	Quoted
	Westchester	Declined - Can't compete with pricing
	XL Insurance	Declined uncompetitive and requires OLLE
	James River Insurance Company	Not enough limits to get to their minimum attachment
	AWAC	Pending
	Everest	Declined – Pricing not competitive
	Starr Specialty	Pending
	CoAction	Declined wind/hail due – due to construction and year built in Florida.
	Ethos	Not likely to offer competitive terms
	Munich E&S	Declined
	Navigators/Hartford	Quoted
	Kinsale	Reviewing
	Canopus	Quoted
	RLI	Not likely to offer competitive terms
	Zurich	Declined – no appetite

Exposure Summary

Exposures	2023-2024	2024-2025	% Change
Gross Operating Expenditures	\$246,087,023	\$260,900,000	6%
Number of Employees (FT & PT & Seasonal)	1134	996	-12.2%
Number of Autos	577	696	20.6%
Payroll	\$83,013,742	\$88,519,463	6.6%
EMTs	Included below	Included below	-
Paramedics	145	145	0%
Armed Officers	213	205	-3.8%
Population	48,375	49,193	1.7%
TIV	\$346,507,215	\$345,607,823	18%
Rate per \$100	\$0.9131	\$0.7653	-16.19%
Drones	5	0	-100%
Sports Program number of participants	13,209	13,774	4.28%

Schedule of Values	2023-2024	2024-2025	% Change
Building	\$287,307,493	\$286,280,743	24%
Contents	\$14,298,322	\$14,298,322	8%
Vehicles	\$18,436,967	\$18,436,967	0%
Golf Carts	\$179,433	\$179,433	0%
BI	\$5,285,000	\$5,285,000	0%
EDP	\$14,000,000	\$14,000,000	0%
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	\$3,904,250 (included above)	\$3,904,250 (included above)	0%
Total	\$346,507,215	\$345,480,465	-.26%

Definitions:

- **Fine Arts** mean paintings; etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, statuary, sculptures, antique furniture, antique jewelry, bric-a-brac, porcelains, and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money and securities. Fine Arts does not mean and does not include any item which would qualify as Valuable Papers and Records.

- **Valuable Papers and Records** means documents that are written, printed, or otherwise inscribed. These include:

1. Books, manuscripts, abstracts, maps and drawings; film and other photographically produced records, such as slides and microfilm;
2. Legal and financial agreements such as deeds and mortgages;
3. Addressograph plates; and
4. Any electrically produced data such as printouts, punched cards, tapes or discs.

Valuable Papers and Records does not mean money and securities and converted data, programs or instructions used in data processing operations, including the materials on which the data is stored. Valuable Papers and Records does not mean and does not include any item which would qualify as Fine Arts.

