

CORAL GABLES INSURANCE ADVISORY COMMITTEE
 Minutes of March 15, 2018 – 8:00am
 Human Resources Conference Room 2801 Salzedo Avenue 2nd Floor
 Coral Gables, Florida

MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTED BY
	18	18	18	18	18	18	18	18	18	18	18	18	
Gary Reshefsky													Mayor Raul Valdes-Fauli
Jose Soto													Vice-Mayor Frank Quesada
James Blough													Commissioner Pat Keon
Juan C. Diaz Padron													Commissioner Vincent Lago
Patricia Fuller													Commissioner Michael Mena

STAFF:

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

A = Absent
 E = Excused Absence
 P = Present
 - = No meeting
 * = New Board Member

GUESTS:

Mr. Tony Abella – Arthur J. Gallagher & Co.
 Ms. Maria Perez – Arthur J. Gallagher & Co.
 Ms. Calah Bullard – Arthur J. Gallagher & Co.

PUBLIC GUEST:

RECORDING SECRETARY:

Eglys Hernandez, Administrative Assistant

OPENING:

The Chairperson, Juan C. Diaz Padron, opened the meeting and everyone introduced themselves for the record. Meeting was called to order at 8:00am. Quorum was reached.

MINUTES APPROVAL:

February 15, 2018

Motion by: Mr. Soto / 2nd Mr. Blough / All approved unanimously

SECRETARY’S REPORT: None

BOARD MEMBERS REPORTS: None

OLD BUSINESS: None

NEW BUSINESS:

INSURANCE SUBMISSION UPDATE BY ARTHUR J. GALLAGHER:

Exhibit 1 (Page 1) – Insurance Program Cost

Ms. Perez stated that after previous meeting they went out to market the items which Board wanted to be addressed. Ms. Perez stated the market is a little slower than last year and they have seen property market hardening but capacity has not shrunk. Ms. Perez stated the shift has been due to Harvey, Irma, and Maria Hurricane claims which has hit market place in the last couple of years.

Ms. Perez stated in reference Exhibit 1 (Page 1) Insurance Program Cost Overview 2015 through 2019 pie charts which have been utilized for the City for many years and gives a snap shot of where City dollars are going and what dollars are retained by the City for their loss fund. Ms. Perez stated a review of 2015, 2016, 2017, 2018 year the City's Loss Fund is still in a very healthy conservative placement at 61%.

Exhibit 2 (Page 2) – Package Liability, Workers Compensation & Property Program Structure

Ms. Perez stated that on these charts Exhibit 2 (Page 2) 2018 Package Liability, Workers Compensation and Property Program structure provide an overview of each line of business being placed on City's behalf. Mr. Diaz-Padron stated he noticed Tree Shrubs was included and asked if this was something that City had last year as well. Ms. Perez stated that they were able to include it at no extra cost tree replacement coverage with a limit of \$250,000.00 but the trees needed to be near a building.

Ms. Perez stated that they have asked BRIT for another year rate guarantee for workers compensation and liability for 2019-2020 and BRIT has advised they will be able to do so with certain term conditions, which is standard practice.

Exhibit 3 (Page 3) – Liability Program Structure

Ms. Perez stated on these the Liability Program Structure can be reviewed. Ms. Perez stated there has not been any change in regards to this coverage. Ms. Perez stated yes there are no changes in coverage in the renewal .

Exhibit 4 (Page 4) – Property Program Structure

Ms. Perez stated on page 4 the Property Program Structure can be reviewed. Ms. Perez stated she has been working closely with catastrophe adjuster regarding Hurricane Irma. Ms. Perez stated the catastrophe adjusters still feel confident with the \$2.5 million dollars value net claim to the underwriters.

Mr. Reshefsky stated that it is advantageous for the City to continue on a per building deductible which the City has.

Exhibit 5 (Page 5) – Underwriting Information

Ms. Perez went over the underwriting information for the city with regards to number of employees, payroll, property and vehicles insured.

Exhibit 6 (Page 6) – Property Rate to Value

Ms. Perez stated the property rate to value went up this year, but is still at levels lower than all of the way back to 2010.

