



# Executive Summary

May 1, 2023-2024

## City of Coral Gables

2151 Salzedo Street  
Coral Gables, FL 33134

Arthur J Gallagher Risk Management Services, Inc.

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## Gallagher

Insurance | Risk Management | Consulting

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# Introduction

Thank you for this opportunity to present your renewal proposal program options and recommendations for your May 1<sup>st</sup> Insurance Renewal. This Executive Summary is a shorter version of your proposal and is intended to summarize the highlights and point you to any decisions that need to be made prior to binding. We highlight each **CORE360<sup>®</sup>** cost driver, beginning with Insurance Premiums and ending with Contractual Liability. This will not only organize the document but ensure that we are deliberate in driving value to each of your six cost drivers which represent your total cost of risk. It also follows the decisions made and action items we discussed in our Strategic Review; which serves as the basis for this proposal. We know that you have a choice and we appreciate your business and continued support.



## 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>                                              |                |                          |                              |
| <b>Maria Perez</b><br>Area Senior Vice President                         | (305) 592-6090 | Maria_Perez@ajg.com      | Producer- Team Leader        |
| <b>Ampy (Cabrera) Jimenez CPIA<br/>CISR Elite</b><br>Area Vice President | (786) 331-1269 | Ampy_Jimenez@ajg.com     | Producer- Marketing Director |
| <b>Diana Gogoshvili</b><br>Senior Client Service Manager                 | (305) 639-3131 | Diana_Gogoshvili@ajg.com | Client Service Manager       |
| <b>Annie Toombs</b><br>Client Service Associate, BSD                     | (786) 331-1254 | Annie_Toombs@ajg.com     | Client Service Associate     |
| <b>Tara Morrone</b><br>Client Service Manager                            | (561) 995-6706 | Tara_Morrone@ajg.com     | Flood Specialist             |
| <i>Claims Management</i>                                                 |                |                          |                              |
| <b>Scott Clark</b><br>Claims Advocate Senior, Area Vice President        | (561) 998-6815 | Scott_Clark@ajg.com      | Senior Claims Advocate       |
| <i>Loss Control</i>                                                      |                |                          |                              |
| <b>Jim Smith</b><br>Regional Risk Control Leader                         | (561) 998-6809 | Jim_Smith@ajg.com        | Regional Risk Control Leader |

# Insurance Premiums

## Premium results from Incumbent Carriers

| Policy Type                                    | Carrier        | 2022-2023             | 2023-2024 Berkley Recommended Option (Excludes WC Buffer) | Change %   | Notes                                                                                                                    |
|------------------------------------------------|----------------|-----------------------|-----------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------|
| Package                                        | Berkley        | \$804,000             | \$500,000                                                 | -38%       | New carrier Berkley. No WC/EL                                                                                            |
| Excess WC                                      | Arch           | \$172,305             | \$154,821                                                 | -10%       | New carrier Arch                                                                                                         |
| Property                                       | Various        | \$1,785,242           | \$2,890,000                                               | 62%        | Pending – indication shown                                                                                               |
| Boiler and Machinery                           | Travelers      | \$10,800              | \$11,277                                                  | 4%         |                                                                                                                          |
| Business Travel                                | Hartford       | \$750                 | \$750                                                     | 0%         | 2 Year annual installment                                                                                                |
| ADD Police and Fire                            | Hartford       | \$12,864              | \$12,053                                                  | -6%        | 2 Year annual installment                                                                                                |
| Bond - Finance Director                        | Hartford       | \$1,138               | \$1,138                                                   | 0%         |                                                                                                                          |
| Bond - Golf and Country Club Health Studio     | Hartford       | \$250                 | \$250                                                     | 0%         |                                                                                                                          |
| Bond - War Memorial Youth Center Health Studio | Hartford       | \$250                 | \$250                                                     | 0%         |                                                                                                                          |
| Pollution Liability *                          | Ascot          | \$23,900              | \$35,600                                                  | 49%        | New carrier Ascot. 2 Year Pre paid Policy                                                                                |
| Crime                                          | Travelers      | \$11,637              | \$12,376                                                  | 6%         |                                                                                                                          |
| Sports Liability                               | HDI            | Included in Package   | Included in Package                                       |            |                                                                                                                          |
| ADD Sports                                     | Zurich         | \$11,662              | \$9,410                                                   | -19%       |                                                                                                                          |
| Cyber Liability                                | Crum & Forster | \$79,569              | \$59,614                                                  | -25%       | New carrier C&F. Revenue decreased by 16%. Same limits and lower retention (\$2M/\$2M/\$50K SIR)                         |
| Terrorism Property & Liability                 | AJG UK         | \$20,000              | \$26,000                                                  | 30%        | TIV is increased by 18%, rate increase is 12%                                                                            |
| Deadly Weapon Protection                       | AJG UK         | \$5,900               | \$10,903                                                  | 85%        |                                                                                                                          |
| Flood **                                       | Voyager        | \$9,720               | \$97,839                                                  | 907%       | Includes coverage for 23 Locations                                                                                       |
| Fine Art                                       |                | Included in Property  | Included in Property                                      |            | TIV is increased by 6%, rate increase 10%                                                                                |
| EMPA, FEES & TRIA                              |                | \$4,500               | \$2,931                                                   | -35%       | Equipment Breakdown, Crime. Pollution TRIA, Property surcharges pending indication shown                                 |
| Broker Fee                                     |                | \$90,000              | \$90,000                                                  | 0%         | Includes Equipment Breakdown, Package WC TRIA, and Crime. Pollution TRIA, Property surcharges pending - indication shown |
| <b>Total Cost of Program</b>                   |                | <b>\$3,044,487.40</b> | <b>\$3,915,212</b>                                        | <b>29%</b> |                                                                                                                          |

Note: TRIA Purchased on Pollution Policy.

\*Pollution – Prepaid for 2 Years

\*\* Flood – 18 Locations – Maximum Building Coverage \$1M (not to exceed Stated value on the SOV); 5 Pump Stations Maximum Coverage \$500K (not to exceed Stated value on the SOV). Content Coverage Max for all locations is \$500K

## 2023 New/Different Options

| Policy Type     | Carrier                 | Option                                                                                                                                                             | Premium                               | Notes                                                                                                                                 |
|-----------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Cyber Liability | XL                      | \$2M/\$2M/\$500K SIR                                                                                                                                               | \$100,000<br>(indication)             | same limits & <b>increased retention</b> from \$150K SIR to \$500k                                                                    |
| Cyber Liability | Coalition               | \$2M/\$2M/\$100K SIR                                                                                                                                               | \$75,000                              | same limits & <b>lower retention</b> from \$150K SIR to \$100k                                                                        |
| Cyber Liability | Crum & Forster          | \$2M/\$2M/\$50K SIR                                                                                                                                                | \$59,614                              | Same limits and <b>lower retention</b>                                                                                                |
| Cyber Liability | Crum & Forster          | \$5M/\$5M/\$100K SIR                                                                                                                                               | \$112,657                             | <b>quote has lower limits &amp; retention</b>                                                                                         |
| ADD Police/Fire | Hartford                | as expiring                                                                                                                                                        | \$12,362                              | Annual policy term                                                                                                                    |
| ADD Police/Fire | Hartford                | as expiring                                                                                                                                                        | \$22,869 (\$11,434 per year)          | 2 Year Pre-paid policy                                                                                                                |
| Business Travel | Hartford                | as expiring                                                                                                                                                        | \$750                                 | Annual policy term                                                                                                                    |
| Business Travel | Hartford                | as expiring                                                                                                                                                        | \$1,388 (694 per year)                | 2 Year Pre-paid policy                                                                                                                |
| Crime           | Hanover                 | \$5M Limit; \$50K Deductible                                                                                                                                       | \$9,752                               | As expiring / <b>new carrier</b>                                                                                                      |
| Crime           | Hanover                 | \$5M Limit; \$25K Deductible                                                                                                                                       | \$12,922                              | <b>Lower deductible</b>                                                                                                               |
| Private Flood   | Voyager (RCV Valuation) | Schedule Limit (maximum limit for High Valued buildings is \$1M and \$500K for content)                                                                            | \$111,979                             | Add all A Flood Zones locations that have 4 walls and roof (23 locations)                                                             |
| Private Flood   | Voyager (RCV Valuation) | Schedule Limit (maximum limit for High Valued buildings is \$500K and \$500K for content)                                                                          | \$82,391                              | Add all A Flood Zones locations that have 4 walls and roof (23 locations)                                                             |
| Private Flood   | Voyager (RCV Valuation) | Blanket \$1M Sublimit per building and per occurrence including content; \$5M Aggregate                                                                            | \$82,007                              | Blanket offer with additional A zones added that have 4 walls and roof (23 locations)                                                 |
| Private Flood   | Voyager (RCV Valuation) | Blanket \$500K Sublimit per building and occurrence including content; \$5M Aggregate                                                                              | \$70,696                              | Blanket offer with additional A zones added that have 4 walls and roof (23 locations)                                                 |
| Private Flood   | Voyager (RCV Valuation) | "As is" option with the increased TIV and limit for high valued location (maximum limit for High Valued buildings is \$1M and \$500K for content)                  | \$15,775                              | 10 Locations Included                                                                                                                 |
| Private Flood   | Voyager (RCV Valuation) | Schedule Limit (maximum limit for High Valued 5 Pump stations is \$500K and \$1M maximum limit for other 8 high valued buildings; max limit for content is \$500K) | \$97,839                              | Add all A Flood Zones locations that have 4 walls and roof (23 locations)                                                             |
| NFIP Flood      | NFIP (ACV Valuation)    | Schedule Limit (maximum limit for High Valued buildings is \$500K and \$500K for content)                                                                          | \$114,425                             | 23 separate policies                                                                                                                  |
| Excess WC       | Chubb                   | Limits: Statutory / 1M EL; Retention: 5M for Police and Fire / 1M for All Other                                                                                    | \$250,000 - \$275,000<br>(Indication) | Higher Police and Fire Retention                                                                                                      |
| Excess WC       | Arch                    | Limits: Statutory / \$1M EL; Retention: \$1M                                                                                                                       | \$154,821                             | 7% premium decrease vs incumbent renewal. Two year rate commitment - 2024 rate will increase by 2.5%                                  |
| Excess WC       | Midwest Casualty        | Limits: Statutory / \$1M EL; Retention: \$1M                                                                                                                       | \$195,248                             | As expiring/ new carrier                                                                                                              |
| Excess WC       | Midwest Casualty        | Limits: Statutory / \$1M EL; Retention: \$1M                                                                                                                       | \$390,496<br>(\$195,248 Per Year)     | 2-year policy where the rate is flat year over year. There is no underwriting between year 1 and 2 and no submission would be needed. |
| Excess WC       | Midwest Casualty        | Limits: Statutory / \$1M EL; Retention: \$1.5M                                                                                                                     | \$155,485                             | Higher Retention                                                                                                                      |

| Policy Type                      | Carrier                   | Option                                                                                                                      | Premium                                     | Notes                                                                                                                          |
|----------------------------------|---------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Package                          | Brit/Ambridge             | No WC/WL coverage. Overall WC SIR would be \$1M                                                                             | \$778,000                                   | Savings \$102,000 plus \$3,050 WC TRIA premium savings                                                                         |
| Package                          | Munich Re                 | Limit \$5M xs \$350K SIR. <b>NO WC/EL included</b>                                                                          | \$937,988                                   |                                                                                                                                |
| Package                          | Berkley                   | Various Limits per line x \$350K SIR. <b>NO WC/EL included</b>                                                              | \$500,000                                   |                                                                                                                                |
| Pollution Liability              | Ascot                     | Limit \$2M/ \$4M Aggregate; \$25K Retention                                                                                 | <b>\$24,514</b><br>(\$23,800 + \$714 TRIA)  | Includes Terrorism 3% of premium / 1 Year Term. Includes all the locations on the SOV                                          |
| Pollution Liability              | Ascot                     | Limit \$2M/ \$4M Aggregate; \$25K Retention / 2 Year Policy term                                                            | <b>\$36,668</b><br>(\$35,600+ \$1,068 TRIA) | Includes Terrorism 3% of premium / 2 Years Term; Coverage is applied over two year term. Includes all the locations on the SOV |
| Pollution Liability              | AXA XL (Indian Harbor)    | Limit \$2M/ \$4M Aggregate; \$25K Retention                                                                                 | Indication<br>\$73,000 - \$76,000           | Includes all the locations on the SOV                                                                                          |
| Terrorism Property and Liability | Beazley                   | Property: Limit \$100M;; Liability \$25M Limit; Deductible \$10K                                                            | \$37,750                                    | As expiring option and does not include Active Shooter/ Deadly Weapon                                                          |
| Fine Arts (Standalone)           | StarNet Insurance Company | Limit \$3M Fine Art on Premises; \$500K in Transit and \$500K in Storage; \$10K Deductible; \$50K for windstorm at premises | \$16,500                                    | Standalone option (currently included under Property program)                                                                  |