Program Structure

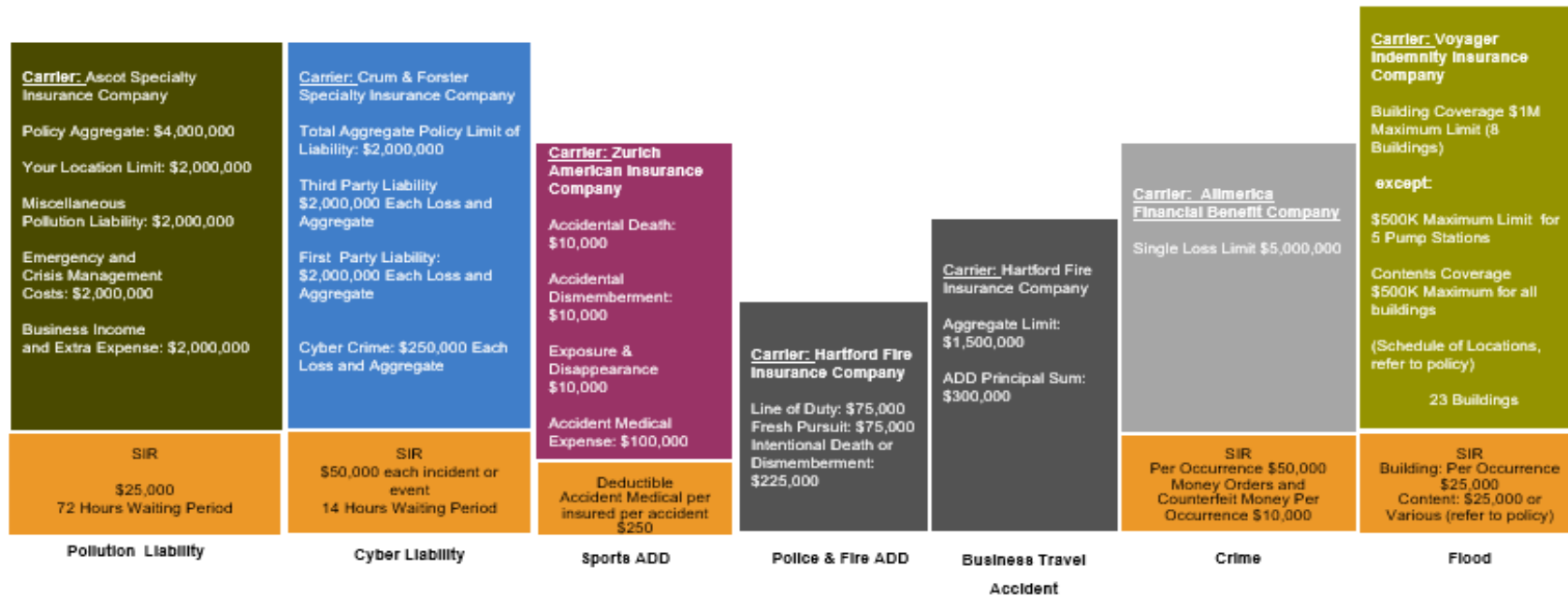
City of Coral Gables Core Program

\$50MM Named Windstorm Limit
\$346,507,215 All Other Perils Limit

<p>\$75M xS \$75M TV xS \$175M - pending Perils: All Risk of Direct Physical Loss or Damage Excluding Flood, Earth Movement, and Windstorm or Hail associated with Named Storm</p>	<p>Carrier: Certain Underwriters at Lloyd's</p> <p>Property Limit \$100,000,000</p> <p>Liability Limit \$25,000,000</p> <p>Deadly Weapon Protection Limit \$1,000,000</p>	<p>Carrier: Travelers Property Casualty Company</p> <p>Total Limit \$250,000,000</p>	<p>Carrier: Gemini Insurance Company</p> <ul style="list-style-type: none"> General Liability \$4,650,000 per occurrence \$9,000,000 Annual Aggregate Includes: Law Enforcement Activities \$4,650,000 Each Wrongful Act and \$4,650,000 Annual Aggregate Automobile Liability \$4,650,000 per occurrence Public Officials, Employment Practices & Employee Benefits Liability* \$4,650,000 per Claim \$5,300,000 Annual Aggregate Includes: Limited Sexual Misconduct Incident Liability* \$4,650,000 Each Claim and Annual Aggregate Crisis Management Expense \$35,000 Each Crisis Event and \$35,000 Annual Aggregate <p>* Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits</p>	<p>Carrier: Arch Insurance Group</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>3rd Excess Property \$25M XS \$75MM per Occurrence Perils: All Risk of Direct Physical Loss or Damage Excluding Flood, Earth Movement, and Windstorm or Hail associated with Named Storm.</p>				
<p>2nd Excess Property Perils: Peril Risk of Direct Physical Loss or Damage Excluding Flood, Earthquake and Equipment Breakdown \$25MM XS \$25MM per Occurrence</p>				
<p>First Excess Layer \$15MM XS of \$10MM Per Occurrence Peril Risk of Direct Physical Loss or Damage Excluding Flood, Earthquake and Equipment Breakdown</p>				
<p>\$10MM in any Occurrence Primary Property XS Deductible Perils: All risks of Direct Physical Loss or Damage including Flood and Earth Movement, excluding Boiler and Machinery</p>				
<p>Deductibles: -\$100,000 per Occurrence All Other Perils -72 -Hour waiting for Time Element -\$100,000 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 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 per occurrence in respect to Named Windstorm and Hail -\$100,000 per occurrence All Other Windstorm or Hail</p>	<p>Property Deductible \$10,000</p>	<p>Deductible \$1,000 4 Hours Waiting Period</p>	<p>SIR Per Occurrence \$350,000</p>	<p>SIR Per Occurrence \$1,000,000</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>

Please note that coverages are not drawn to scale and actual policy verbiage should be consulted for coverage terms and conditions

City of Coral Gables Ancillary Lines



Please note that coverages are not drawn to scale and actual policy verbiage should be consulted for coverage terms and conditions