Exhibit 7 (Page 7) – Liability Premium to Payroll

Ms. Perez went over the premium to payroll which value went up this year, but is still at levels lower than all of the way back to 2010.

Exhibit 8 (Page 8) – Marketing Listing

Ms. Perez stated this page reflects the insurance market they approached for the insurance renewal.

Biltmore Hotel

Ms. Perez stated in order to add the Biltmore to the insurance program to the City's property insurance program, it would cost the City an estimated \$413,000 based on an appraised value of \$92,000,000 Mr. Ruiz stated that as per the Biltmore lease, The Biltmore is required to appraise the property every other year and the last appraisal was from June 2016, based on replacement cost.

Exhibit 10 (Page 10) – Property Premium Breakdown (Everest Option)

Ms. Perez and Ms. Bullard went over the property, cyber liability and workers compensation quotes. Mr. Reshefsky asked if there was any opportunity for the City to receive a credit for appraisals from the new underwriters and carriers. Ms. Perez stated that she would go back and check with the broker as it would go off their commission and they provided such a credit in the past.

Motion by: Mr. Soto / 2nd: Mr. Reshefsky / Unanimously approved
To approve new premium savings proposal of 1% contingent upon getting appraisal reduction

Ms. Bullard advised regarding Active Assailant coverage now available as an enhancement under Terrorism Coverage. However, Tony Abella advised that we do have liability coverage for such an exposure.

Ms. Elejabarrieta asked in regards to another meeting is needed. Mr. Soto stated that it will not be necessary unless credit regarding appraisal is not received.

Motion By: Mr. Reshefsky to go forth with Midlands recommendation on excess workers compensation / 2nd: Mr. Soto / Unanimously approved

MEETING ADJORNED: 09:15am.

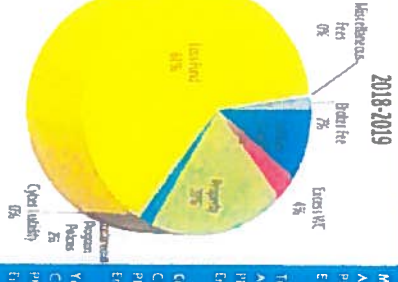
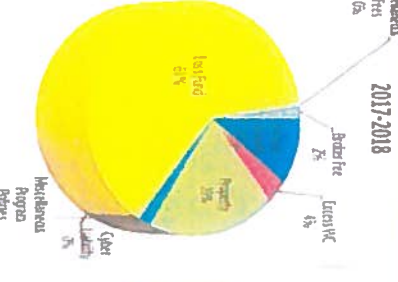
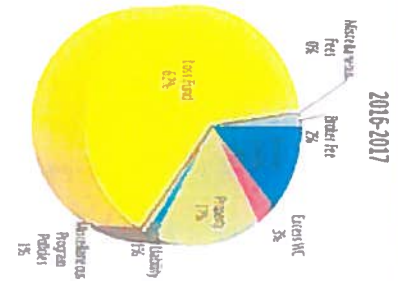
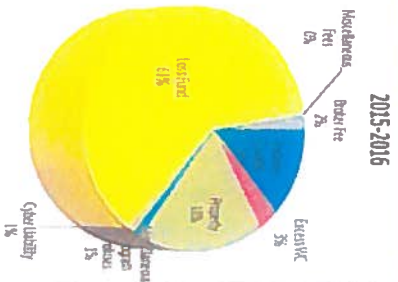
City of Coral Gables 2018-2019

AGENDA

- Insurance Program Cost
- Updated 2018 Renewal Timeline
- Liability Program Structure
- Property Program Structure
- Underwriting Information
- Rate to Value & Premium to Payroll Analysis
- Marketing Summary
- Premium Summary Cost Comparison
- Premium Savings Options



INSURANCE PROGRAM COST



2018 PROPERTY AND CASUALTY INSURANCE PROGRAM RENEWAL TIMELINE



AIG TEAM MEMBERS



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 Phone: 561.966.6825
 Email: jim.smith@jag.com
- Tara Martine**
 Food Specialist
 Phone: 561.926.6212
 Email: Tara.Martine@aig.com