# Marketing Summary

| Line of Coverage                        | Carrier                | Response        |
|-----------------------------------------|------------------------|-----------------|
| <b>Public Entity Package</b>            |                        |                 |
|                                         | Ambridge (London)      | Quoted          |
|                                         | Genesis                | Declined        |
|                                         | Old Republic           | Declined        |
|                                         | FMIT                   | Declined        |
|                                         | Munich Re              | Quoted          |
|                                         | Euclid                 | Declined        |
|                                         | Berkley                | Quoted          |
|                                         | Travelers              | Declined        |
|                                         | Safety National        | Declined        |
|                                         | Egis                   | Declined        |
| <b>Excess Workers Compensation</b>      |                        |                 |
|                                         | Safety National        | Quoted          |
|                                         | Zurich                 | Declined        |
|                                         | AXA XL                 | Declined        |
|                                         | Chubb                  | Indicated       |
|                                         | US Specialty           | Declined        |
|                                         | Midwest                | Quoted          |
|                                         | Arch                   | Quoted          |
| <b>Equipment Breakdown</b>              |                        |                 |
|                                         | Travelers              | Quoted          |
|                                         | Liberty                | Not Competitive |
|                                         | AXA XL                 | Pending         |
|                                         | HSB                    | Not Competitive |
|                                         | C.N.A                  | Declined        |
| <b>ADD Business Travel</b>              |                        |                 |
|                                         | Hartford               | Quoted          |
|                                         | Hartford               | Quoted          |
| <b>Bond</b>                             |                        |                 |
| Finance Director                        | Hartford               | Quoted          |
| Golf and Country Club Health Studio     | Hartford               | Quoted          |
| War Memorial Youth Center Health Studio | Hartford               | Quoted          |
| <b>Pollution Liability</b>              |                        |                 |
|                                         | AXA XL (Indian Harbor) | Quoted          |
|                                         | Ascot                  | Quoted          |
|                                         | Beazley                | Declined        |
| <b>Crime</b>                            |                        |                 |
|                                         | Travelers              | Quoted          |
|                                         | Beazley                | Declined        |
|                                         | Chubb                  | Declined        |
|                                         | Hanover                | Quoted          |
| <b>ADD Sports</b>                       |                        |                 |
|                                         | Zurich                 | Quoted          |
|                                         | Hartford               | Declined        |
| <b>Cyber Liability</b>                  |                        |                 |
|                                         | Corvus                 | Quoted          |
|                                         | XL                     | Indicated       |
|                                         | Crum & Forster         | Quoted          |
|                                         | Westchester            | Declined        |



| Line of Coverage                                                         | Carrier                     | Response |
|--------------------------------------------------------------------------|-----------------------------|----------|
|                                                                          | Arch                        | Declined |
|                                                                          | Zurich                      | Declined |
|                                                                          | AIG                         | Declined |
|                                                                          | Starr                       | Declined |
|                                                                          | Coalition                   | Quoted   |
|                                                                          | TMHCC                       | Declined |
|                                                                          | Resilience                  | Declined |
|                                                                          | Beazley                     | Declined |
|                                                                          | Aspen                       | Declined |
|                                                                          | Amtrust                     | Declined |
|                                                                          | At Bay                      | Declined |
| <b>Terrorism Property &amp; Liability &amp; Deadly Weapon Protection</b> |                             |          |
|                                                                          | AXA XL                      | Declined |
|                                                                          | Beazley                     | Quoted   |
|                                                                          | Hiscox USA                  | Declined |
|                                                                          | Munich Re                   | Declined |
|                                                                          | Ironshore                   | Declined |
|                                                                          | Sompo International         | Declined |
| <b>Flood</b>                                                             |                             |          |
|                                                                          | Voyager                     | Quoted   |
| <b>Property</b>                                                          |                             |          |
|                                                                          | Aspen                       | Pending  |
|                                                                          | Axis                        | Pending  |
|                                                                          | Berkshire                   | Pending  |
|                                                                          | C N A                       | Pending  |
|                                                                          | C&F                         | Pending  |
|                                                                          | Canopus                     | Pending  |
|                                                                          | Chronos                     | Pending  |
|                                                                          | Core                        | Quoted   |
|                                                                          | Everest                     | Pending  |
|                                                                          | FMIT                        | Declined |
|                                                                          | Ironshore / First Specialty | Pending  |
|                                                                          | Kemah                       | Pending  |
|                                                                          | Lexington                   | Pending  |
|                                                                          | Lloyds of London            | Quoted   |
|                                                                          | Rivington                   | Pending  |
|                                                                          | Sompo                       | Quoted   |
|                                                                          | SRU                         | Pending  |
|                                                                          | Swiss Re                    | Pending  |
|                                                                          | Velocity                    | Pending  |
|                                                                          | Waypoint                    | Pending  |
|                                                                          | Westchester                 | Pending  |
|                                                                          | Arch                        | Pending  |
|                                                                          | Arrowhead                   | Pending  |
|                                                                          | AWAC                        | Pending  |
|                                                                          | AXA XL                      | Pending  |
|                                                                          | Beazley                     | Pending  |
|                                                                          | Crum & Forster              | Pending  |
|                                                                          | Great American (x-wind)     | Pending  |
|                                                                          | Hallmark                    | Pending  |
|                                                                          | Hudson (x-wind)             | Pending  |
|                                                                          | Intact                      | Pending  |
|                                                                          | James River                 | Pending  |

| Line of Coverage                               | Carrier           | Response |
|------------------------------------------------|-------------------|----------|
|                                                | Kinsale           | Pending  |
|                                                | Markel            | Pending  |
|                                                | Munich Re         | Declined |
|                                                | Navigators        | Pending  |
|                                                | Paragon           | Pending  |
|                                                | RSUI              | Pending  |
|                                                | Starr             | Declined |
|                                                | Westfield         | Pending  |
|                                                | Zurich            | Declined |
| <b>Fine Arts (Standalone)</b>                  |                   |          |
|                                                | Allianz           | Declined |
|                                                | Chubb             | Declined |
|                                                | StarNet Insurance | Quoted   |
|                                                | Travelers         | Pending  |
| <b>Electronic Data Processing (Standalone)</b> |                   |          |
|                                                | Chubb             | Pending  |
|                                                | CNA               | Pending  |
|                                                | Travelers         | Pending  |

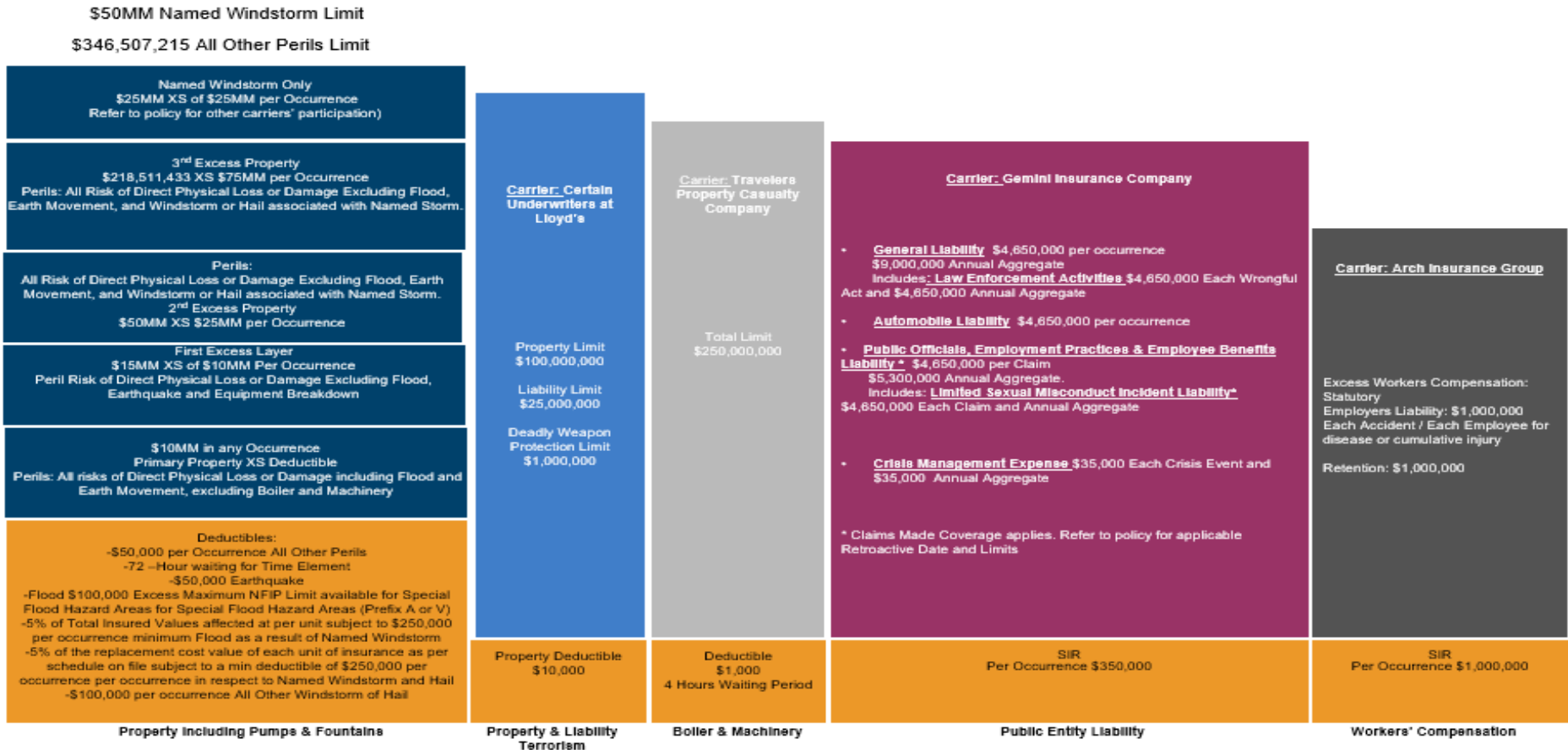
## Exposure Summary

| Exposures                                               | 2022-2023      | 2023-2024      | % Change |
|---------------------------------------------------------|----------------|----------------|----------|
| <b>Gross Operating Expenditures</b>                     | \$294,212,528  | \$246,087,023  | -16%     |
| <b>Number of Employees (FT &amp; PT &amp; Seasonal)</b> | 1072           | 1134           | 6%       |
| <b>Number of Autos</b>                                  | 610            | 577            | -5%      |
| <b>Payroll</b>                                          | \$78,502,660   | \$83,013,742   | 6%       |
| <b>EMTs</b>                                             | Included below | Included below |          |
| <b>Paramedics</b>                                       | 139            | 145            | 4%       |
| <b>Armed Officers</b>                                   | 198            | 213            | 8%       |
| <b>Population</b>                                       | 50,999         | 48,375         | -5%      |
| <b>TIV</b>                                              | \$294,212,528  | \$346,507,215  | 18%      |
| <b>Rate per \$100</b>                                   | \$0.61         | \$0.83         | 37%      |
| <b>Drones</b>                                           | 5              | 5              | 0%       |
| <b>Sports Program number of participants</b>            | 12,547         | 13,209         | 5%       |

| Schedule of Values          | 2022-2023                     | 2023-2024                    | % Change |
|-----------------------------|-------------------------------|------------------------------|----------|
| <b>Building</b>             | \$235,701,640                 | \$287,307,493                | 24%      |
| <b>Contents</b>             | \$13,203,706                  | \$14,298,322                 | 8%       |
| <b>Vehicles</b>             | \$18,842,749                  | \$18,436,967                 | -2%      |
| <b>Golf Carts</b>           | \$179,433                     | \$179,433                    | 0%       |
| <b>BI</b>                   | \$5,285,000                   | \$5,285,000                  | 0%       |
| <b>EDP</b>                  | \$14,000,000                  | \$14,000,000                 | 0%       |
| <b>EDP EE</b>               | \$2,000,000                   | \$2,000,000                  | 0%       |
| <b>Account Receivable</b>   | \$1,000,000                   | \$1,000,000                  | 0%       |
| <b>Fine Arts</b>            | \$3,500,000                   | \$3,500,000                  | 0%       |
| <b>Valuable Papers</b>      | \$500,000                     | \$500,000                    | 0%       |
| <b>Pump Stations</b>        | Included                      | Included                     |          |
| <b>Fountains</b>            | Included                      | Included                     |          |
| <b>Seawalls &amp; Docks</b> | \$3,395,000 ( included above) | \$3,904,250 (included above) | 15%      |
| <b>Total</b>                | \$294,212,528                 | \$346,507,215                | 18%      |

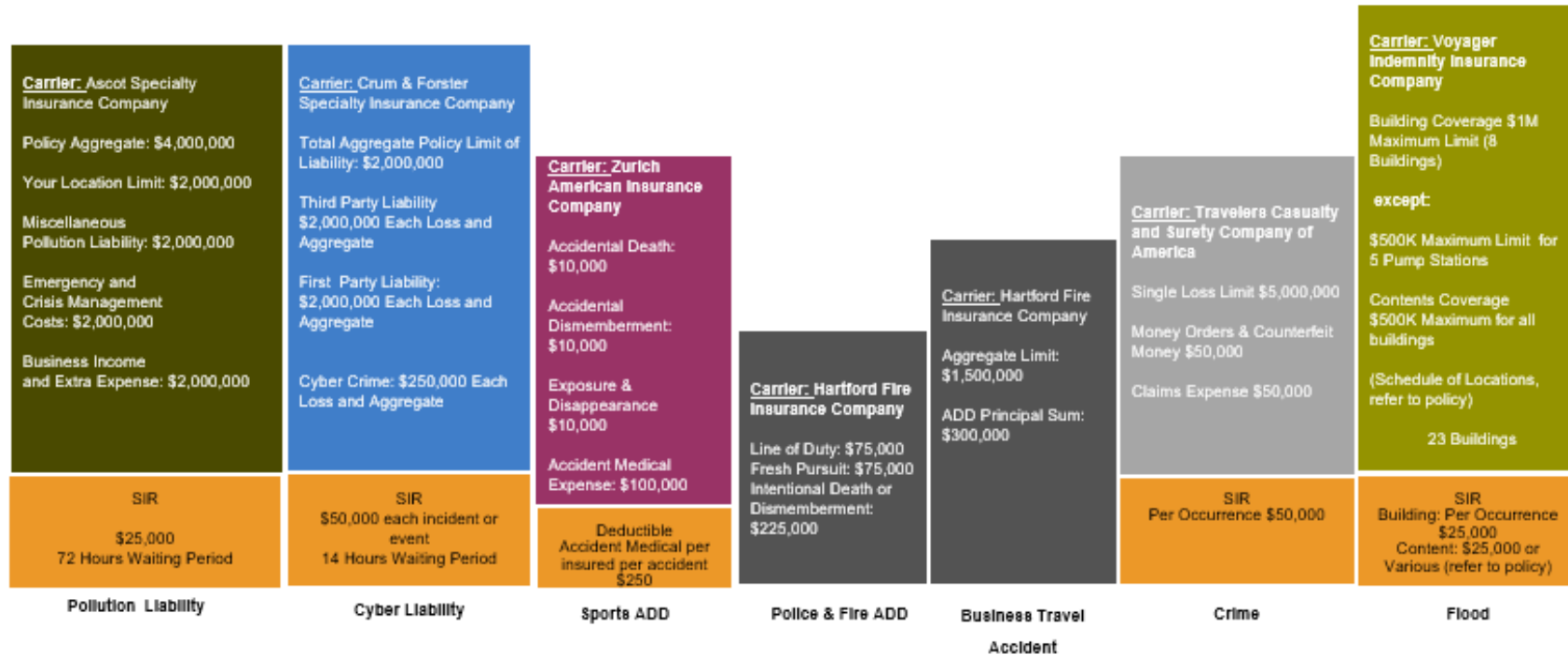
# Program Structure – 2023

## City of Coral Gables Core Program



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

## Renewal Results

### **Package**

The incumbent carrier is Lloyds of London (Ambridge). They have offered a renewal quote with 9% premium increase, while overall exposure increased by 3%. Overall loss cost trends continue to increase due to social and standard inflation trends.

Ambridge also provided an option to reduce the Workers Compensation Limit to NIL. The total Workers Compensation retention will be \$1,000,000. Please see the option below.