City of Coral Gables

CATASTROPHE RISK SUMMARY

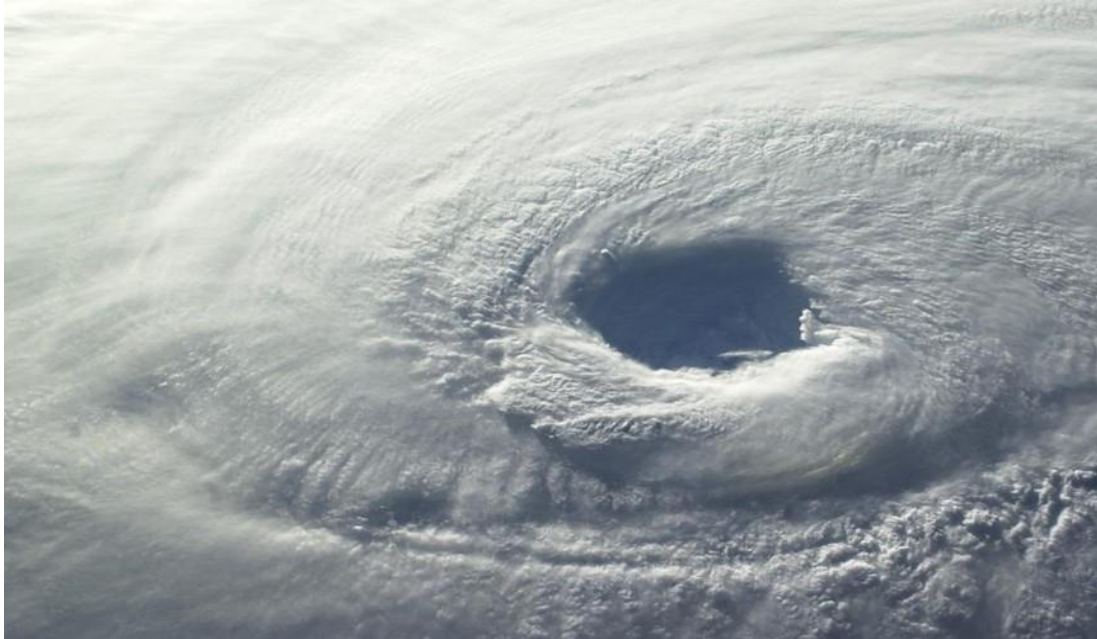
February 15, 2024

Analysis Performed by:

Amwins Group, Inc.

4725 Piedmont Row Drive, Suite 600

Charlotte, NC 28210



UNITED STATES HURRICANE ANALYSIS



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City of Coral Gables
CATASTROPHE RISK SUMMARY
 February 15, 2024

Analysis Performed by:
 Amwins Group, Inc.
 4725 Piedmont Row Drive, Suite 600
 Charlotte, NC 28210

Executive Summary

Amwins Group, Inc. performed a Hurricane (Named Storm) analysis to calculate the potential loss for City of Coral Gables. Amwins Group, Inc. reviewed and formatted the data provided by City of Coral Gables for use in the RMS and AIR models based on the original data received, which represents the most recent exposure for this account.

Exposure Summary

The City of Coral Gables account has 142 locations with a total insured value (TIV) of \$348,153,426. Building Values account for 83.0% of the TIV while Contents accounts for 14.9% of the TIV and Business Interruption accounts for 2.1% of the TIV.

For further exposure details see the Exposure Analysis section of the report which starts on page 9.

Analysis and Loss Summary

The analysis was performed with the below deductible structures and with no limits.

Based on Risk Management Solutions (RMS) RiskLink Version 21 and AIR Worldwide Corporation (AIR) Touchstone Version 10 there is a 0.4% annual chance of one event causing losses greater than or equal to the value in the 250 Year PML column below, net of the deductible structure and within the coverage layers being analyzed.

The Average Annual Loss (AAL), which corresponds to a pure premium number, for the City of Coral Gables account net of the deductible structure and within the coverage layers being analyzed is displayed below in the AAL column. This means that on a long-term average annual basis, the City of Coral Gables account is expected to sustain the AAL value for a given peril losses to the insurance carrier.