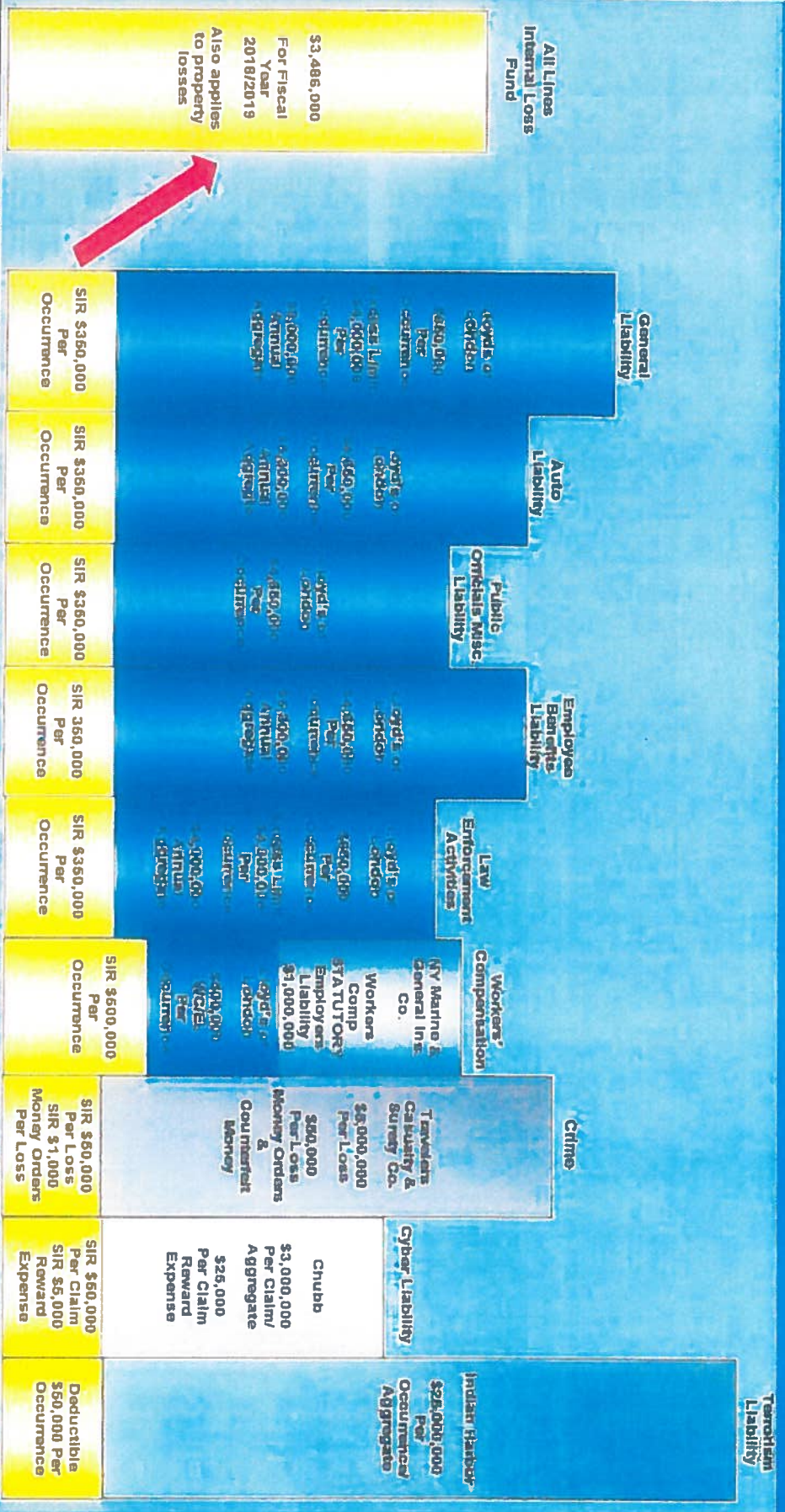
Johns Eastern Company, Inc.
 Cery Johns, AIC, AIA
 7700 John V. Senger Rd.
 Johns Eastern Company, Inc.
 300 B.S. 1, 0317
 Lakewood Ranch, FL 34201-5500

Business Without Barriers



City of Coral Gables 2018-2019

2018 LIABILITY PROGRAM STRUCTURE



City of Coral Gables 2018-2019

2018 PROPERTY PROGRAM STRUCTURE

2018 Quoted Property

All Lines Internal Loss Fund

\$3,486,000 For Fiscal Year 2018/2019

Also applies to liability losses



Landmark American Ins. Co.
Second Excess Layer
All Other Perils excluding Named Wind, Earthquake & Flood
\$227,314,816

\$80,000,000 Named Windstorm

Westchester, Liberty & Endurance (Ins. Co.)