We have gone to market and have the below options for you from Berkley as well as Munich Re.

|                                                               | 2022-2023<br>Ambridge                  | 2023-2024<br>Ambridge<br>Renewal       | 2023-2024<br>Option 1<br>Ambridge | 2023-2024<br>Option 2<br>The Princeton<br>Excess and Surplus<br>Lines (Munich Re) | 2023-2024<br>Option 3<br>Gemini Insurance Co<br>(Berkley)<br>Recommended |
|---------------------------------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Premium                                                       | \$804,000                              | \$880,000                              | \$778,000                         | \$937,988                                                                         | \$500,000                                                                |
| WC TRIA                                                       | \$2,875                                | \$3,050                                | Not Covered                       | Not Covered                                                                       | Not Covered                                                              |
| Liability Limit                                               | Various (see below)                    | Various (see below)                    | Various (see below)               | Various (see below)                                                               | Various (see below)                                                      |
| Workers' Compensation (WC) and Employers Liability (EL) Limit | \$500,000                              | \$500,000                              | Not Covered                       | Not Covered                                                                       | Not Covered                                                              |
| Retention (SIR)                                               | \$350,000 Liability<br>\$500,000 WC/EL | \$350,000 Liability<br>\$500,000 WC/EL | \$350,000 Liability               | \$350,000 Liability                                                               | \$350,000 Liability                                                      |
| (+/-) Difference %                                            |                                        | 9%                                     | -3%                               | 17%                                                                               | -38%                                                                     |

In the following page you will see the detailed coverage comparison.

PACKAGE COVERAGE COMPARISON

|                                                                                           | Brit/ Ambridge                                                                          |                                                                                                                         | Berkely                                                                        |                                                                                                                      | Munich RE                                                                    |                  |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------|
| Premium (excluding TRIA, taxes and fees)                                                  | \$880,000                                                                               |                                                                                                                         | \$500,000                                                                      |                                                                                                                      | \$937,988                                                                    |                  |
| Retention (SIR)                                                                           | \$350,000 except WC/EL of \$500,000                                                     |                                                                                                                         | \$350,000; no WC/EL                                                            |                                                                                                                      | \$350,000; no WC /EL                                                         |                  |
| WC Terrorism                                                                              | \$3,050                                                                                 |                                                                                                                         | N/A                                                                            |                                                                                                                      | N/A                                                                          |                  |
| Coverage                                                                                  | Limit is Excess of Retention                                                            | Retroactive date                                                                                                        | Limit is Excess of Retention                                                   | Retroactive date                                                                                                     | Limit is Excess of Retention                                                 | Retroactive date |
| General Liability                                                                         | \$4,650,000 Per Occurrence<br><b>\$9,000,000 Aggregate</b>                              | N/A                                                                                                                     | \$4,650,000 Per Occurrence<br><b>\$9,000,000 Aggregate</b>                     | N/A                                                                                                                  | <b>\$5,000,000 Per Occurrence/ Aggregate</b>                                 | N/A              |
| <b>Sublimit: Limit is combined for all coverages listed in this</b>                       |                                                                                         |                                                                                                                         |                                                                                |                                                                                                                      |                                                                              |                  |
| Failure to supply water                                                                   | \$650,000 Per Occurrence and Aggregated                                                 | N/A                                                                                                                     | \$1,000,000 Per Occurrence and Aggregate                                       | N/A                                                                                                                  | \$1,000,000 Per Occurrence and Aggregate                                     | N/A              |
| Sexual Harassment                                                                         | \$4,650,000 Per Occurrence and Annual Aggregate                                         | N/A                                                                                                                     | <b>Included under E&amp;O</b>                                                  | see below                                                                                                            | <b>Included in E&amp;O</b>                                                   | 5/1/2013         |
| Damage to Premises Rented                                                                 | \$1,000,000 Per Occurrence                                                              | N/A                                                                                                                     | \$1,000,000 Per Occurrence and Aggregate                                       | N/A                                                                                                                  | \$1,000,000 Per Occurrence and Aggregate                                     | N/A              |
| Medical Payments                                                                          | Excluded                                                                                | Excluded                                                                                                                | Excluded                                                                       | Excluded                                                                                                             | Excluded                                                                     | Excluded         |
| <b>Law Enforcement Liability:</b>                                                         |                                                                                         |                                                                                                                         |                                                                                |                                                                                                                      |                                                                              |                  |
| Law Enforcement Liability                                                                 | \$4,650,000 Per Occurrence<br>\$5,000,000 Aggregate (part not in addition to the limit) | N/A                                                                                                                     | \$4,650,000 Per Occurrence and Aggregate <b>erodes General liability limit</b> | N/A                                                                                                                  | 5,000,000 Per Occurrence and Aggregate <b>erodes General Liability limit</b> | N/A              |
| Sexual Harassment Liability                                                               | \$4,650,000 Per Occurrence and Aggregate ( <b>part not in addition to the limit</b> )   | N/A                                                                                                                     | <b>Included under E&amp;O</b>                                                  | see below                                                                                                            | <b>Included in E&amp;O</b>                                                   | see below        |
| <b>Sexual Abuse Liability:</b>                                                            |                                                                                         |                                                                                                                         |                                                                                |                                                                                                                      |                                                                              |                  |
| Sexual Abuse                                                                              | \$4,650,000 Per Claim and Annual Aggregate                                              | (1)May 01, 1999 the first \$650,000 limit xs \$350,000 /<br>May 01, 2017 the remaining \$4,000,000 xs \$1,000,000 limit | included in the E&O<br>\$4,650,000 Each Claim / Aggregate                      | May 01, 1999 the first \$650,000 limit xs \$350,000 /<br>May 01, 2017 the remaining \$4,000,000 xs \$1,000,000 limit | 5,000,000 Per Occurrence and Aggregate <b>erodes General Liability limit</b> | 5/1/2020         |
|                                                                                           | For all other than E&O and EPL                                                          | May 01,2021                                                                                                             | For all other than E&O and EPL                                                 | May 01,2021                                                                                                          |                                                                              |                  |
| <b>Errors and Omissions Liability: Limit is combined for all coverages listed in this</b> |                                                                                         |                                                                                                                         |                                                                                |                                                                                                                      |                                                                              |                  |
| Coverage Includes:                                                                        | E&O, Employment Practice & Harassment                                                   |                                                                                                                         | E&O, EPL, <b>EBL, Abuse</b>                                                    |                                                                                                                      | E&O and <b>Harassment</b>                                                    |                  |



|                                                              | Brit/ Ambridge                                                  |                                                                                              | Berkely                                                 |                                                                                              | Munich RE                                                                    |             |
|--------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------|
| Errors & Omissions                                           | \$4,650,000 Each Claim and \$5,300,000 Annual Aggregate         | 2/13/1981 the first \$1,650,000 limit / 5/1/2010 for the next \$3M                           | \$4,650,000 Each Claim and \$5,300,000 Annual Aggregate | 2/13/1981 the first \$1,650,000 limit / 5/1/2010 for the next \$3M                           | 5,000,000 Per Occurrence and Aggregate                                       | 5/1/2013    |
| Employment Practice                                          | included                                                        | same as E&O                                                                                  | Included                                                | same as E&O                                                                                  | Included in Wrongful Acts Liability                                          |             |
| Sexual Harassment                                            | Included                                                        | March 01, 1994 the first \$1,650,000 limit /                                                 | Included                                                | March 01, 1994 the first \$1,650,000 limit /                                                 | Included in Wrongful Acts Liability                                          | 5/1/2013    |
|                                                              |                                                                 | May 01, 2010 the next \$1,000,000 limit /                                                    |                                                         | May 01, 2010 the next \$1,000,000 limit /                                                    |                                                                              |             |
|                                                              |                                                                 | May 01, 2017 the remaining \$2,000,000 limit                                                 |                                                         | May 01, 2017 the remaining \$2,000,000 limit                                                 |                                                                              |             |
| <b>Employee Benefits Liability</b>                           |                                                                 |                                                                                              |                                                         |                                                                                              |                                                                              |             |
| Employee Benefits Liability                                  | \$4,650,000 Each Claim and \$5,300,000 Annual Aggregate         | March 01, 1998 the first \$1,650,000 limit /<br>May 01, 2010 the remaining \$3,000,000 limit | <b>Included under E&amp;O</b>                           | March 01, 1998 the first \$1,650,000 limit /<br>May 01, 2010 the remaining \$3,000,000 limit | 5,000,000 Per Occurrence and Aggregate <b>erodes General Liability limit</b> | 5/1/2013    |
| <b>Excess Workers' Compensation and Employers' Liability</b> |                                                                 |                                                                                              |                                                         |                                                                                              |                                                                              |             |
| Workers' Compensation                                        | \$500,000 Workers Compensation<br>\$500,000 Employers Liability | N/A                                                                                          | Excluded                                                | Excluded                                                                                     | Excluded                                                                     | Excluded    |
| <b>Crime</b>                                                 |                                                                 |                                                                                              |                                                         |                                                                                              |                                                                              |             |
| Crime                                                        | Not covered                                                     | Not covered                                                                                  | Not covered                                             | Not covered                                                                                  | Not covered                                                                  | Not covered |
| <b>Automobile Liability:</b>                                 |                                                                 |                                                                                              |                                                         |                                                                                              |                                                                              |             |
| Automobile Liability                                         | \$4,650,000 Per Occurrence                                      | N/A                                                                                          | \$4,650,000 Per Occurrence<br>N/A Aggregate             | N/A                                                                                          | \$5,000,000 Per Occurrence<br>N/A Aggregate                                  | N/A         |
| Garage keeper's Legal                                        | \$250,000 Per Occurrence                                        | N/A                                                                                          | \$250,000 Per Occurrence<br>and Aggregate               | N/A                                                                                          | \$250,000 Per Occurrence<br>and Aggregate                                    | N/A         |
| Medical Payments                                             | Excluded                                                        |                                                                                              | Excluded                                                |                                                                                              | Excluded                                                                     | Excluded    |

(1) Sexual Abuse retroactive dates for Ambridge goes back to 1999 and 2017 for any allegations by any past, present or future officials, board or commission members, trustees, directors, officers, employees, or volunteer workers.



## Excess Workers' Compensation

The incumbent carrier Safety National offered the renewal quote. Initially, Safety offered and increase in premium of 6% due to increase in payroll by 6%. We have approached Safety again with the competitive quote from Arch and Safety agreed to further lower their premium. The updated premium decrease is 4%. Therefore, the rate was decreased by 2%.

We received an optional quotes please see the premium comparison below.

Arch agreed to offer 2-Year Rate Agreement. Next year they are looking to increase the rate by 2.5% if there are no major changes or losses at the next renewal.

Midwest Casualty also offered 2-year policy where the rate is flat year over year. There is no underwriting between year 1 and 2 and no submission would be needed.

|                    | 2022 Safety National                             | 2023 Safety National                             | 2023 Option 1 Arch Recommended                   | 2023 Option 2 Midwest Casualty                   | 2023 Option 3 Midwest Casualty                   |
|--------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Premium            | \$172,305                                        | \$166,027                                        | \$154,821                                        | \$195,248                                        | \$155,485                                        |
| Limit              | WC – Statutory Employers Liability - \$1,000,000 | WC – Statutory Employers Liability - \$1,000,000 | WC – Statutory Employers Liability - \$1,000,000 | WC – Statutory Employers Liability - \$1,000,000 | WC – Statutory Employers Liability - \$1,000,000 |
| Retention          | \$1,000,000                                      | \$1,000,000                                      | \$1,000,000                                      | \$1,000,000                                      | \$1,500,000                                      |
| (+/-) Difference % |                                                  | -4%                                              | -10%                                             | 13%                                              | -10%                                             |

### WORKERS' COMPENSATION LOSS SUMMARY

| Year               | Sum of losses inside \$500K | Sum of Losses inside \$1M |
|--------------------|-----------------------------|---------------------------|
| 2012               | \$930,215                   | \$930,215                 |
| 2013               | \$745,214                   | \$745,214                 |
| 2014               | \$859,629                   | \$859,629                 |
| 2015               | \$1,182,383                 | \$1,182,383               |
| 2016               | \$907,468                   | \$907,468                 |
| 2017               | \$1,050,456                 | \$1,050,456               |
| 2018               | \$1,222,485                 | \$1,222,485               |
| 2019               | \$1,065,681                 | \$1,065,681               |
| 2020               | \$872,496                   | \$872,496                 |
| 2021               | \$683,455                   | \$683,455                 |
| 2022               | \$397,534                   | \$397,534                 |
| <b>Grand Total</b> | <b>\$9,917,018</b>          | <b>\$9,917,018</b>        |
| Average            | \$901,547                   | \$901,547                 |

WORKERS' COMPENSATION LOSSES OVER \$200,000

| Policy Expire | Description                                                                                                                                                                                                             | Total Incurred |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 4/30/2017     | Participated in heart study, problem was detected, cardiac cath was attempted that resulted in triple by pass surgery.                                                                                                  | \$330,000.00   |
| 4/30/2019     | Employee felt pain. It was centrally located and described as burning. Hypertension, heart disease                                                                                                                      | \$329,400.00   |
| 4/30/2019     | Employee started to feel shortness of breath and tightening of chest on Thursday. He continued to work until he saw the cardiologist on Monday who advised him to stop working. Two Artery blockages, one 90%, one 50%. | \$305,700.00   |
| 4/30/2021     | Vehicle accident. Injured Ankle, head, spine. Concussion.                                                                                                                                                               | \$297,000.00   |
| 4/30/2013     | Heart Disease                                                                                                                                                                                                           | \$291,400.00   |
| 4/30/2015     | Injured right arm when thrown from motorcycle during motorcycle training, brake and escape exercise.                                                                                                                    | \$222,907.84   |
| 4/30/2018     | Officer tweaked his back and heard a snap while exiting his police vehicle.                                                                                                                                             | \$217,500.00   |

**Cyber Liability**

The incumbent carrier Corvus offered the renewal quote per the expiring limits and retention. The expiring limit is \$2,000,000 with \$150,000 Retention. We received several other options from the markets. The most competitive option we received is from Crum & Forster.

Corvus has added Pixel and Tracking Code Exclusion this year. The exclusion can be removed. See subjectivity below. **Corvus Pixel and Tracking Code Exclusion:** any code, software, tool, or other technology used on a website operated by an Insured, or a website operated by an Outsourced Service Provider on behalf of an Insured, that tracks, collects, or otherwise records user activity (including, but not limited to Meta Pixel, Microsoft Clarity, or any similar tool or technology).

Crum & Forster also had a few restrictive endorsements that we have outlined in the below comparison. We were able to remove neglected software, web tracking and wrongful collection endorsements.

Crum & Forster will be able to remove the biometrics exclusion if you the City can confirm that you do not collect/store/use and biometric information.