Peril	View	Deductible	250 Year PML	AAL
RMS Hurricane	1	5% per unit with \$250K minimum	18,667,863	327,014
AIR Hurricane	1	5% per unit with \$250K minimum	12,878,848	336,321

For further loss details see the Detailed Loss Analysis section of the report on page 4-5.

The Loss Estimates produced will help the City of Coral Gables account to:

- Identify areas of exposure concentration
- Identify locations that contribute the most to modeled loss estimates
- Understand catastrophic loss potential





City of Coral Gables
CATASTROPHE RISK SUMMARY
 February 15, 2024

Analysis Performed by:
 Amwins Group, Inc.
 4725 Piedmont Row Drive, Suite 600
 Charlotte, NC 28210

Hurricane Detailed Loss Analysis

Exceedance Probability Analysis for United States Hurricane (Named Storm)

The tables below illustrate the probability of losses exceeding various amounts due to one event in a given year as described by the Occurrence Exceedance Probability (OEP) curve. Losses are shown as Ground Up (no deductible or layering contemplated), Deductible (loss to deductible layer), and Net of Deductible and Layering (takes deductible into account and isolates layer being analyzed). The Average Annual Loss (AAL) is also shown along with the variability of this amount (Standard Deviation) which is representative of the uncertainty in the magnitude of losses from an occurring event.

For a discussion of methodology for modeling PMLs and AALs see page 6.

RMS WS 1

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Storm Surge

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	94,804,707	10,259,125	87,927,026
0.020%	5,000	74,489,067	8,905,779	68,277,944
0.100%	1,000	38,100,369	6,262,983	33,899,556
0.200%	500	27,471,688	5,082,341	23,723,487
0.400%	250	18,935,875	3,638,383	15,509,186
1.000%	100	10,119,372	2,493,220	7,218,455
2.000%	50	5,173,497	1,904,847	2,912,193
4.000%	25	1,828,003	1,342,249	542,641
10.000%	10	100,163	73,724	79
20.000%	5	133	10	2
Average Annual Loss		399,613	131,949	267,664
Standard Deviation		2,913,703	559,439	2,508,591

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Storm Surge including Loss Amplification

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	130,205,430	10,676,288	122,554,036
0.020%	5,000	100,548,243	9,360,904	93,382,080
0.100%	1,000	47,751,589	6,612,227	43,058,259
0.200%	500	33,295,368	5,310,618	29,270,559
0.400%	250	22,249,432	3,794,499	18,667,863
1.000%	100	11,413,425	2,567,304	8,450,580
2.000%	50	5,658,426	1,952,724	3,360,130
4.000%	25	1,945,357	1,359,306	627,464
10.000%	10	104,350	78,177	103
20.000%	5	137	11	3
Average Annual Loss		463,374	136,360	327,014
Standard Deviation		3,695,475	580,712	3,283,630

**Note: loss amounts stated above use the RMS Stochastic Event Rate Set





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 4725 Piedmont Row Drive, Suite 600
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Hurricane Detailed Loss Analysis

Exceedance Probability Analysis for United States Hurricane (Named Storm)

The tables below illustrate the probability of losses exceeding various amounts due to one event in a given year as described by the Occurrence Exceedance Probability (OEP) curve. Losses are shown as Ground Up (no deductible or layering contemplated), Deductible (loss to deductible layer), and Net of Deductible and Layering (takes deductible into account and isolates layer being analyzed). The Average Annual Loss (AAL) is also shown along with the variability of this amount (Standard Deviation) which is representative of the uncertainty in the magnitude of losses from an occurring event.

For a discussion of methodology for modeling PMLs and AALs see page 6.

AIR WS 1

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Storm Surge

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	53,018,192	12,989,619	40,028,573
0.020%	5,000	48,600,366	12,484,627	36,115,738
0.100%	1,000	28,327,658	9,899,067	18,385,739
0.200%	500	19,815,122	7,737,861	11,956,730
0.400%	250	15,923,169	6,843,154	8,741,160
1.000%	100	9,003,827	4,260,017	4,718,461
2.000%	50	5,170,162	2,441,159	2,734,205
4.000%	25	2,440,884	977,119	1,459,164
10.000%	10	516,436	143,052	374,421
20.000%	5	76,874	47,208	28,995
Average Annual Loss		415,320	169,688	245,632
Standard Deviation		2,134,057	837,198	1,329,137

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Storm Surge including Loss Amplification