THREE EXCESS LAYERS \$25,000,000 Named Wind Only

Evanston Ins. Co. & Ironshore Specialty Ins. Co.
First Excess Layer
\$16,000,000 (Including Named Wind)

Westchester at Liberty and Ironshore at Liberty
Primary Layer
\$10,000,000
Including Named Wind

\$50,000 All Other Peril Deductible min and \$7.5 Mill Max
\$100,000 Windstorm or Hail
\$100,000 Auto Damage
\$100,000 Flood
\$50,000 Earth Movement

Property Terrorism

Indian Harbor Insurance Company
Per Occurrence/Aggregate
\$262,314,816

Active Assallant Endorsement
\$1,000,000 Per Occurrence/Aggregate - \$16,780 Additional Premium

\$5,000,000 Per Occurrence/Aggregate - \$35,000 Additional Premium

\$60,000 Per Occurrence Deductible

Property Premium Summary

2018 2019	Carrier	Limit	Coverage	Premium	EMPA	Total
	Lloyds of London	10,000,000	Incl Wind, Flood, Earthquake	\$ 635,000.00	\$ 4.00	\$ 635,004.00
1st XS Property	Ironshore Specialty Ins. Co.	\$7.5M and \$15M vs \$10M	Incl Wind	\$ 133,500.00	\$ 4.00	\$ 133,504.00
1st XS Property	Evanston Insurance Company	\$7.5M and \$15M vs \$10M	Incl Wind	\$ 133,500.00	\$ 4.00	\$ 133,504.00
2nd XS Property	Landmark American Ins. Co.	\$227,314,816 vs \$25M	AOE Only	\$ 55,000.00	\$ 4.00	\$ 55,004.00
3rd XS Property	Westchester Surplus Lines	25,000,000	Wind Only	\$ 68,475.00	\$ 4.00	\$ 68,479.00
3rd XS Property	Ironshore Specialty Ins. Co.	25,000,000	Wind Only	\$ 68,475.00	\$ 4.00	\$ 68,479.00
3rd XS Property	Endurance American Specialty	25,000,000	Wind Only	\$ 33,290.00	\$ 4.00	\$ 33,294.00
Total				\$ 1,123,188.00	\$ 28.00	\$ 1,123,216.00

Tree Coverage Premium Summary

Coverage	Carrier	Limit	Policy Year	Premium
Stand Alone Tree Coverage	Berkshire Hathaway	Car 1 Stand - \$10,000,000 Car 3 Stand - \$7,500,000 Car 2 Stand - \$5,000,000	2018-2019 2019-2020 2020-2021	\$ 500,000.00 \$ 500,000.00 \$ 500,000.00
Total				\$ 1,500,000.00

2018 Stand Alone Tree Coverage Indication

Berkshire Hathaway
Up To \$10,000,000 Per Occurrence Aggregate



City of Coral Gables 2018-2019

UNDERWRITING INFORMATION

	2017-2018	2018-2019	% Change
Expenditures	\$ 158,520,942	\$ 163,913,702	2%
# of Employees FT	831	836	1%
# of Employees PT	198	177	-11%
# of Autos	633	643	2%
Payroll	\$ 64,211,967	\$ 79,684,271	16%
EMTs/ Firefighters	35	7	-53%
Paramedics/ Firefighters	121	129	7%
Armed Officers	191	197	3%
Population	52,227	50,815	-3%
TV	\$ 242,312,608	\$ 252,314,816	4%