Please see the quotes and coverage comparison below, we have highlighted the differences:

|                       | 2022-2023<br>Corvus | 2023-2024<br>Corvus<br>Renewal | 2023-2024<br>Crum & Forster<br>Option 1<br>Recommended | 2023-2024<br>Crum & Forster<br>Option 2 | 2023-2024<br>XL<br>Option 3 | 2023-2024<br>Coalition<br>Option 4 |
|-----------------------|---------------------|--------------------------------|--------------------------------------------------------|-----------------------------------------|-----------------------------|------------------------------------|
| Premium               | \$79,596            | \$80,557                       | \$59,614                                               | \$112,657                               | \$100,000<br>(indication)   | \$75,000                           |
| Limit                 | \$2,000,000         | \$2,000,000                    | \$2,000,000                                            | \$5,000,000                             | \$2,000,000                 | \$2,000,000                        |
| Retention<br>(SIR)    | \$150,000           | \$150,000                      | \$50,000                                               | \$100,000                               | \$500,000                   | \$100,000                          |
| (+/-)<br>Difference % |                     | 1%                             | -25%                                                   | 42%                                     | 26%                         | -6%                                |

CYBER COVERAGE COMPARISON

| Carrier                | Accredited Specialty Insurance Company (Corvus)                  |             | Crum & Forster Specialty Insurance Company                                        |             |
|------------------------|------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------|-------------|
| <b>3rd Party</b>       |                                                                  |             |                                                                                   |             |
|                        | Network Security and Privacy Liability                           | \$2,000,000 | Network Security and Privacy Liability                                            | \$2,000,000 |
|                        | Regulatory Investigations, Fines & Penalties                     | \$2,000,000 | Regulatory Liability and Defense                                                  | \$2,000,000 |
|                        | PCI DSS Assessment Expenses                                      | \$2,000,000 | PCI fines and assessments                                                         | \$2,000,000 |
|                        | Media Liability                                                  | \$2,000,000 | Multimedia Liability                                                              | \$2,000,000 |
|                        | Breach Management Expenses                                       | \$2,000,000 | Contingent BI/PD                                                                  | \$2,000,000 |
|                        | Solicitation claims                                              | \$50,000    |                                                                                   |             |
| <b>1st Party</b>       |                                                                  |             |                                                                                   |             |
|                        | Business Interruption                                            | \$2,000,000 | Breach Costs                                                                      | \$2,000,000 |
|                        | Contingent Business Interruption                                 | \$2,000,000 | Data Asset Loss                                                                   | \$2,000,000 |
|                        | Digital Asset Destruction, Data Retrieval and System Restoration | \$2,000,000 | Loss of income and extra expense                                                  | \$2,000,000 |
|                        | System Failure Coverage                                          | \$2,000,000 | Bricking                                                                          | \$2,000,000 |
|                        | Reputational Loss                                                | \$2,000,000 | Reputational loss                                                                 | \$2,000,000 |
|                        | Breach Response and Remediation Expenses                         | \$2,000,000 | Cryptojacking                                                                     | \$2,000,000 |
|                        | Court Attendance Costs                                           | \$250,000   | Dependent Business                                                                | \$200,000   |
|                        | Bricking                                                         | \$2,000,000 |                                                                                   |             |
| <b>Extortion</b>       |                                                                  |             |                                                                                   |             |
|                        | Extortion and Ransomware                                         | \$2,000,000 | Cyber Extortion Loss                                                              | \$2,000,000 |
| <b>Cyber Crime</b>     |                                                                  |             |                                                                                   |             |
|                        | Social Engineering & Cyber Crime                                 | \$250,000   | Social engineering                                                                | \$250,000   |
|                        | Invoice Manipulation                                             | \$250,000   | Fraudulent funds transfer                                                         | \$250,000   |
|                        | CryptoJacking                                                    | \$250,000   | Telephone systems fraud                                                           | \$250,000   |
|                        |                                                                  |             | Invoice manipulation                                                              | \$250,000   |
| <b>Waiting Periods</b> |                                                                  |             |                                                                                   |             |
|                        |                                                                  | 10 hours    |                                                                                   | 14 hours    |
| <b>Retentions</b>      |                                                                  |             |                                                                                   |             |
|                        | Retention                                                        | \$150,000   | Retention                                                                         | \$50,000    |
| <b>Premium</b>         |                                                                  |             |                                                                                   |             |
|                        | <b>\$80,557</b>                                                  |             | <b>\$59,614</b>                                                                   |             |
| <b>Restrictions</b>    |                                                                  |             |                                                                                   |             |
|                        | Pixel tracking exclusion                                         |             | Biometric information exclusion (collection and storage of biometric information) |             |
|                        |                                                                  |             | <del>Neglected software coinsure/ Sublimit endorsement</del>                      | Removed     |
|                        |                                                                  |             | <del>Wrongful collection Exclusion</del>                                          | Removed     |
|                        |                                                                  |             | <del>web tracking exclusion (tracking pixel)</del>                                | Removed     |

\* Please note that this is for informational purposes only. Please read the policy endorsements for all terms and conditions as definitions and insuring agreements will vary depending on the carrier and form. Coverage will come down to the circumstances of each claim and the terms and conditions of the policy

**Subjectivities:****Corvus:**

- 1.) TRIA Waiver if coverage is rejected (attached to quote).
- 2.) Our proprietary non-invasive web scan detected a Microsoft Exchange Server on your network. Therefore, we require completion of our Microsoft Exchange Questionnaire. Please follow the link to access it:  
<https://info.corvusinsurance.com/hubfs/Microsoft%20Exchange%20Subjectivity.pdf>

Due within 7 days of binding coverage:

Applications signed and dated within 30 days of binding

To remove the Pixel exclusion: Company can either remove Pixel from their website (email confirmation is fine) or answer the following:

- Have your organization's marketing, IT, legal, and compliance teams been in contact to discuss the use of web advertising to or analytics technologies?
- Are there processes in place to keep each of these teams up to date on what technologies are installed, enabled, and for what purpose

**Crum & Forster:**

- 1.) Completed, signed and dated Crum & Forster Simple Cyber New Business Warranty Attestation.
- 2.) Re-signed and dated Ransomware Supplemental Application.
- 3.) Name and contact information for the insured's employee authorized to work with the insurer in response to a Cyber Event.
- 4.) Confirmation that MFA is utilized for RDP

## Property

We went out to market for your Property renewal. We are still waiting for some options for you.

Commercial property insurance rates are on the rise across the country as **insurers continue wrestling with the toll of increasing natural disasters**, rising social unrest around the world (including the U.S.) and the COVID-19 pandemic.

|                        | 2022          | 2023                                      | Change % |
|------------------------|---------------|-------------------------------------------|----------|
| TIV                    | \$294,212,528 | \$346,507,215                             | 18%      |
| Deductible             | \$50,000 AOP  | \$50,000 - \$100,000 AOP                  |          |
| Maximum Cap deductible | \$7,500,000   | no CAP                                    |          |
| Valuation              | Blanket       | Blanket – Margin Clause                   |          |
| Premium                | \$1,785,242   | \$2,890,000<br>Pending - indication shown | 62%      |
| Rate                   | 0.61          | 0.83                                      | 37%      |

### Options:

Estimate credit is \$50,000 to increase AOP deductible from \$50,000 to \$100,000.

We realize there is other deductibles applicable to the Program. Please see below.

- \$50,000 Per Occurrence, All Perils.  
Except:
- \$100,000 Per Occurrence Flood, except high risk zones (A&V) excess maximum National Flood Insurance Program limit
- \$100,000 Per Occurrence All Other Windstorm or Hail
- 5% of Total Insured Values affected per Unit of Insurance, subject to a minimum of USD 250,000 per occurrence and capped at USD 7,500,000 per occurrence in respects of Named Windstorm and Hail and Flood as a result of a Named Windstorm.
- \$100,000 Per Occurrence Automobile Physical Damage Comprehensive and Collision
- 3 Days -Time Element

## 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                | 103,343,519    | 8,698,842       | 95,746,428                          |
| 0.020%                     | 5,000                 | 77,987,281     | 7,919,527       | 71,346,485                          |
| 0.100%                     | 1,000                 | 35,878,481     | 5,235,296       | 31,879,386                          |
| 0.200%                     | 500                   | 24,458,967     | 3,894,598       | 21,378,177                          |
| 0.400%                     | 250                   | 15,813,238     | 2,601,747       | 13,424,224                          |
| 1.000%                     | 100                   | 7,667,022      | 1,807,704       | 5,919,954                           |
| 2.000%                     | 50                    | 3,613,308      | 1,359,726       | 2,197,524                           |
| 4.000%                     | 25                    | 1,190,079      | 883,394         | 91,228                              |
| 10.000%                    | 10                    | 78,874         | 79,154          | 0                                   |
| 20.000%                    | 5                     | 311            | 463             | 0                                   |
| <b>Average Annual Loss</b> |                       | 321,340        | 94,044          | 227,297                             |
| <b>Standard Deviation</b>  |                       | 2,815,080      | 422,374         | 2,519,403                           |

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

25 HIGHEST VALUED LOCATIONS

| Location Number | Location Name                  | City         | State | TIV         | TIV %  | AAL     | AAL %  |
|-----------------|--------------------------------|--------------|-------|-------------|--------|---------|--------|
| 79              | Public Safety Building         | CORAL GABLES | FL    | 59,757,556  | 17.25% | 15,699  | 6.91%  |
| 34              | COUNTRY CLUB PRADO ENTR        | CORAL GABLES | FL    | 5,769,705   | 1.67%  | 15,335  | 6.75%  |
| 69              | PARKING GARAGE 4               | CORAL GABLES | FL    | 8,630,345   | 2.49%  | 12,845  | 5.65%  |
| 58              | MERRICK HOUSE                  | CORAL GABLES | FL    | 3,181,717   | 0.92%  | 10,513  | 4.63%  |
| 57              | VENETIAN POOL                  | CORAL GABLES | FL    | 3,006,789   | 0.87%  | 10,194  | 4.49%  |
| 68              | Museum PARKING GARAGE          | CORAL GABLES | FL    | 34,622,480  | 9.99%  | 9,729   | 4.28%  |
| 70              | PARKING GARAGE 6               | CORAL GABLES | FL    | 19,162,077  | 5.53%  | 9,350   | 4.11%  |
| 28              | CITY HALL                      | CORAL GABLES | FL    | 19,396,447  | 5.60%  | 6,689   | 2.94%  |
| 67              | PARKING GARAGE 1               | CORAL GABLES | FL    | 4,203,732   | 1.21%  | 6,470   | 2.85%  |
| 62              | MUSEUM/ Historical Resources * | CORAL GABLES | FL    | 19,106,931  | 5.51%  | 6,162   | 2.71%  |
| 55              | CORAL GABLES COUNTRY CI        | CORAL GABLES | FL    | 16,339,904  | 4.72%  | 5,650   | 2.49%  |
| 61              | MIRACLE THEATRE                | CORAL GABLES | FL    | 14,240,299  | 4.11%  | 5,224   | 2.30%  |
| 71              | Minorca Garage7                | CORAL GABLES | FL    | 21,512,223  | 6.21%  | 4,920   | 2.16%  |
| 122             | 278 MIRACLE MILE               | CORAL GABLES | FL    | 1,416,581   | 0.41%  | 4,746   | 2.09%  |
| 88              | SEWER PUMP STATION C B &       | CORAL GABLES | FL    | 1,285,533   | 0.37%  | 4,211   | 1.85%  |
| 1               | MIRACLE MILE                   | CORAL GABLES | FL    | 944,847     | 0.27%  | 4,029   | 1.77%  |
| 90              | SEWER PUMP STATION SOLA        | CORAL GABLES | FL    | 1,091,316   | 0.31%  | 3,826   | 1.68%  |
| 134             | CORAL GABLES WAR MEMOR         | CORAL GABLES | FL    | 12,708,849  | 3.67%  | 3,597   | 1.58%  |
| 8               | BALBOA PLAZA                   | CORAL GABLES | FL    | 1,331,775   | 0.38%  | 3,473   | 1.53%  |
| 31              | COLUMBUS PLAZA                 | CORAL GABLES | FL    | 1,148,128   | 0.33%  | 2,995   | 1.32%  |
| 5               | ARVIDA LANE SEAWALL            | CORAL GABLES | FL    | 2,094,111   | 0.60%  | 2,914   | 1.28%  |
| 119             | MAINTENANCE FACILITY           | CORAL GABLES | FL    | 11,841,449  | 3.42%  | 2,872   | 1.26%  |
| 87              | SEWER PUMP STATION D B &       | CORAL GABLES | FL    | 960,516     | 0.28%  | 2,824   | 1.24%  |
| 89              | SEWER PUMP STATION A B &       | CORAL GABLES | FL    | 949,947     | 0.27%  | 2,751   | 1.21%  |
| 72              | Passport Office                | MIAMI        | FL    | 981,139     | 0.28%  | 2,468   | 1.09%  |
| <b>TOTAL</b>    |                                |              |       | 265,684,395 | 76.67% | 159,486 | 70.17% |

## Flood

Your incumbent carrier Voyager Indemnity provided the renewal quote as per current schedule (eligible buildings that have secured roof and 4 walls) as well as the optional quotes that includes all locations in A Flood Zones. We also got an approval for the Blanket options for the renewal with additional A Flood zone locations.