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	72,001,500	13,274,683	58,726,817
0.020%	5,000	66,369,428	12,818,038	53,551,390
0.100%	1,000	38,666,011	10,369,064	28,244,937
0.200%	500	27,100,869	8,415,920	18,644,387
0.400%	250	20,318,146	7,594,928	12,878,848
1.000%	100	11,914,296	4,902,811	6,986,998
2.000%	50	6,754,233	2,810,726	3,840,639
4.000%	25	2,936,632	1,092,040	1,825,470
10.000%	10	572,805	157,149	416,720
20.000%	5	84,444	49,969	31,953
Average Annual Loss		526,897	190,576	336,321
Standard Deviation		2,851,617	926,077	1,974,641

**Note: loss amounts stated above use the AIR Warm Sea Surface Temperature Conditioned 10K Hurricane Event Set



Discussion of RMS and AIR Methodology for Modeling PMLs and AALs

RMS and AIR determine catastrophic losses using complex software that simulates catastrophic events and determines losses from those events based on building characteristics. The process begins by entering building information into RMS and AIR (construction type, year built, occupancy, etc.) and the better information you have, the better (more accurate) the results will be. For missing characteristics, RMS and AIR use default values based on attributes of the industry exposure.

Once information is loaded, RMS and AIR will run a series of catastrophic events (both historical and simulated) against those buildings. Each event run has a probability associated with it so as to tell how "likely" that type of event is to occur in a given year. Losses are determined on a per building, per event basis based on how the attributes of each event (wind speed, quake magnitude, etc.) would affect that type of building (based on the building characteristics entered). Engineering information has been gathered based on actual claim data and inspections to see how different types of buildings (age, construction, etc.) will react to either wind, storm surge, or an earthquake.

Losses from each building-event combination are used to come up with a distribution of losses based on probability of occurrence. Statistical methods determine this distribution which is called the EP (Exceedance Probability) Curve and it is used to derive Probable Maximum Loss (PML) numbers. This curve shows probability of exceedance on the y-axis and amount of loss on the x-axis so points on the curve are defined as the loss amount (from x-axis) that will be exceeded a certain percentage of the time (from y-axis) in a given year. Certain points from this curve are focused on, like a 1% probability of exceedance in a given year (the 1-in-100 year event, or 100-year PML) which means that losses will be greater than or equal to that loss amount 1% of the time in a given year. Different points can be chosen, but it must be understood that no one event in RMS and AIR is what you would call the 1-in-100 year (or 1-in-X year) event. All events are combined to generate a curve that tells what losses would be from a 1-in 100 year (or 1-in-X year) event.

Average Annual Loss (AAL) is also generated and this tells the amount of loss to be expected on an annual basis. This acts as a pure premium number even though catastrophes are not something that occur "on average" in insurance. AALs are calculated on a per building basis as the losses from each event are multiplied by the probability of such event occurring in a given year. These are then added up across all events. Once these are calculated for each building, all building AALs are added up to get the overall account AAL. No curve generation is done here so these numbers don't depend on the statistical methods employed in the generation of the EP Curve.

In short, RMS and AIR uses simulated and historical catastrophic events (hurricanes, earthquakes, etc.) to determine the exposure and vulnerability of a book of business to catastrophic losses. Engineering and claims data are used to determine vulnerability of buildings, and seismology and meteorology are used to determine the probability of earthquakes, hurricanes, or other events along with quake magnitudes, storm size, and event location. Simulated losses for buildings are generated and combined to give the overall loss picture for the account.

Limitations

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Hurricane Intensity Definitions (Saffir-Simpson Scale)