	2017-2018	2018-2019	% Change
Building	\$ 175,515,640	\$ 184,883,000	5%
Contents	\$ 0,807,152	\$ 11,395,000	5%
Vehicles	\$ 1,774,261	\$ 17,714,261	0%
Golf Carts	\$ 488,214	\$ 488,214	0%
Business Interruption/ Extra Expense	\$ 285,000	\$ 5,285,000	0%
EDP	\$ 16,163,343	\$ 16,163,343	0%
EDP EE	\$ 4,000,000	\$ 7,000,000	0%
Account Receivable	\$ 7,400,000	\$ 7,400,000	0%
Fine Arts	\$ 1,500,000	\$ 1,500,000	0%
Valuable Papers	\$ 500,000	\$ 500,000	0%
Pump Stations	Included	Included	
Fountains	Included	Included	
Seawalls & Docks	\$ 2,045,000	\$ 3,986,000	1%
Total	\$ 242,312,608	\$ 252,314,816	4%

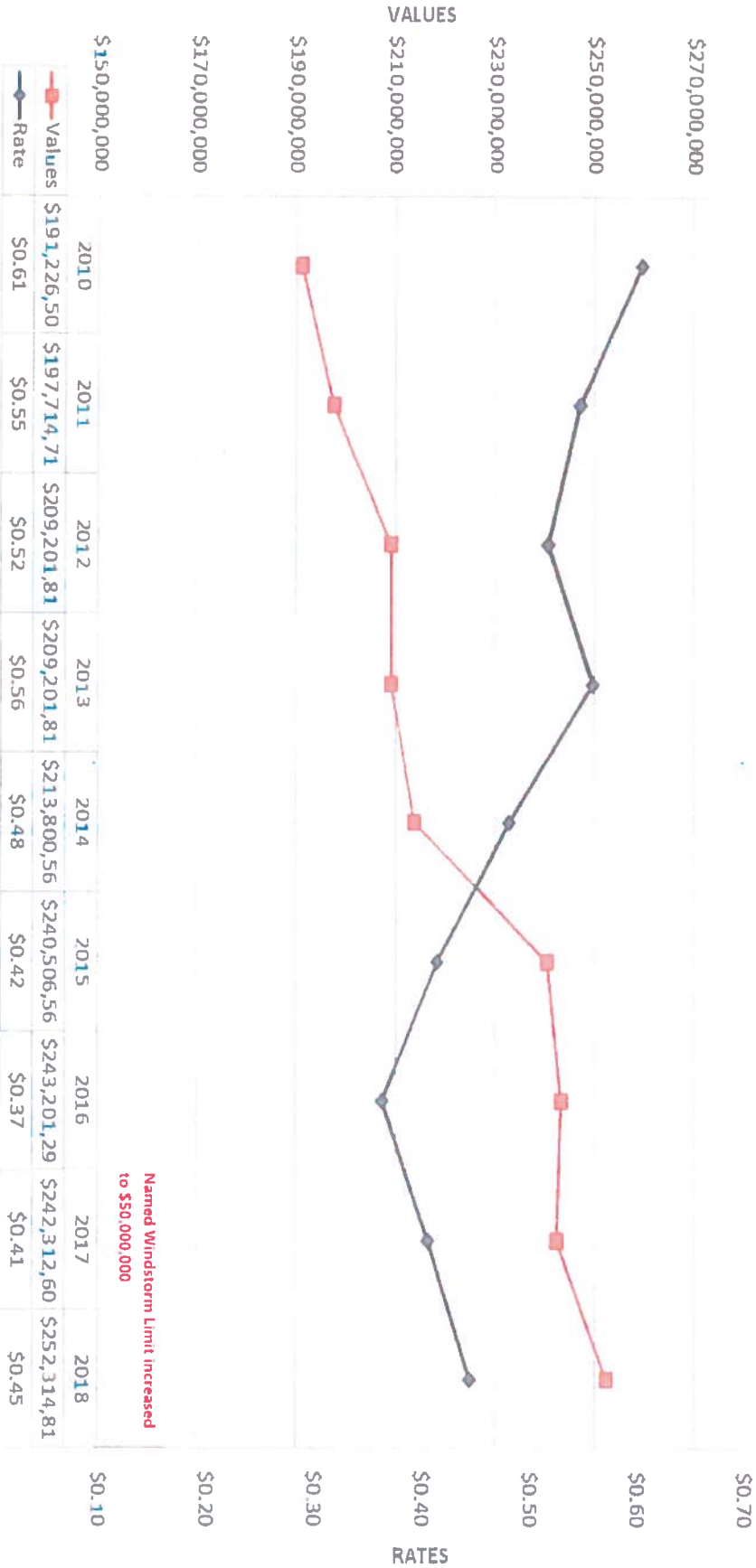
	2017-2018	2018-2019	% Change
Sports Program # of participants	17,620	17,620	0%

