

City of Coral Gables City Commission Meeting
Agenda Item H-2
April 8, 2014
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Pat Keon

Commissioner Vince Lago

Commissioner Frank Quesada

City Staff

City Manager, Patrick Salerno

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Human Resources Director, Elsa Jaramillo-Velez

Public Speaker(s)

Tony Abella, Representing Arthur J. Gallagher Risk Management Services, Inc.

Agenda Item H-2 [Start: 10:46:07 a.m.]

Resolution authorizing the renewal of the property and casualty insurance program which include, but are not limited to property, general liability, automobile liability, public officials errors and omissions, workers compensation, other ancillary lines of insurance coverage and insurance broker fees through Arthur J. Gallagher Risk Management Services, Inc., in the amount of \$2,279,174 for the policy period of May 1, 2014 to May 1, 2015.

Mayor Cason: OK. I want to change the Agenda around because we have some high priced talent here in the audience that gets paid by the hour, so I would like to move to items first H-2 and then H-4, so that they can leave – so H-2.

Ms. Jaramillo-Velez: Good morning again. H-2 is a Resolution for the renewal of the property and casualty insurance program. We have with us George Erickson from Cyber, as well as Tony

Abella – pretty much we have some significant savings this year, and I don't know Tony if you want to come and address the Commission.

Mayor Cason: Good morning. Tell us the good news.

Mr. Tony Abella: A lot of good news and you've seen the package. Essentially, there is a combination of two factors; one is the City's loss experience has improved tremendously in the last five years, and I'm sorry the City Manager is not here to hear it, but a lot of his work and work of the Employee Relations Department and Risk Management, your loss experience is outstanding, and the best it's been in many, many years and that is reflected in how the insurance industry is looking at the City. There are two big components; the property insurance, the market is soft with transfer a lot of the risk with Lloyds of London. They have had a bumper year and they are very competitive. The same thing happened with the casualty, we had a carrier of about 20 years and we are replacing that carrier, we gave them a chance to meet the pricing, but certainly they couldn't, so the total is a little bit over \$500,000 less in premiums this year than last year. It's always nice here to come with good news. I have my associate _____, she did a lot of the hard work, so she deserves a lot of the credit. It's easier for me to come here and take the credit.

Mayor Cason: So when was the last time we had some major event that impacted?- was that the street sweeper?

Mr. Abella: Well, that was the street sweeper and also we had that contract issue with the Country Club, so we had two issues back-to-back that actually developed a big claim.

Mayor Cason: Do you think there is room for even – is there anything we can do as a City moving forward to even reduce this more ?- or do you think we are more or less....?

Mr. Abella: Well, remember that we are a lot the reflection of the insurance market. There are its own limits as to how much it can go down; a lot of it now depends on the insurance market. The insurance market for the property has come down a lot because there has been no hurricanes, no major catastrophes. Actually, it's a worldwide phenomenon and the price can still come down a bit, but it won't come down by much because there is still always a possibility of a hurricane, and as far as the liability is concerned, the reduction was very significant and the City always has some growth, there is always some growth. For instance, in worker compensation there has been a tremendous growth in the industry in pricing because years ago the indemnity – the Board...are two portions, one is indemnity and the other is the medical. It used to be that indemnity was 75 percent of the claim and medical was 25 (percent). It's now reversed and we see a lot of growth there, so everything is costing more, it's kind of hard to predict. Had we hit bottom here?- no, I

don't know. If we continue to have a great year this year we may still squeeze something out next year, but we'll see. It's been my pleasure serving the City. This is my 34th year providing you with insurance and thank you very much.

Vice Mayor Kerdyk: He is one of our great residents on Country Club Prado too, so you can come anytime you want when you are giving \$500,000 reductions (laughter).

Mayor Cason: Come back with that again. Do we have a motion on H-2?

Commissioner Quesada: So moved.

Mayor Cason: Commissioner Quesada makes the motion.

Vice Mayor Kerdyk: Second.

Mayor Cason: Vice Mayor seconds it.

City Clerk

Commissioner Keon: Yes

Vice Mayor Kerdyk: Yes

Commissioner Lago: Absent

Commissioner Quesada: Yes

Mayor Cason: Yes

(Vote: 4-0)

Mayor Cason: Thank you very much.

Mr. Abella: Thank you.

Vice Mayor Kerdyk: Thank you.

[End: 10:51:03 a.m.]