CATEGORY:	WIND SPEED:	STORM EFFECTS:
1	74-95 mph	Storm surge generally 4-5 ft above normal. No real damage to building structures. Damage primarily to unanchored mobile homes, shrubbery and trees. Also, some coastal road flooding and minor pier damage.
2	96-110 mph	Storm surge generally 6-8 feet above normal. Some roofing material, door and window damage to buildings. Considerable damage to vegetation, mobile homes and piers. Coastal and low-lying escape routes flood 2-4 hours before arrival of hurricane center. Small craft in unprotected anchorages break moorings.
3	111-130 mph	Storm surge generally 9-12 ft above normal. Some structural damage to small residences and utility buildings with a minor amount of curtainwall failures. Damage to shrubbery and trees with foliage blown off trees and large trees blown down. Mobile homes and poorly constructed signs are destroyed. Low-lying escape routes are cut by rising water 3-5 hours before arrival of the center of the hurricane. Flooding near the coast destroys smaller structures with larger structures damaged by battering from floating debris. Terrain continuously lower than 5 ft above mean sea level may be flooded inland 8 miles (13 km) or more. Evacuation of low-lying residences with several blocks of the shoreline may be required.
4	131-155 mph	Storm surge generally 13-18 ft above normal. More extensive curtainwall failures with some complete roof structure failures on small residences. Shrubs, trees, and all signs are blown down. Complete destruction of mobile homes. Extensive damage to doors and windows. Low-lying escape routes may be cut by rising water 3-5 hours before arrival of the center of the hurricane. Major damage to lower floors of structures near the shore. Terrain lower than 10 ft above sea level may be flooded requiring massive evacuation of residential areas as far inland as 6 miles (10 km).
5	>155 mph	Storm surge generally greater than 18 ft above normal. Complete roof failure on many residences and industrial buildings. Some complete building failures with small utility buildings blown over or away. All shrubs, trees, and signs blown down. Complete destruction of mobile homes. Severe and extensive window and door damage. Low-lying escape routes are cut by rising water 3-5 hours before arrival of the center of the hurricane. Major damage to lower floors of all structures located less than 15 ft above sea level and within 500 yards of the shoreline. Massive evacuation of residential areas on low ground within 5-10 miles (8-16 km) of the shoreline may be required.





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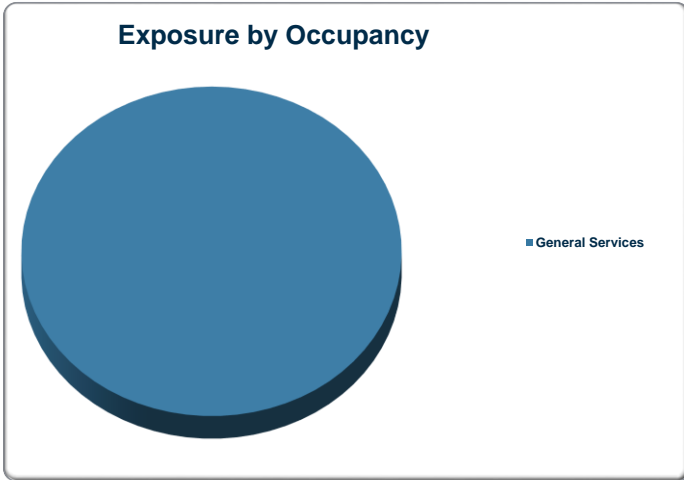
Catastrophe Modeling Terms

TERM:	DEFINITION:
Aggregate Exceedance Probability (AEP)	The probability that the total cost of one or more occurrences will combine in a year to exceed a certain threshold.
Average Annual Loss (AAL)	The expected annual loss on a long-term basis. Mathematically, it is the expected value of the aggregate loss distribution.
Coefficient Variation (CV)	The spread of loss around the mean, reflecting the secondary uncertainty in the size of loss.
Loss Amplification	"Post loss inflation" of building materials/labor, typically applied only to building damage, and not to contents or business interruption components.
Exceedance Probability (EP)	The probability of exceeding specified loss thresholds. In risk analysis, this probability relationship is commonly represented as a curve which defines the probability of various levels.
Exposure Value	The total reported values at risk, potentially subject to a peril or event against which it is insured.
Geocoding	The process of associating an address with an estimate of latitude and longitude coordinates.
Gross Loss	The insurer's loss after deductibles, attachment point(s), and limits are applied, but before reinsurance.
Ground Up Loss	The total amount of loss sustained before deductibles, underlying coverages and reinsurance are applied.
Mean Damage Ratio	The ratio of the expected loss to the replacement value of exposed properties.
Occurrence Exceedance Probability (OEP)	The probability that a single occurrence will exceed a certain threshold.
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.
Secondary Peril (Subperil)	Hazards that are an additional source of loss to the primary peril. Examples include "storm surge" as a result of a hurricane, or "fire" as a direct result of an earthquake.
Storm Surge	The effect of flood caused by storm.