WC Rate	2015-2016	2016-2017	2017-2018	2018-2019	% Change
	0.3123	0.2957	0.2967	0.2819	5%

City of Coral Gables 2018-2019

PROPERTY RATE TO VALUE

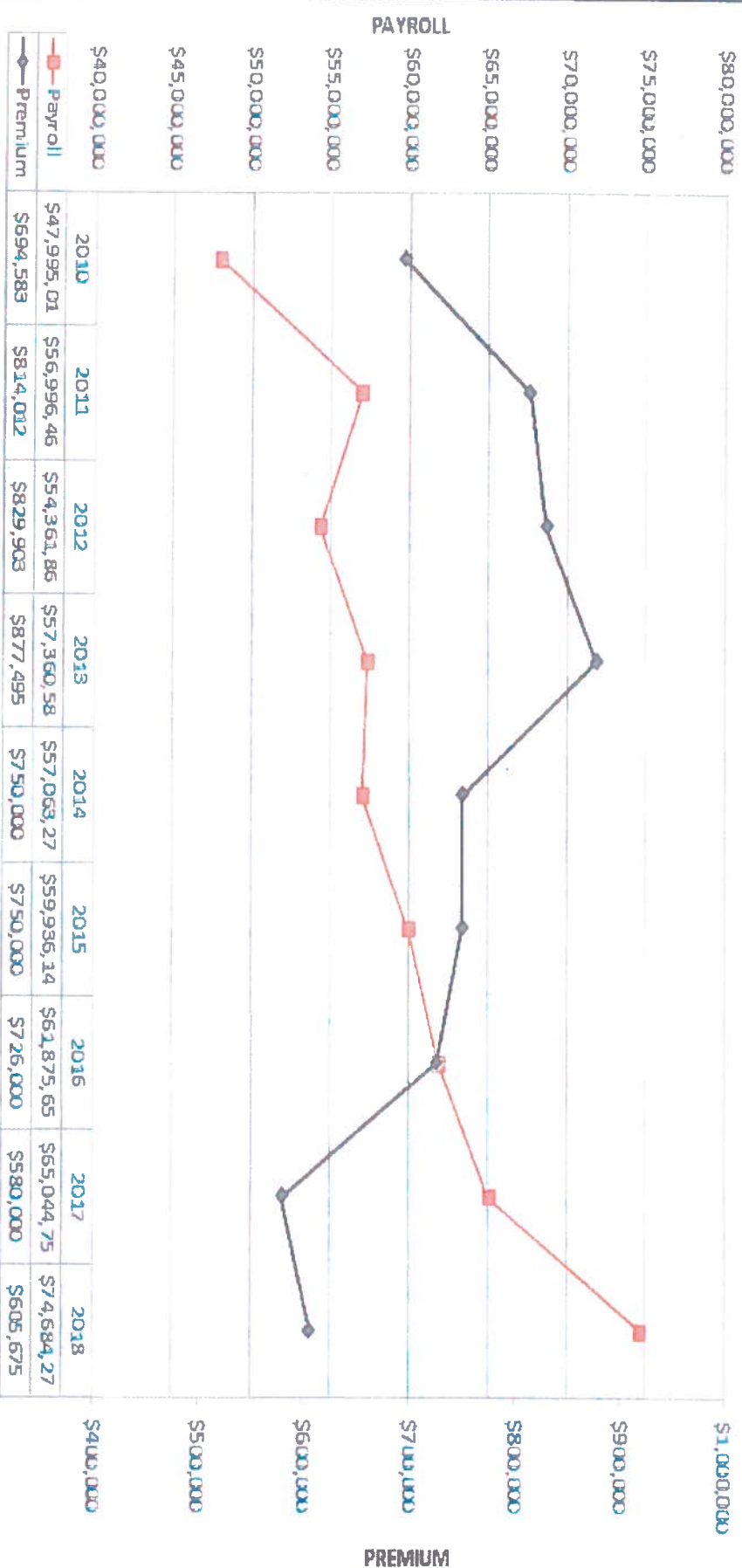
Rate to Value



City of Coral Gables 2018-2019

LIABILITY PREMIUM TO PAYROLL

Premium to Payroll



City of Coral Gables 2018-2019

MARKETING LIST

CARRIER	LINE OF COVERAGE	CARRIER POSITION
Certain Underwriters at Lloyd's - London	Public Entity Package	Recommended Quote
AIX Specialty Insurance	Public Entity Package	Pending
Munich Re	Public Entity Package	Pending
Old Republic	Public Entity Package	Pending
New York Marine And General Insurance Co	Excess Workers Compensation	Recommended Quote
Arch Insurance Group	Excess Workers Compensation	Quoted
Harford Fire Insurance Company	Public Official Bond	Recommended Quote
Commerce and Integrity Insurance Company	Storage Tank Liability	Recommended Quote
Scottsdale Insurance Company	General Liability (Sports)	Recommended Quote
Nationwide Life Insurance Company	ADD Amateur Sports	Recommended Quote
Travelers Property Casualty Co of America	Baler & Machinery	Recommended Quote
Federal Insurance Company	Cyber Risk Liability	Recommended Quote
Certain Underwriters at Lloyd's, London	Cyber Risk Liability	Quoted
Alterra Excess & Surplus Insurance Company	Property	Recommended Quote
Alterra Excess & Surplus Insurance Company	Property	Recommended Quote
Intersure Specialty Ins Co	Property	Recommended Quote
Lanfonia American Insurance Company	Property	Recommended Quote
Chubb-Wasichester EAS	Property	Recommended Quote
Endurance	Property	Recommended Quote
Everest National Ins Co	Property	Recommended Quote