Unfortunately, Voyager will not be able to quote all locations including X Zones on the schedule.

|                    | Current 2022-2023                                  | Renewal 2023-2024<br><u>As is renewal</u>          | Renewal 2023-2024<br><u>Option 1</u><br>As is renewal with Increase Limit | Renewal 2023-2024<br><u>Option 2</u><br>Includes additional A Zones | Renewal 2023-2024<br><u>Option 3</u><br>Includes additional A Zones | Renewal 2023-2024<br><u>Option 4</u><br>Includes additional A Zones | Renewal 2023-2024<br><u>Option 5</u><br>Includes additional A Zones | Renewal 2023-2024<br><u>Option 6</u><br>Includes additional A Zones Recommended                                                                          | Renewal 2023-2024<br><u>Option 7</u><br>Includes additional A Zones |
|--------------------|----------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Carrier            | Voyager                                            | Voyager                                            | Voyager                                                                   | Voyager                                                             | Voyager                                                             | Voyager                                                             | Voyager                                                             | Voyager                                                                                                                                                  | NFIP                                                                |
| # of Locations     | 10 locations                                       | 10 locations                                       | 10 locations                                                              | 23 locations                                                        | 23 locations                                                        | 23 locations                                                        | 23 locations                                                        | 23 Locations                                                                                                                                             | 23 Locations                                                        |
| Valuation          | RCV                                                | RCV                                                | RCV                                                                       | RCV                                                                 | RCV                                                                 | RCV                                                                 | RCV                                                                 | ACV                                                                                                                                                      | ACV                                                                 |
| Premium            | \$9,720                                            | \$11,291                                           | \$15,775                                                                  | \$111,979                                                           | \$82,391                                                            | \$82,007                                                            | \$70,696                                                            | \$97,839                                                                                                                                                 | \$114,425                                                           |
| Valuation          | Scheduled Limit                                    | Scheduled Limit                                    | Scheduled Limit                                                           | Scheduled Limit                                                     | Scheduled Limit                                                     | Blanket Limit                                                       | Blanket Limit                                                       | Scheduled Limit                                                                                                                                          | Scheduled Limit                                                     |
| Limit              | maximum per building \$500K and \$500K for Content | maximum per building \$500K and \$500K for Content | maximum per building \$1M and \$500K for Content                          | maximum per building \$1M Limit and \$500K for Content              | maximum per building \$500K Limit and \$500K for Content            | \$1M Occurrence/ \$5M Aggregate per building                        | \$500K Occurrence / \$5M Aggregate per building                     | maximum per building \$500K Pump Stations (5 loc.) and \$1M for 18 buildings, \$500K Max for Contents -all locations (not to exceed Stated value on SOV) | maximum per building \$500K Limit and \$500K for Content            |
| (+/-) Difference % |                                                    | 16%                                                | 62%                                                                       | 1,052%                                                              | 748%                                                                | 744%                                                                | 627%                                                                | 907%                                                                                                                                                     | 1,077%                                                              |

Please see a brief description of each of the option:

- "As is renewal". The carrier has quoted the renewal for the same number of buildings, as the current policy (10 buildings) and limit per high valued buildings is \$500K. The Total Insurable Value is increased from \$4,408,766 to \$4,676,000 by 6%.
- Option 1 "As is" Option with increased Replacement Cost Value for the buildings. The carrier agreed to increase the maximum limit per building from \$500K to \$1M for high valued buildings and \$500K for content (4 total). This quote includes the same number buildings, as the current policy (10 buildings)
- Option 2 includes schedule of current locations as well as additional A Flood Zones building (totaling 23 buildings which includes 5 pump stations). Maximum limit for high valued buildings is \$1M and \$500K for Content
- Option 3 includes schedule of current locations as well as additional A Flood Zones building (totaling 23 buildings which includes 5 pump stations). Maximum limit for high valued buildings is \$500K and \$500K for Content
- Option 4 includes Blanket limit for current locations as well as additional A Flood Zones building (totaling 23 buildings which includes 5 pump stations) with \$1M sublimit per building and per occurrence. Aggregate limit for all buildings is \$5M
- Option 5 includes Blanket limit for current locations as well as additional A Flood Zones building (totaling 23 buildings which includes 5 pump stations) with \$500K sublimit per building and per occurrence. Aggregate limit for all buildings is \$5M
- Option 6 includes the schedule of 10 current locations as well as 13 additional A Flood Zones building (totaling 23 buildings which includes 5 pump stations). The City will be increasing the current policy limit from a Maximum \$500K to \$1M (not to exceed stated Value) for the 10 current locations and also 8 additional locations. In addition the City will be also adding 5 Pump Station locations at a Maximum of \$500K (not to exceed Stated Value). Maximum Limit for the contents is \$500K for all 23 locations (not to exceed Stated Value).
- Option 7 includes NFIP Flood quotes. 23 different policies. Maximum limit for high valued buildings is \$500K and \$500K for Content.

## **Bonds**

We have received the renewal letter for three bonds. The premium is the same as last year. Please confirm if you would like to renew these bonds in 2023.

| Bond Name                               | 2022    | 2023    | Renewal vs. Expiring<br>Δ% |
|-----------------------------------------|---------|---------|----------------------------|
| Finance Director                        | \$1,138 | \$1,138 | 0%                         |
| Golf and Country Club Health Studio     | \$250   | \$250   | 0%                         |
| War Memorial Youth Center Health Studio | \$250   | \$250   | 0%                         |

## **Accidental Death and Dismemberment Police and Fire and Business Travel**

The incumbent carrier Hartford offered the competitive premiums for ADD Police, Fire, and Business Travel coverages.

Regarding Business Travel and ADD Police and Fire, Hartford has the option to renew with 2 Years policy term or to renew annually. Please see premium comparison below.

| Policy Type         | Premium                  | Notes                                    |
|---------------------|--------------------------|------------------------------------------|
| ADD Police and Fire | \$12,053                 | 2 year annual installments (as expiring) |
| ADD Police and Fire | \$12,362                 | Annual policy term                       |
| ADD Police and Fire | \$22,869 (\$11,434/year) | 2 Year Pre-paid policy                   |
| Business Travel     | \$750                    | 2 year annual installments (as expiring) |
| Business Travel     | \$750                    | Annual policy term                       |
| Business Travel     | \$1,388 (\$694/year)     | 2 Year Pre-paid policy                   |

## **Accidental Death and Dismemberment Sports**

The incumbent carrier Zurich offered the competitive quote. The premium has decreased by 19%. No changes to the plan design.

| 2022     | 2023    | Renewal vs. Expiring Δ% |
|----------|---------|-------------------------|
| \$11,662 | \$9,410 | -19%                    |

## **Equipment Breakdown**

The incumbent carrier Travelers has offered the renewal premium with 4% increase.

|                  | 2022     | 2023     | Renewal vs. Expiring<br>Δ% |
|------------------|----------|----------|----------------------------|
| Premium          | \$10,800 | \$11,277 | 4%                         |
| State Surcharges | \$76     | \$226    | 197%                       |



## Pollution Liability

The incumbent carrier AXA XL (Indian Harbor) has offered a renewal quote with 3% premium increase and the expiring terms. The carrier is covering high exposures locations only scheduled on the SOV (i.e. Pump Stations, Fire Stations, etc. - refer to policy to review the location schedule).

However, we received a very competitive quote from Ascot and they offered as expiring terms with the same limits and retentions and can include all the locations on the SOV without scheduling it. Please see the premium comparison below.

|                                              | 2022-2023<br>AXA XL                          | 2023-2024<br>AXA XL<br>Renewal               | 2023-2024<br>AXA XL<br>Option 1                           | 2023-2024<br>Ascot<br>Option 2                            | 2023-2024<br>Ascot<br>Option 3                            |
|----------------------------------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| <b>Premium</b>                               | <b>\$23,900</b>                              | <b>\$24,578</b>                              | <b>\$73,000-\$76,000<br/>Indication</b>                   | <b>\$23,800</b>                                           | <b>\$35,600</b>                                           |
| <b>Policy Term</b>                           | <b>1 year</b>                                | <b>1 year</b>                                | <b>1 year</b>                                             | <b>1 year</b>                                             | <b>2 year</b>                                             |
| <b>TRIA</b>                                  | <b>\$239</b>                                 | <b>\$245.78</b>                              | <b>\$730- \$760</b>                                       | <b>\$714</b>                                              | <b>\$1,068</b>                                            |
| Policy Aggregate Limit                       | \$4,000,000                                  | \$4,000,000                                  | \$4,000,000                                               | \$4,000,000                                               | \$4,000,000                                               |
| Legal Expense                                | Not Included                                 | Not Included                                 | Not Included                                              | Not Included                                              | Not Included                                              |
| Covered Location<br>Pollution Liability      | \$2,000,000                                  | \$2,000,000                                  | \$2,000,000                                               | \$2,000,000                                               | \$2,000,000                                               |
| Emergency and<br>Crisis Management<br>Costs  | \$500,000 Per<br>Occurrence and<br>Aggregate | \$500,000 Per<br>Occurrence and<br>Aggregate | \$2,000,000                                               | \$2,000,000                                               | \$2,000,000                                               |
| Contingent<br>Transportation                 | \$2,000,000                                  | \$2,000,000                                  | Included under<br>Covered Location<br>Pollution Liability | Included under<br>Covered Location<br>Pollution Liability | Included under<br>Covered Location<br>Pollution Liability |
| Non-Owned Disposal<br>Site                   | \$2,000,000                                  | \$2,000,000                                  | Included under<br>Covered Location<br>Pollution Liability | Included under<br>Covered Location<br>Pollution Liability | Included under<br>Covered Location<br>Pollution Liability |
| Business Income<br>and Extra Expense         | Not Included                                 | Not Included                                 | \$2,000,000                                               | \$2,000,000                                               | \$2,000,000                                               |
| Retention (SIR)                              | \$25,000                                     | \$25,000                                     | \$25,000                                                  | \$25,000                                                  | \$25,000                                                  |
| Waiting Period (Income<br>and Extra Expense) | Not Included                                 | Not Included                                 | 72 Hour                                                   | 72 Hour                                                   | 72 Hour                                                   |
| Mold                                         | Excluded                                     | Excluded                                     | Excluded                                                  | Excluded                                                  | Excluded                                                  |
| Retro Date                                   | Refer to policy                              | Refer to policy                              | Refer to policy                                           | N/A- pre-existing<br>conditions are covered               | N/A- pre-existing<br>conditions are<br>covered            |
| Locations covered                            | Schedule of high<br>exposure locations       | Schedule of high<br>exposure locations       | All locations on SOV                                      | All locations on SOV                                      | All locations on<br>SOV                                   |
| <b>(+/-) Difference %</b>                    |                                              | <b>3%</b>                                    | <b>205%-218%</b>                                          | <b>0%</b>                                                 | <b>49%</b>                                                |

### Ascot- important policy notes:

- Coverage is considered for both pre-existing and new conditions. No schedule of covered locations OR retro date applies, effectively broadening coverage.
- Ascot have followed suit from the expiring [AXA] policy with respects to specific exclusions related to Metals, PAHs, Lead, Arsenic, VOCs, SVOCs related to the Coral Gable golf course and the location at 2800 SW 2nd Ave. unless any/all relevant environmental reports for the golf course are provided Phase I/II reports if they're available, certainly any NFA documentation would be ideal.
- UST's are only required to be scheduled for the financial responsibility. AST's are covered under the policy and do not need to be scheduled. Financial responsibly is given for schedule USTs a binding condition. Ascot will need to have some evidence of tank tightness testing.

### Examples of high exposure locations:

- Pump Stations
- Fire Stations
- Safety Buildings
- Maintenance Facilities

## Crime

We have received the Crime quote from the incumbent carrier Travelers. The premium and surcharges have increased by 6%.

We also received the quote from Hanover. The premium looks competitive and they offered two quote options. Current Travelers limit is \$5M with \$50 Deductible.

|                    | 2022-2023<br>Travelers | 2022-2023<br>Travelers | 2023-2024<br>Hanover<br>Option 1 | 2023-2024<br>Hanover<br>Option 2 |
|--------------------|------------------------|------------------------|----------------------------------|----------------------------------|
| Premium            | \$11,637               | \$12,376               | \$9,561                          | \$12,669                         |
| Surcharges         | \$19.40                | \$58.94                | \$191.22                         | \$253.38                         |
| Limit              | \$5,000,000            | \$5,000,000            | \$5,000,000                      | \$5,000,000                      |
| Retention (SIR)    | \$50,000               | \$50,000               | \$50,000                         | \$25,000                         |
| (+/-) Difference % |                        | 7%                     | -16%                             | 11%                              |

## Terrorism and Deadly Weapon Protection

The incumbent carrier Lloyds of London has offered the renewal for this term. Terrorism premium has increased by 30%, while Deadly Weapon Protection premium has increased by 85% of which 18% attributed to the Property values.

We went back to incumbent carrier and asked for additional savings. They have advised there is no room to lower the premium on this occasion and the pricing mirrors the current market conditions for this type of coverage. The market is changing and currently going through a period of hardening due to the ongoing situation in Ukraine alongside other recent events in South Africa and Chile. Reinsurance costs have increased hugely, which in turn being passed back into the direct market place, meaning rate increases on all US domiciled accounts.

Based on the carrier feedback, the City currently gets a very preferential rate on this account and has been provided with extremely competitive pricing since when they first purchased this coverage. They stated if they saw this as new business they would be looking for multiples more of the premium.

We also received a Terrorism Property and Liability Quote from Beazley. The premium is \$37,750 which is higher compared to the incumbent premium.

Regarding Deadly Weapon Protection, most of the markets declined due to being not competitive with the incumbent carrier. Please see the marketing summary above.

|                                | 2022     | 2023     | Renewal vs.<br>Expiring Δ% |
|--------------------------------|----------|----------|----------------------------|
| Terrorism Property & Liability | \$20,000 | \$26,000 | 30%                        |
| Deadly Weapon Protection       | \$5,900  | \$10,903 | 85%                        |

## Fine Arts – New

We received a Standalone Fine Arts Quote from StarNet Insurance Company. Currently this coverage is included in your Property Program. The premium is \$16,500.

Please see the coverage snapshot below:

| Coverage                                                                                                                             | Fine Arts                 |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Carrier                                                                                                                              | StarNet Insurance Company |
| <b>Premium</b>                                                                                                                       | <b>\$16,500</b>           |
| <b>Terrorism Premium</b>                                                                                                             | <b>\$660</b>              |
| <b>Limit:</b> In any one loss or disaster, either in case of partial or total loss, or salvage charges, or expenses, or all combined | \$3,000,000               |
| Fine Art on Premises                                                                                                                 | \$3,000,000               |
| While At Any Other Location Worldwide                                                                                                | \$500,000                 |
| While In Transit Worldwide                                                                                                           | \$500,000                 |
| Terrorism Coverage (if purchased)                                                                                                    | \$3,000,000               |
| <b>Deductibles:</b>                                                                                                                  |                           |
| Per Occurrence; except                                                                                                               | \$10,000                  |
| Each claim for loss or damage separately occurring ( <b>applies only to windstorm losses</b> at insured premises).                   | \$50,000                  |

The any other location sublimit is used most often when an object is temporarily with a conservator, framer, restorer, etc. (temporarily – 3 months or less). The City can have objects at various locations at any given time, however each “unnamed” location limit is \$500,000. If an object’s value is greater than 500,000, then the carrier charges an additional premium for the needed excess. This sub-limit tends not to be used to cover objects while in the care custody or control of a borrowing institution. The borrower’s fine art policy should cover the loan, as you know it’s always best to transfer risk whenever possible

The transit limit is per conveyance. The insured can have multiple shipments, each truck’s limit is \$500K; again, if the value on that truck exceeds the sub-limit we will charge an additional premium for the needed excess.

# Insurance Market Report – March 2023

## The Big Picture

### WHERE WE'VE BEEN (THROUGH Q4 2022)

- Buyers overall faced a challenging insurance market beginning in 2018 and continuing through Q1 2023.
- Over the last few years, carriers have taken significant actions to improve profitability by:
  - Becoming more selective on risks they were willing to insure
  - Raising rates
  - Requiring higher deductibles/retentions and attachment points
  - Reducing limits/capacity

Although carriers have taken significant actions to improve their performance, many will report combined ratios in excess of 100% for 2022, primarily due to CAT losses led by Hurricane Ian and Winter Storm Elliott.

### WHERE WE ARE

Although carriers have taken many measures to improve their overall portfolio's profitability, several headwinds still exist.