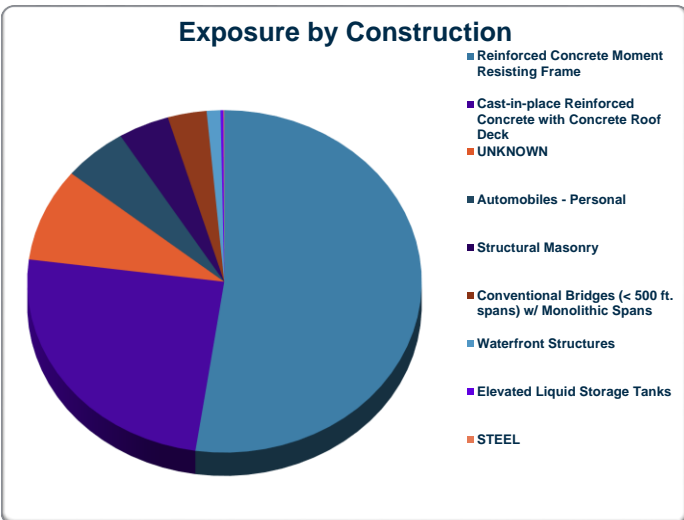


Exposure Analysis

**Note: Charts shows exposure based on TIV



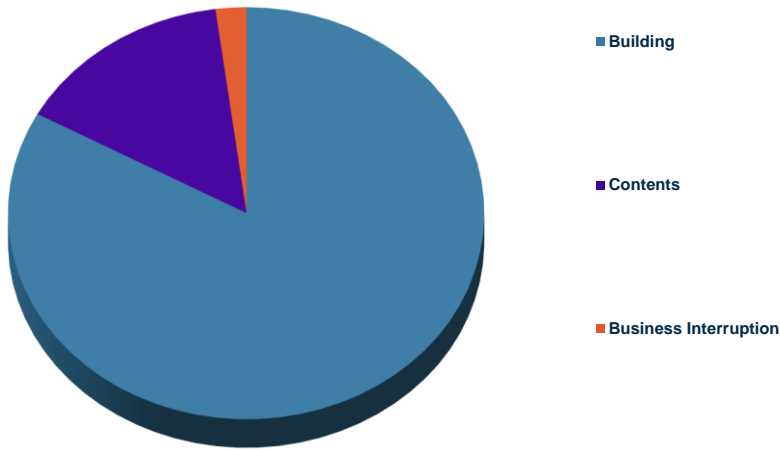
Occupancy	TIV	Percentage	Locations
General Services	348,153,426	100.00%	142
Grand Total	348,153,426	100.00%	142



Construction	TIV	Percentage	Locations
Reinforced Concrete Moment Resisting Frame	182,226,641	52.34%	32
Cast-in-place Reinforced Concrete with Concrete Roof Deck	86,131,346	24.74%	44
UNKNOWN	30,597,668	8.79%	10
Automobiles - Personal	18,436,967	5.30%	1
Structural Masonry	14,643,746	4.21%	31
Conventional Bridges (< 500 ft. spans) w/ Monolithic Spans	11,115,800	3.19%	12
Waterfront Structures	3,943,683	1.13%	9
Elevated Liquid Storage Tanks	837,373	0.24%	1
STEEL	220,202	0.06%	2
Grand Total	348,153,426	100.00%	142

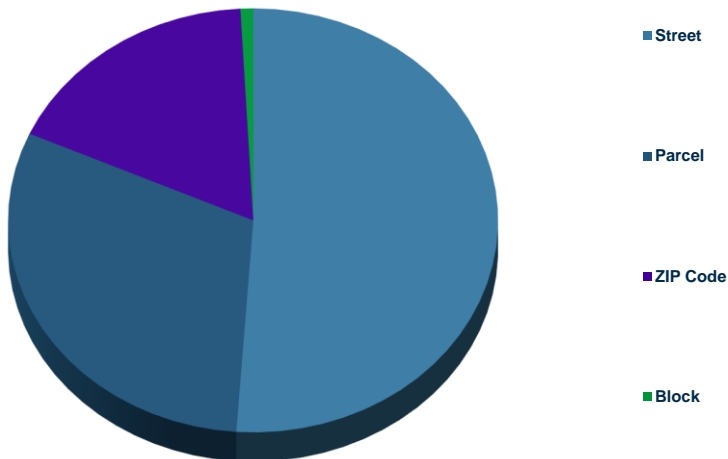


Exposure by Coverage



Coverage	TIV	Percentage
Building	288,953,703	83.00%
Contents	51,914,722	14.91%
Business Interruption	7,285,000	2.09%
Grand Total	348,153,426	100.00%