Aich Specialty Insurance Company	Property	Recommended Quote
Diamond State Group	Property	Declined to quote removing credit exclusion
America (multi carriers)	Property	Declined Excess Market, Capacity not needed
Aspen Insurance	Property	Declined Not competitive
Allent Worth Assurance Co	Property	Declined Not enough capacity
Axis Surplus Ins Cr	Property	Declined Not competitive
Axis Specialty Insurance Managers	Property	Declined Excess Market, Capacity not needed
Alens	Property	Declined Not a preferred class of business
Avonvale Insurance Associates	Property	Declined Not competitive
Berley Risk Solutions	Property	Declined Not enough capacity
Bolsenga Liability	Property	Declined Buffer market
Calypso	Property	Declined Not competitive
Cedary Insurance Co	Property	Declined Not enough capacity
Haltmark ERS	Property	Declined Not enough capacity
Jamos River Ins Cr	Property	Declined Not enough capacity
Lexington Insurance Company	Property	Declined Not competitive
Liberty International Underwriters	Property	Declined Not interested in primary
Marini	Property	Declined Not interested in primary
Maxum Specialty Insurance Group	Property	Declined Not enough capacity
Nationwide ERS	Property	Declined Not enough capacity
Parmerre	Property	Declined Not competitive
Fateus Insurance Company	Property	Declined Not enough capacity
RSUI	Property	Declined Not competitive
SRU	Property	Declined Not enough capacity
Star Companies	Property	Declined Not interested in primary
Technical Risk Underwriters	Property	Declined Not interested in primary
Ventus Risk Management	Property	Declined Not competitive
Swiss Re	Property	Declined Excess Market, Capacity not needed