- **Inflation** — Inflation continues to impact the insurance marketplace elevating carriers' loss costs (mid-single digits or greater and will directly impact carriers' ability to offer property capacity).
  - On the property side, we're seeing an increase in building materials, fuel and labor costs, which in turn increases overall claim costs and adds to claim resolution time. Inflation is also impacting carriers' ability to deploy capacity and manage catastrophic risk.
  - On the casualty side, carriers face escalating challenges that drive up claim costs, including social inflation, plaintiff-friendly judgments and "nuclear" jury awards. Many of these challenges have been exacerbated by third-party litigation funding (TPLF). Litigation funded by third-party investors is most prevalent in commercial auto, general liability, Directors & Officers (D&O), and umbrella/excess insurance lines.
- **Property reinsurance** — The property treaty market has hardened considerably, with January 1 reinsurance treaty renewals proving to be highly challenging. The driving factors of this market shift include capital erosion, increased demand due to inflation, reduction in global dedicated reinsurance capacity and lack of profit due to high catastrophe losses. Catastrophe risk in the US had been subsidized for years by widely available capital. Primary carriers are faced with significant rate and retention increases, coupled with capacity constraints and tighter terms and conditions. These unfavorable reinsurance renewals exert pricing and capacity pressure on carriers, and are expected to be the principal driver of a challenging primary property market in 2023.
- **Climate Change** — The frequency and severity of weather-related events remain elevated from a historical standpoint.
- **Potential Recession** — As the Federal Reserve raises interest rates to combat inflation, many economists believe the US economy will likely enter into a recession in 2023. Potential reduced economic output could directly impact insurance profitability. **Other items of note are the conflict in Ukraine;** environmental social and governance (ESG); and the rising cost of capital.

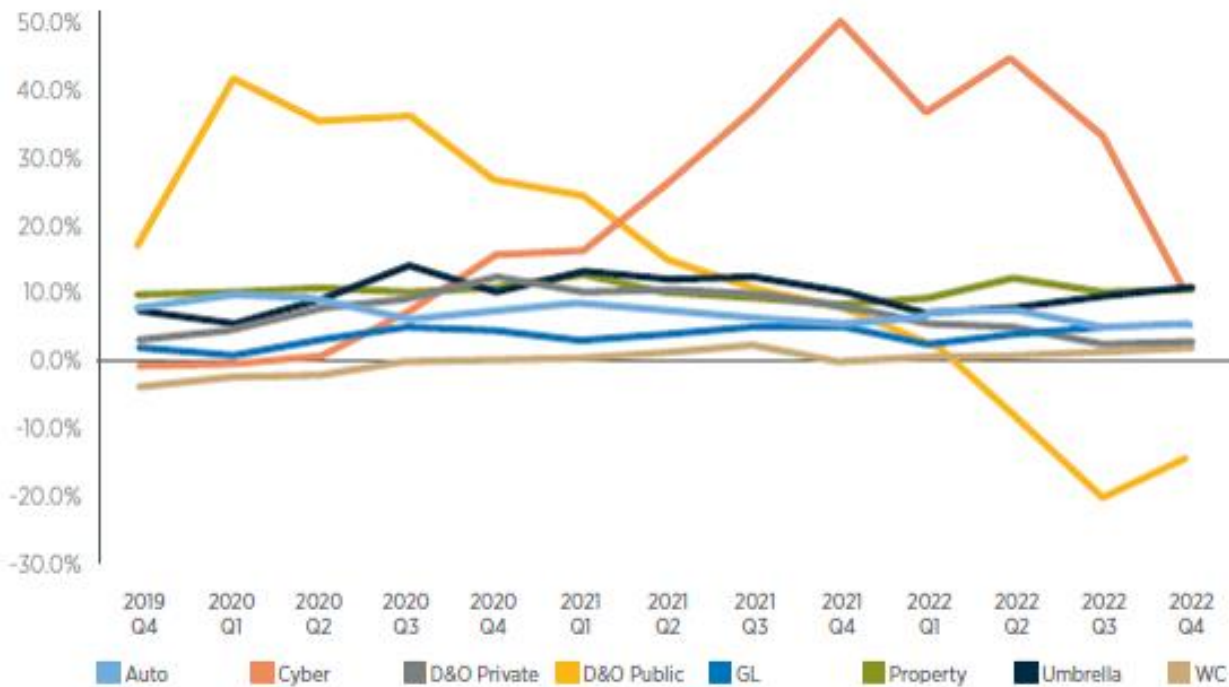
# Insurance Market Report – March 2023

## WHERE WE'RE GOING

2023 will likely resemble 2022 in many ways, with some notable exceptions, namely property, as carriers address increased costs and exposure to catastrophe losses, higher reinsurance costs, rising risk retention, macroeconomic factors and inflation. Property carriers will continue to focus on valuation issues (including business income) on all risks, and we expect a deterioration in market conditions on CAT property, especially wind- exposed programs.

Carriers will also continue to focus on profitability to ensure they are getting adequate returns on the risks they are insuring, which means they will try to keep rates on pace with increased lost costs, reinsurance costs and retentions, and inflation.

Median Year Over Year Rate by Line of Coverage



Source: Gallagher US Clients

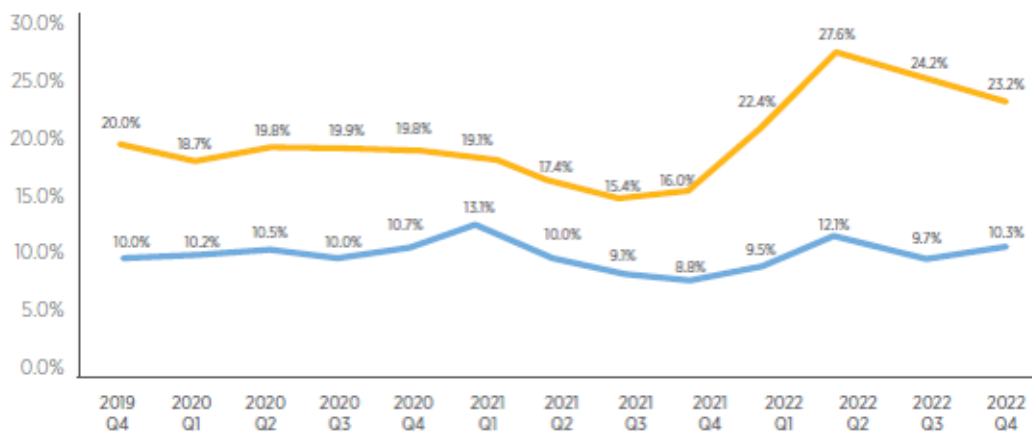
# Insurance Market Report – March 2023

## Property

### WHERE WE'VE BEEN (THROUGH Q4 2022)

- Property buyers have experienced more than five years of rate increases, which helped carriers get into a profitable position on many placements. However, the industry faced continued frequent and severe losses due to weather events, many borne by the reinsurance markets.
- Gallagher Re estimated total global insured losses from natural hazards at \$140 billion, the fifth year since 2017 to top \$100 billion in losses. Hurricane Ian in September
- 2022 was the costliest weather event to ever hit Florida, with estimated losses of \$55 billion–\$75 billion.
- Less-modeled and unmodeled risks like wildfire, freeze and severe convective storms continued to plague the property marketplace. These secondary perils contributed \$73 billion or 62% to 2022's insured losses, according to estimates by Gallagher Re.
- Reinsurers realized significant losses from Ian and many had to reduce capacity in response. The uncertainty of the January 1 treaty renewals caused many carriers to adopt a cautious approach to deploying capacity, especially on new business.

Property Rate Trends Q4 2019–Q4 2022



Source: Gallagher US Clients

■ Median Rate Change

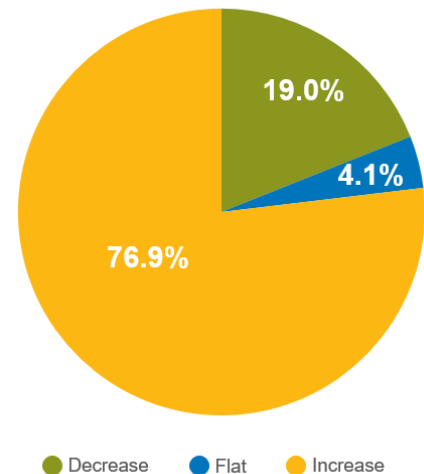
■ 75th Percentile Rate Change

## Insurance Market Report – March 2023

### WHERE WE ARE

- Property and business income valuation are a major focus for carriers, which highlights the need to ensure values accurately reflect replacement and inflation costs. The cost to rebuild has gone up significantly year over year, and carriers are closely scrutinizing submitted replacement cost valuations. They are benchmarking them against in-house tools to estimate replacement costs.
- For those in challenging classes, property remains a hard market. These classes, such as multifamily, wood frame, food manufacturing, properties in Florida, wildfire zones and Tier 1 wind exposure, continue to experience higher rate increases.
- The median increase in Q4 2022 for property policies was 10.3%, with 76.9% taking an increase.

**Q4 2022 Property Rate Changes**  
Gallagher – U.S. Clients



**10.3%**

median rate change  
in Q4 2022\*

### WHERE WE'RE GOING

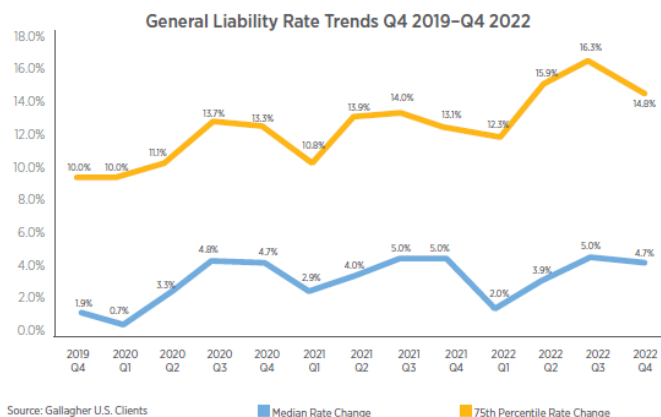
- Property rate increases are expected to impact almost all clients due to the confluence of factors described above. The level of the rate increase will depend on many factors.
- More favorable renewal terms exist for clients with secure incumbent capacity and attractive risk profiles (no CAT-exposed property, up-to-date valuations, risk control programs, no loss history, etc.).
- Clients with exposure to Tier 1 wind, especially those in Florida, are likely to experience rates higher than most. Capacity for Florida programs will be constrained, and clients may have to make difficult decisions regarding retentions and limits.
- Valuations: If carriers are not satisfied with the accuracy of the reported values, they may choose to decline coverage, introduce coverage-limiting language or adjust premiums based on what they feel the values should be, producing outsized price increases. Increasing values may impact the CAT coverage that carriers are willing to deploy.
- Treaty reinsurance renewal outcomes will continue to impact the primary property market. While January 1 is the most common global treaty renewal date, there are several larger commercial carriers with April to July renewals. These carriers are already factoring in the anticipated changes in their pricing and underwriting.
- Carriers writing 100% of risk may look to reduce their participation to a primary layer or quota share with other carriers.
- Deductibles for weather-related perils are expected to increase, either moving from a traditional fixed all-other-perils deductible to a percentage of insured value or increase—for example, a 3% wind deductible in Florida to 5% of insured value.

# Insurance Market Report – March 2023

## General Liability

### WHERE WE'VE BEEN (THROUGH Q4 2022)

- Claims in general liability have returned to more normalized levels after a pandemic lull in 2020.
- Because most primary general liability's policy limits have not changed in many years, carriers remained somewhat insulated from trends such as social inflation, which impacted other lines of insurance, like D&O, auto and umbrella/excess.

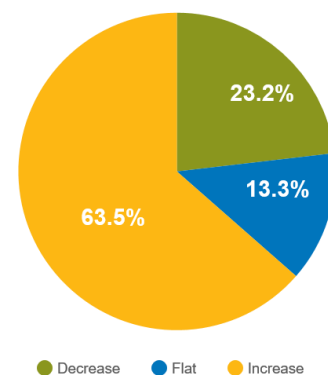


### WHERE WE

- The general liability market remains stable from the challenging market of the last few years, with most accounts seeing single- to double-digit percentage increases. Companies with significant loss experience or in tougher industries or product lines are seeing larger increases.
- Even though primary general liability carriers are somewhat protected, they remain concerned with the impact of TPLF and the impact of social inflation on the general liability line. Policy limits for general liability have not changed in 30 years, while inflation — and with it the cost of claims — has crept up.
- The median increase in Q4 2022 for GL policies was 4.7%, with 63.5% taking an increase.

### ARE

Q4 2022 GL Rate Changes  
Gallagher – U.S. Clients



**4.7%**

median rate change  
in Q4 2022\*

### WHERE WE'RE GOING

- We expect rate increases to continue into 2023, albeit smaller increases than many of the other major lines of insurance, such as property, umbrella/excess and auto.
- Inflation and third-party litigation will continue to drive up claim costs and prices. Carriers are pushing for new mandatory exclusions for pollutant per- and polyfluoroalkyl substances (PFAS).
- The umbrella carriers that sit over general liability policies have asked for policy limits to be raised, and we continue to watch whether carriers will increase policy limits or attachment points.



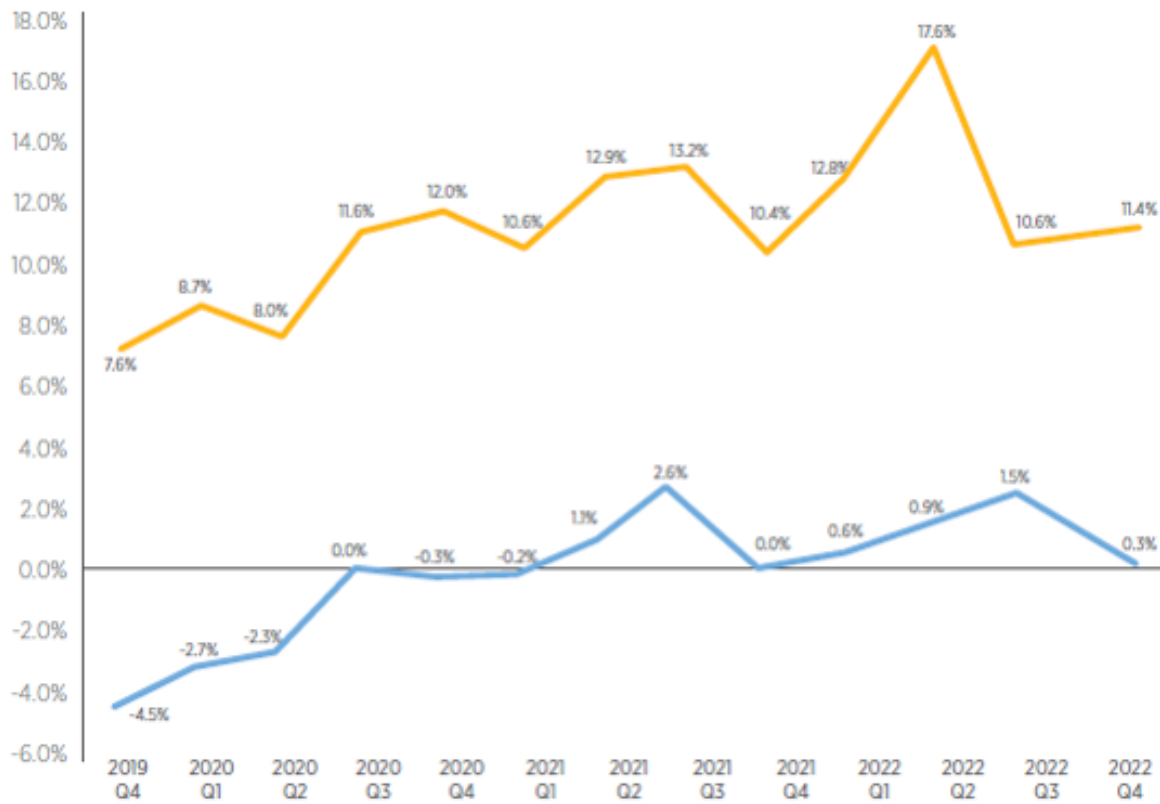
# Insurance Market Report – March 2023

## Workers' Compensation

### WHERE WE'VE BEEN (THROUGH Q4 2022)

- Median rates have been low for Workers' Compensation coverage for several years in a row.
- There's been a lot of competition over the last several years.
- Losses were down during the pandemic. As employees have returned to the workplace, claim frequency has risen as less experienced employees have entered the workforce.