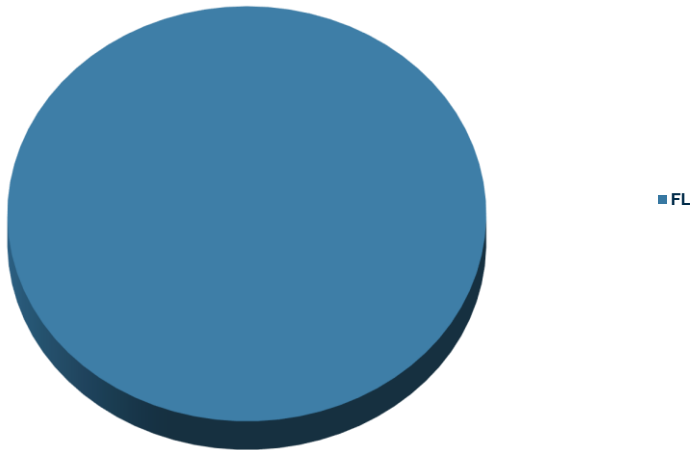
Exposure by Geocoding



Geocoding	TIV	Percentage	Locations
Street	177,918,599	51.10%	74
Parcel	106,546,671	30.60%	35
ZIP Code	60,762,854	17.45%	27
Block	2,925,301	0.84%	6
Grand Total	348,153,426	100.00%	142

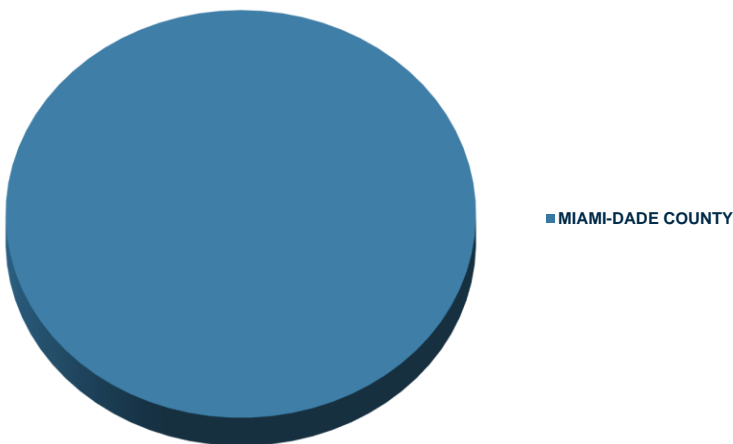


Exposure by State



State	TIV	Percentage	Locations
FL	348,153,426	100.00%	142
Grand Total	348,153,426	100.00%	142

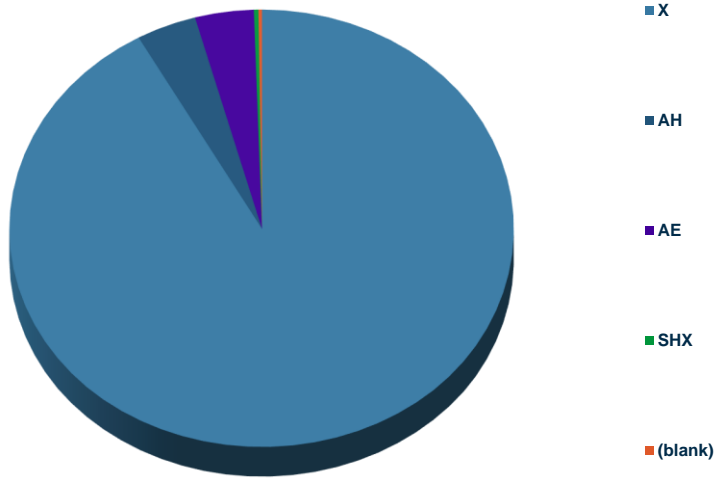
Exposure by County



County	TIV	Percentage	Locations
MIAMI-DADE COUNTY	348,153,426	100.00%	142
Grand Total	348,153,426	100.00%	142



Exposure by Flood Zone



Flood Zone	TIV	Percentage	Locations
X	319,856,928	91.87%	89
AH	13,407,215	3.85%	18
AE	13,083,845	3.76%	30
SHX	1,002,356	0.29%	3
(blank)	803,083	0.23%	0
Grand Total	348,153,426	100.00%	140