City of Coral Gables 2018-2019

PREMIUM SUMMARY

Policy Type	2017-2018		2018-2019		All Incumbent Option	Δ th %
Package (Lloyds)	\$	580,000.00	\$	605,675.00		4%
Excess WC	\$	194,100.00	\$	199,340.00		3%
Property	\$	984,906.00	\$	1,123,188.00	(11% rate decrease) (10% rate increase)	14%
Boiler and Machinery	\$	9,668.00	\$	9,636.00		-0.3%
ADD Business Travel	\$	360.00	\$	360.00		0%
ADD Police and Fire	\$	12,338.00	\$	12,338.00		0%
Bond Finance Director	\$	1,138.00	\$	1,138.00		0%
Storage Tank	\$	2,549.00	\$	2,900.00		14%
Crime	\$	10,500.00	\$	12,070.00		15%
Sports Liability	\$	21,006.00	\$	21,006.00		0%
ADD Sports	\$	16,006.00	\$	16,006.00		0%
Cyber Liability	\$	29,639.00	\$	32,223.00		9%
Terrorism Liability	\$	10,000.00	\$	10,000.00		0%
Terrorism Property	\$	13,750.00	\$	14,318.00		4%
Total without surcharges	\$	1,885,960.00	\$	2,060,198.00		9%
EMPA	\$	32.00	\$	32.00		0%
Total after surcharges	\$	1,885,992.00	\$	2,060,230.00		9%
Premium Increase				174,238.00		
Broker Fee	\$	120,000.00	\$	120,000.00		0%
Total Cost of Program	\$	2,005,992.00	\$	2,180,230.00		9%

2018-2019	Carrier	Limit	Coverage	Premium	EMPA	Total
Primary	Lloyds of London	10,000,000	Incl Wind, Flood, Earthquake	\$ 635,000.00	\$ 4.00	\$ 635,004.00
1st XS Property	Ironshore Specialty Ins Co	\$ 7.5M p/o \$15M xs \$10M	Incl Wind	\$ 133,500.00	\$ 4.00	\$ 133,504.00
1st XS Property	Evanson Insurance Company	\$ 7.5M p/o \$15M xs \$10M	Incl Wind	\$ 133,500.00	\$ 4.00	\$ 133,504.00
2nd XS Property	Landmark American Ins Co	\$ 227,314,816 xs \$25M	AOP Only	\$ 55,000.00	\$ 4.00	\$ 55,004.00
3rd XS Property	Westchester Surplus Lines	\$ 25,000,000 xs \$25M	Wind Only	\$ 66,475.00	\$ 4.00	\$ 66,479.00
3rd XS Property	Ironshore Specialty Ins Co	25,000,000	Wind Only	\$ 66,475.00	\$ 4.00	\$ 66,479.00
3rd XS Property	Endurance American Specialty	25,000,000	Wind Only	\$ 33,238.00	\$ 4.00	\$ 33,242.00
Total				\$ 1,123,188.00	\$ 28.00	\$ 1,123,216.00



City of Coral Gables 2018-2019

PREMIUM SAVING OPTIONS

Property Premium Breakdown (Everest Option)

2018-2019	Carrier	Limit	Coverage	Premium	EMPA	Total
Primary	Lloyds of London	10,000,000	Incl Wind, Flood, Earthquake	\$ 635,000.00	\$ 4.00	\$ 635,004.00
1st XS Property	Ironshore Specialty Ins. Co.	\$7.5M p/o \$15M xs \$10M	Incl Wind	\$ 133,500.00	\$ 4.00	\$ 133,504.00
1st XS Property	Evanston Insurance Company	\$7.5M p/o \$15M xs \$10M	Incl Wind	\$ 133,500.00	\$ 4.00	\$ 133,504.00
2nd XS Property	Landmark American Ins. Co.	\$227,314,816 xs \$25M	AOP Only	\$ 55,000.00	\$ 4.00	\$ 55,004.00
3rd XS Property	Everest Indemnity Ins. Co.	25,000,000	Wind Only	\$ 158,000.00	\$ 4.00	\$ 158,004.00
Total				\$ 1,115,000.00	\$ 20.00	\$ 1,115,020.00

Policy Type	Various Carriers (Incumbent)	Various Including Everest	Delta
Property	\$ 1,123,188.00	\$ 1,115,000	-0.73%
Policy Type	Chubb (Incumbent)	BRIT	Delta
Cyber Liability	\$ 32,223.00	\$ 15,345.00	-52%
Policy Type	Midlands (Incumbent)	Arch	Delta
Workers Compensation	\$ 199,340.00	\$ 199,407.00	0.03%