**Workers' Compensation Rate Trends Q4 2019–Q4 2022**



Source: Gallagher US Clients

■ Median Rate Change

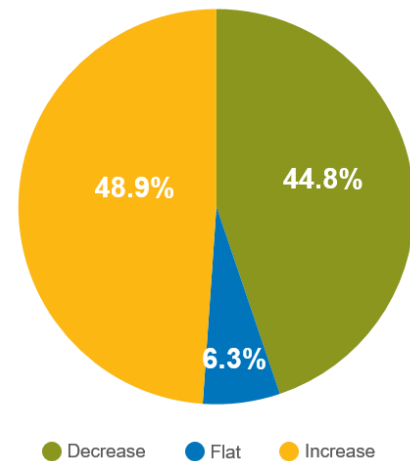
■ 75th Percentile Rate Change

## Insurance Market Report – March 2023

### WHERE WE ARE

- Favorable loss development in prior years continues to positively impact most carriers.
- Workers' Compensation remains a competitive rate environment, even as the majority of companies saw a slight premium uptick. Companies continue to use this line to leverage better results over the entirety of their casualty program.
- With a hybrid workforce and more employees working remotely, companies have less concentration of workers on-site. By statute, companies have to provide coverage for terrorism in concentrated sites; the hybrid business model has saved companies money for this coverage.
- As with all lines, inflation has driven up the cost of claims. Workers' Compensation claims are long tailed, so the effect of medical and wage inflation will unfold.
- The median increase in Q4 2022 for WC policies was 0.3%, with 48.9% taking an increase.

**Q4 2022 WC Rate Changes**  
Gallagher – U.S. Clients



**0.3%**  
median rate change  
in Q4 2022\*

### WHERE WE'RE GOING

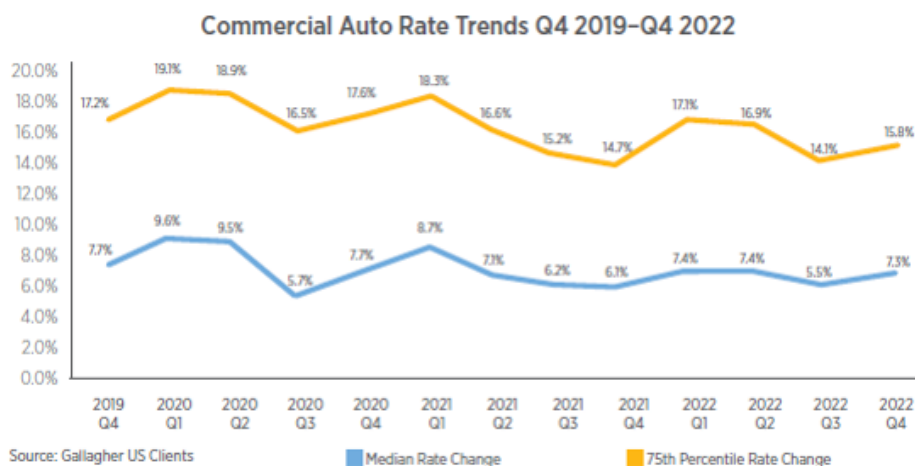
- We expect the marketplace to be fairly stable throughout 2023. The state of the economy will likely affect Workers' Compensation in additional ways, such as rising payroll costs due to wage inflation. Carriers may explore opportunities to offset the impact of wage inflation by switching the rating basis to employee headcount.
- While ultimately COVID-19 cases have not impacted modification factors, we will be monitoring whether loss ratios climb over the longer term.
- Workforce trends remain an open question: Will mental anguish or stress-related claims build momentum and put pressure on the Workers' Compensation claims? As employees start new jobs with less experience, will workplace injury rates grow and add pressure? How will the aging workforce affect claims over the long term?

# Insurance Market Report – March 2023

## Commercial Auto

### WHERE WE'VE BEEN (THROUGH Q4 2022)

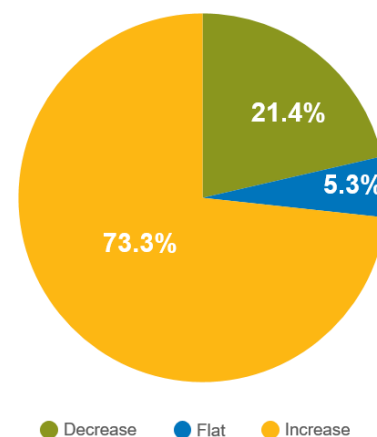
- Over the past few years, industry loss ratios have deteriorated dramatically due to challenges around TPLF, social inflation, large jury awards, and a general rise in auto claim costs due to inflation and supply chain challenges.
- Supply chain disruptions and a labor shortage triggered by COVID-19 have lessened, but it is still hard for automakers and repair shops to meet demand. Prices and demand for new and used vehicles have skyrocketed, driving up claims costs and auto insurance rates.



### WHERE WE ARE

- Inflationary trends continue to impact loss costs, leading to higher premiums.
- Carriers insuring large commercial fleets are looking to attach excess layers above \$1 million. Even carriers for small accounts are looking to attach at higher limits.
- Given the cost drivers, it's challenging for carriers to profit in an environment of significant third-party litigation.
- The median increase in Q4 2022 for commercial auto policies was 7.3%, with 73.3% taking an increase.

**Q4 2022 Commercial Auto Rate Changes**  
Gallagher – U.S. Clients



### WHERE WE'RE GOING

- Labor shortages, inflation, third-party litigation and supply chain issues are expected to continue driving up commercial auto prices.
- Losses from Hurricane Ian on primary carriers and reinsurers may add to some pricing pressure in 2023.

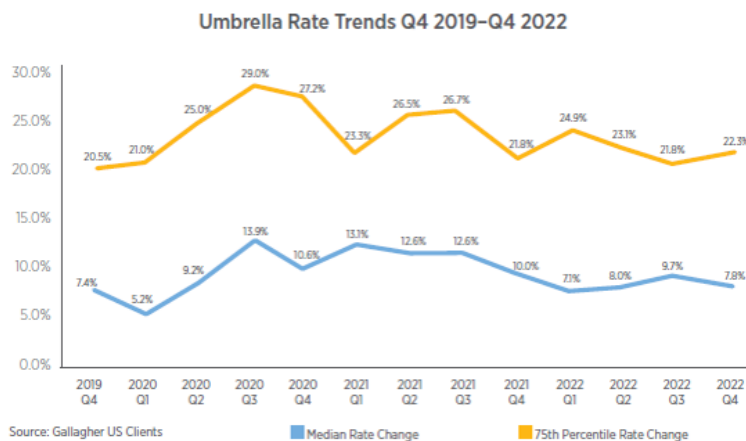
**7.3%**  
median rate change  
in Q4 2022\*

# Insurance Market Report – March 2023

## Umbrella/Excess

### WHERE WE'VE BEEN (THROUGH Q4 2022)

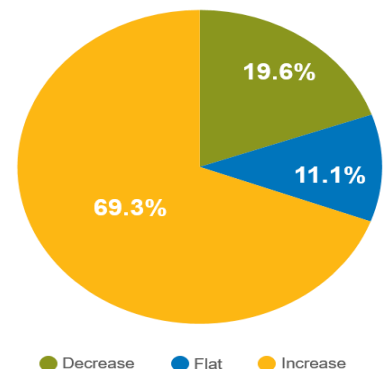
- Umbrella/excess has been a challenging market for the last few years. Companies faced significant rate gains as carriers right-sized pricing and raised attachment points to accommodate losses affecting its underlying lines, commercial auto and general liability.
- TPLF has remained a concern for insurers. Large judgments and settlements targeted the deep pockets of big corporations, leading to hefty rate increases for Fortune 500 companies.
- Rate increases and demands for higher attachment points have lessened somewhat in 2022.



### WHERE WE ARE

- With the right-sizing in pricing and attachment points in the last few years, the umbrella/excess market has stabilized.
- There is new competition in the upper layers (above \$25 million), with new market entrants willing to deploy capacity and more aggressively going after these layers. However, there continues to be little competition for lead umbrella/excess layers (under \$25 million). These lead layers continue to see stable increases of roughly 10% per year.
- Most placements with minimal adverse loss history, including renewals, continue to require full marketing efforts and restructuring with varying attachment points.
- We are seeing success in addressing large losses as part of the renewal submission process. Underwriters want to know: What is the story behind the loss? What lessons has the organization learned from it?
- The casualty market is viewed as calmer and more rational than other parts of the business, with renewals completed at terms seen as tough but fair by most buyers.

**Q4 2022 Umbrella Rate Changes**  
Gallagher – U.S. Clients



**7.8%**  
median rate change  
in Q4 2022\*

The median increase in Q4 2022 for umbrella/excess policies was 7.8%, with 69.3% taking an increase.

# Insurance Market Report – March 2023

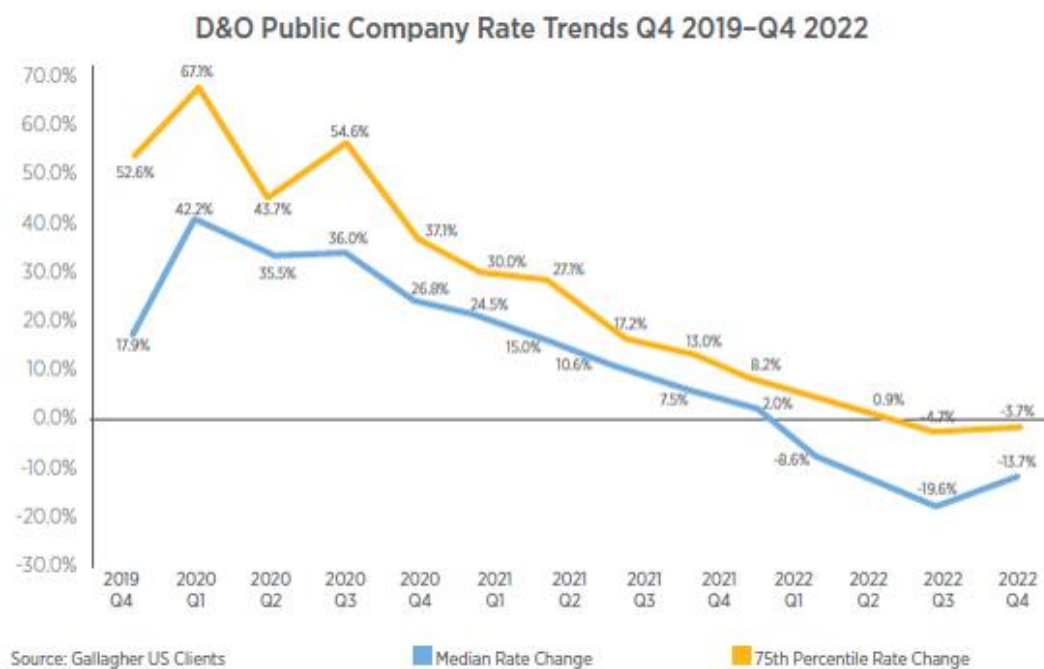
## WHERE WE'RE GOING

- As the umbrella/excess market becomes more competitive at the higher layers, clients may return to the higher limits they reduced in prior years. For example, companies that historically had a \$50 million umbrella/excess policy spent that same money for \$25 million of coverage over the past few years. As rates moderate and coverage potentially becomes more affordable, companies may want to consider purchasing higher limits.
- Social inflation and nuclear verdicts continue to be areas of uncertainty for umbrella/ excess lines.

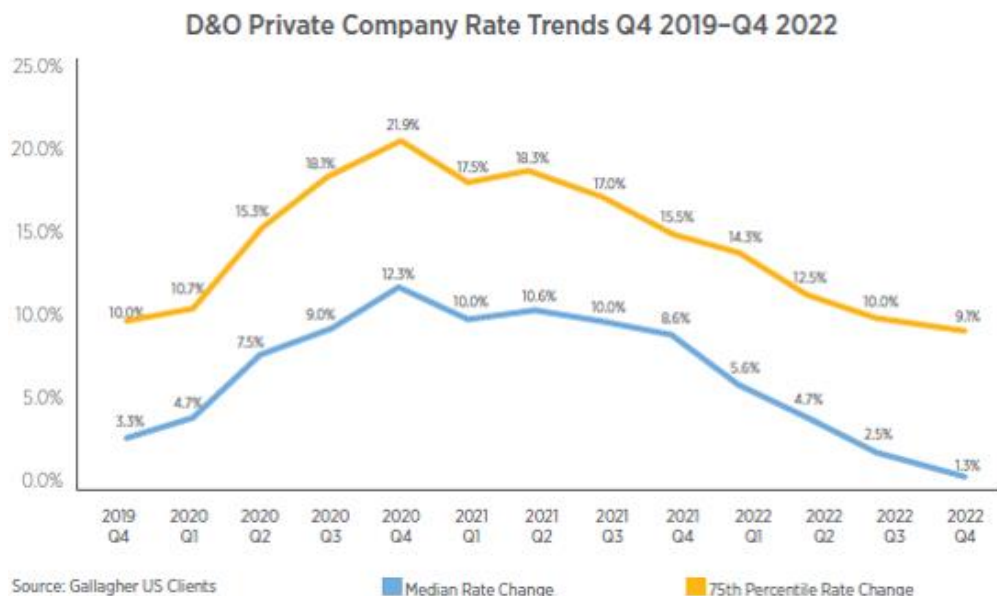
## Directors & Officers

### WHERE WE'VE BEEN (THROUGH Q4 2022)

- Premium increases decelerated in 2022 and ultimately shifted to premium decreases for many public company insureds.
- ESG issues such as board diversity and investment strategies have grown in prominence over the last few years, and remain a subject of political debate. Some ESG critics have suggested anti-ESG proposed legislation.
- Runoff policy rates, which provide an extended reporting period for a company to report claims post-acquisition, have come down from highs of the last two years for mergers and acquisitions.
- Ultimately, D&O claims related to COVID-19 have not been particularly significant. Notably, resolution to date has been via dismissal, while settlements have been relatively small.



## Insurance Market Report – March 2023



### WHERE WE ARE

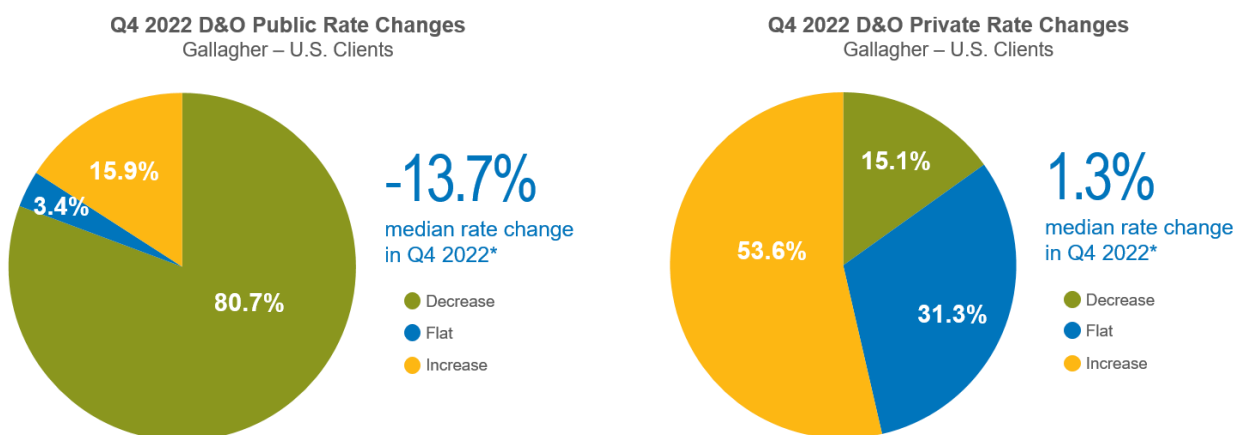
#### Public Company D&O

- More than 20 new or rejuvenated insurers have entered the D&O marketplace, providing more capacity. As a result, primary and excess rates have declined.
- The new capacity has driven incumbent markets to decrease current rates, primarily due to a lack of growth and a decrease in new business opportunities given capital market conditions (i.e., fewer public offerings). Incumbents are willing to secure renewals even at significant decreases, depending on industries/risk factors.
- The amount of pricing decrease varies by industry/sector, market cap, current pricing and potential IPO/DeSPAC transaction timing. (A DeSPAC transaction is the merger of a formed special purpose acquisition company (SPAC) with the entity it plans to acquire.)<sup>1</sup>
- Post IPO/DeSPAC renewals are often seeing the most significant decreases, as pricing over the past two years for these risks was very high due to limited capacity and claim frequency.
- Higher excess layers are also seeing rate decreases on increased limit factors (ILFs) depending on the expiring pricing.
- Carriers continue to sharpen their focus on ESG issues for public companies. Underwriters are starting to pivot toward a more subjective view: What does the company stand for, and is the company a good corporate citizen? Generally, underwriters view companies that have ESG plans in place as more favorable than other companies when it comes to D&O risks, although they are keeping an eye on a growing anti-ESG movement.

<sup>1</sup> <https://ipo-edge.com/spac-do-the-myth-of-the-magic-bullet/>

- ESG risk is particularly heightened for the energy and fossil fuels industry.
- Reduced 2021/2022 SCA claim frequency and sustained case dismissal rates above 50% although severity of SCA claims continues to increase. The median rate change in Q4 2022 for D&O public policies was -13.7%, with 15.9% taking an increase.

## Insurance Market Report – March 2023



### Private Company D&O

- More private D&O carriers are entering the market, bringing increased capacity. The new competition is helping to stabilize rates, but not as notably as in public D&O. One large multinational carrier has been much more aggressive in the private D&O marketplaces.
- Given the broad entity coverage provided under private D&O policies, insurers often find themselves paying more and costlier claims than anticipated. The more expensive claims are often related to bankruptcies, antitrust, and mergers and acquisitions, including DeSPACs.
- ESG is becoming more important to underwriters in the private sector.
- The median increase in Q4 2022 for D&O private policies was 1.3%, with 53.6% taking an increase.

### WHERE WE'RE GOING

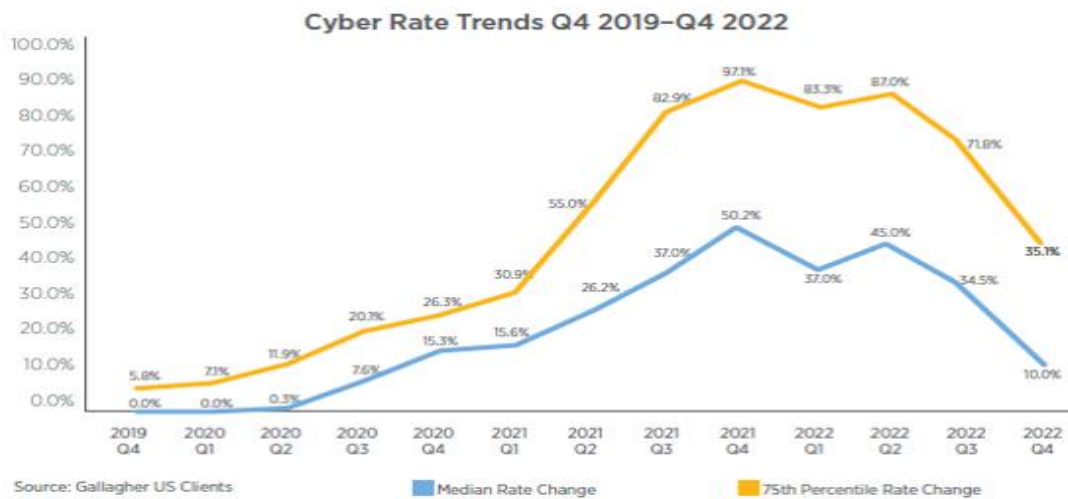
- We expect to see continued competition at all layers and across industries, given the abundance of capacity in the marketplace.
- Other factors may change the current status of the D&O market such as supply chain issues, increased interest rates, inflation, a potential recession and the conflict in Ukraine. Inflation, which ramped up in 2022, may increase premiums.
- The future landscape for D&O claims remains a question. Could economic stressors lead to potential widespread loss of shareholder value and ensuing regulatory changes? We're watching this area closely. In turn, this could lead to more security claims in 2023

# Insurance Market Report – March 2023

## Cyber

### WHERE WE'VE BEEN (THROUGH Q4 2022)

- Last year, the cyber market experienced massive premium increases, a trend that began in prior years and continued unabated.
- Underwriters became more strict about individual client cybersecurity controls (i.e., multifactor authentication).
- Through 2022, many organizations continued remote working environments, while cyberthreat actors continued to exploit inherent data security weaknesses.
- Loss ratios for carriers improved over the last 18 months as they applied sublimits to ransomware cases.
- While there was a noted decrease in the number of ransomware attacks in 2022, we noted an increase in litigation related to wrongful data collection. This trend is one we are watching closely, as regulators seem to be more focused on it and several states are following California in passing more robust privacy laws.



### WHERE WE ARE

- The cyber market continues to remain hard; however, we are seeing more modest increases and, in some rare cases, flat renewals or slight decreases as the market has continued to stabilize.
- More carriers continue to express concern with systemic cyber risk and remain focused on quantifying how a systemic cyber loss may impact a book of business. We are seeing a focus on modeling tools that may help illustrate the effects of events such as cloud outages, cyber war between nation-states and cyber attacks on critical infrastructure. Many primary cyber carriers have modified policy language to impose sublimits in the event of a systemic cyber incident. For example, some carriers may impose sublimits as low as 10% for systemic losses, which means they may only provide 10% of the policy limit in case of a widespread or systemic cyber loss. For ransomware attacks, sublimits restricting coverage to 50% of the limit are now common. In some cases, coinsurance is applied to ransomware cases, where the insured shares part of the cost up to the sublimit. In addition, underwriters are growing more concerned with rising regulatory risk related to wrongful data collection, and some have modified policy language to constrict coverage for regulatory risk.



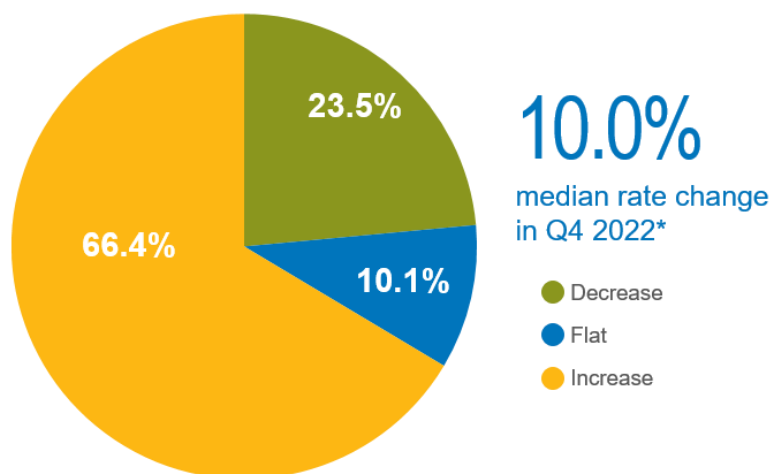
## Insurance Market Report – March 2023

- Cyber carriers continue to be laser-focused on cybersecurity controls, and the level of cyber protection continues to have a direct and significant impact on policies offered. Multifactor authentication, privileged access management, endpoint detection and response, and patch management programs remain at the top of the wish list for many cyber underwriters.
- The median increase in Q4 2022 for cyber policies was 10.0%, with 66.4% taking an increase.

### WHERE WE'RE GOING

- Underwriters are looking for verification of controls and may move toward formal validation by an independent third party. This is driven, at least in part, by increasingly complex and ambiguous underwriting questions applicants must now answer as part of the application process.
- While we have not seen a significant number of carriers leave the marketplace, we see a continued strain on capacity, as demand for limits generally outweighs supply.
- As significant amounts of cyber premium continues to be ceded to reinsurers, reinsurers are in turn seeking out capacity via insurance-linked securities. We see both the reinsurance community and capital markets as key to increasing capacity, and the overall growth of the cyber insurance market in this quarter and beyond.

**Q4 2022 Cyber Rate Changes**  
Gallagher – U.S. Clients



## Insurance Market Report – March 2023

### Maximizing Renewal Success: Best Practices Across Coverages

We recommend the following actions and considerations in preparing for a successful renewal. These tips and best practices apply to all lines of coverage.

- **START EARLY**  
Build in time for delays in the quoting process. We recommend four to six months ahead of your renewal date to begin gathering data.
- **COMMUNICATE**  
Talk early and regularly with your internal and external stakeholders.
- **LET YOUR UNDERWRITING SUBMISSION TELL YOUR STORY**  
Create a compelling underwriting submission that tells your company's story, incorporating lessons learned from past losses and relevant data. Differentiate your submission by explaining how it stands out and highlighting the steps taken to improve your risk profile.
- **STRENGTHEN YOUR RISK READINESS**  
Identify and remediate vulnerabilities and showcase positive risk factors.
- **PROVIDE RELEVANT INFORMATION**  
Be proactive in providing information such as third-party valuations, engineering reports, information on assets, lists of tenants, outstanding recommendations from the incumbent carrier, operations, and loss mitigation and loss prevention plans.
- **DELIVER UP-TO-DATE DATA**  
Accurate and current data typically yield better terms and conditions..
- **BE PREPARED TO DISCUSS ESG**  
ESG (Environmental, Social, and Governance) issues are getting more carrier scrutiny than ever, particularly for D&O policy renewals.
- **BE READY FOR SUPPLEMENTAL APPLICATIONS**  
These applications may involve highly specific questions around specialized areas such as Cyber coverage. For example, a Cyber renewal may have dozens of questions around controls specifically designed to prevent or mitigate the effects of ransomware attacks.
- **TAKE ADVANTAGE OF CARRIER SERVICES**  
If your carrier offers additional services such as Risk Management tools, use them.
- **DEVELOP RELATIONSHIPS WITH UNDERWRITERS**  
Strong relationships with incumbent and alternative underwriters are beneficial.
- **ALIGN MARKETING STRATEGIES**  
Primary and excess strategies should be aligned to maximize options. Consider leveraging ancillary lines or alternative structures, such as captives and other layered and shared solutions.
- **BROADEN YOUR HORIZONS**  
With rate adequacy improving, it may be time to consider alternatives when marketing your business. There are more companies now than in the recent past that may be interested in underwriting your risks, and willing to listen to your story.

## About Our Data

Gallagher Drive® is our premier data and analytics platform that combines market condition, claims history and industry benchmark information to give our clients and carriers the real-time data they need to optimize risk management programs. When used as part of **CORE360**®, our unique comprehensive approach to evaluating our client's risk management program, Gallagher Drive creates meaningful insights to help them make more informed risk management decisions, find efficient use of capital, and identify the top markets with the best solutions for their risks.

Rate changes in this report were calculated by using the changes in premium and exposure of Gallagher clients renewing in Q4 2022.

\* Source: Gallagher Drive U.S. Client Data, October 2022–December 2022. The median is the value separating the upper half from the lower half data sample (or the middle value). 75th Percentile Rate is the average of the top 25% of Gallagher clients' accounts that received the highest rate increases. Due to the variability that we're seeing in this market and specific account characteristics, individual rates may vary.

## 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.

Gallagher’s holistic approach keeps your total cost of risk—and your best interests—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**

**\$6B**  
Total adjusted Brokerage & Risk Management revenues (2020)

**32,000+**  
Employees worldwide

**850+**  
Offices in 49 countries

**150**  
Countries served

### HIGHLY SPECIALIZED. DEEP EXPERTISE.

Casualty  
Commercial Surety & Bonds  
Credit & Political Risk

Cyber  
Management Liability  
Property

### OUR APPROACH TO RISK.



**CORE360®** is our unique, comprehensive approach of evaluating your risk management program that leverages our analytical tools and diverse resources for customized, maximum impact on six cost drivers of your total cost of risk.

### 27+ INDUSTRY PRACTICES



### TIMES CHANGE. ETHICS DON'T.

Gallagher has been named one of the 2021 World's Most Ethical Companies® - 10 years running.

For the past 10 years, we've been recognized for our commitment to operating at the highest standards of ethical behavior. We're the only broker to have been given this honor. It's a reflection of the way we look after businesses, communities and people across the globe.



"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC. Arthur J. Gallagher & Co. named one of the World's Most Ethical Companies® for 2021

### 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.