

Executive Summary

CITY OF CORAL GABLES

2801 Salzedo Street
Coral Gables, FL 33134

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Arthur J. Gallagher & Co.

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Service Team

Antonio Abella Sr. has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / ALT. PHONE	EMAIL
Antonio Abella Sr. Area Senior Vice-President	305-639-3102	Tony_Abella_Sr@ajg.com
Maria Vergho Area Senior Vice President	305-639-3136	Maria_Vergho@ajg.com
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Arthur J. Gallagher Risk Management Services (Miami)
Main Office Phone Number: **305-592-6080**

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The City of Coral Gables Property & Casualty Insurance Program Renewal 2015

Thank you for the opportunity to present this executive summary for the City of Coral Gables Insurance Program Renewal. We are pleased to be able to bring the City a very favorable renewal.

- This will be the second renewal year for Lloyds of London as the package carrier. The underwriter met the Risk Manager in February to go over the exposures, loss control, claims history and training. The underwriting team felt comfortable with the results of the meeting and offered a flat renewal. \$750,000
- Property: The city included the Pumps Stations and Fountains into the Schedule of Values (SOV). Therefore the TIV increased by 12%. However, we were able to negotiate a premium reduction of 3%. Excess Workers Compensation renewal premium and rate are flat.
- Accidental Death and Dismemberment - ADD - Business Travel, ADD for Police and Fire, Storage Tank liability, Cyber Risk and Excess Crime were quoted at almost a flat renewal price.
- Sports Liability and Accidental Death and Dismemberment exposures went up from 18,686 to 18,911 participants.

The Sports Liability Renewal Quote with the incumbent carrier (National Casualty Company) now includes a brain injury exclusion in the CGL. This exclusion is covered by the City's General Liability program. The City would still have full participant legal liability coverage for any non-brain injury related incident/injury. The premium for this renewal is \$20,371

We obtained an alternative quote with a non admitted carrier (Scottsdale Insurance Company) which does not include the same brain exclusion. However, the Legal Liability to Participants Endorsement includes a "Brain Injury" provision whereby \$1,000,000 Each Occurrence Limit and \$4,000,000 Aggregate Limit, including damages, cost, charges and expenses incurred in the course of investigating and settling any claim, applies to tackle football, ice hockey, inline hockey, soccer, wrestling, cheerleading, lacrosse, rugby, futsal and gymnastics. The premium for the renewal option is \$21,504

- Arthur J. Gallagher Risk Management Services works closely with City of Coral Gables Human Resources/ Risk Management Division to provide resources and services that add value to the insurance purchasing decisions made throughout the year. Among the services we provide are:
 - ✓ Obtaining catastrophic loss modeling every year.
 - ✓ Obtaining current flood zone information for each location.
 - ✓ Approaching the market for creative options, as well as new carriers, to enhance the program.
- Needless to say that we take pride in our 34 years continuous relationship with the City of Coral Gables and pledge our ongoing service and support as we believe we need to continue earning your confidence and business every day.
- Other coverage to consider:
 - ✓ Terrorism – currently excluded.
 - ✓ Pollution – currently excluded

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Large Locations at Risk:

In addition to loss from a catastrophic peril such as a hurricane, there is also concern for a significant loss to a single large building from a peril such as a fire or tornado. Listed below are the City's five largest buildings by total insured value. Please note that surrounding locations may represent additional values at risk.

Top Five Valued Buildings

Building Name	Address	Total Insured Value
FIRE AND POLICE / CENTRAL GARAGE	2801 SALZEDO STREET	\$ 36,598,735
PARKING GARAGE 2	220 ARAGON AVENUE	\$ 19,371,558
PARKING GARAGE 6	1 ARAGON AVENUE	\$ 14,808,403
CITY HALL	405 BILTMORE WAY	\$ 11,686,357
MUSEUM	285 ARAGON AVENUE	\$ 10,811,989

Marketplace Status as of March 2015

Property

As a result of several quiet hurricane seasons, as well as a large influx of capital into the market (both traditional and alternative), competition has been robust, and we have been successful in negotiating rate reduction for the City of Coral Gables. There is evidence that the market may be close to a bottom, but we will continue to negotiate for rate reductions, and/or coverage enhancements for our clients.

Excess Workers Compensation

The excess workers compensation insurance market has been challenging to Florida insureds and self-insureds for the last several years. During this time, many insurers have either exited the Florida marketplace, or severely curtailed their writings of this line of coverage. Of the carriers that remain in the market, the trend has been for them to require higher retentions and higher premiums. Reasons for this include:

1. Public Safety "presumptive" claims that have increased the types of claims that fall under workers compensation.
2. Newer, higher-cost treatments, which are more prevalent, and which are expected to have a major impact on today's claims, in the future.
3. More use of prescription medications for injured employees.
4. Medical inflation
5. Insurance company combined ratios that have been exceeding 100%
6. Limited investment income

Excess workers compensation coverage is intended to cover infrequent and large catastrophic losses. However, due to the above factors, the trend has been for more claims to become "large" claims, and enter the insured layer. Nevertheless, it now appears that a new equilibrium may have been reached. For well-performing accounts, 2015 on, after successive years of requiring ever higher retentions, carriers appear to be satisfied that the current retention levels will allow them to write business profitably for the long term.

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About your Broker – Arthur J. Gallagher Risk Management Services, Inc

- Arthur J. Gallagher Risk Management Services and the City of Coral Gables have worked together for many years to provide the County with a comprehensive and cost effective solution to their Risk Management Program
- 4th largest in the World
- A public company traded on the New York Stock Exchange
- Over 300 offices throughout the United States and in all major insurance market centers
- Over \$5 billion worth of premiums placed Worldwide
- 20,000 employees worldwide linked together by Gallagher Online for immediate access to market information and client solutions
- Known nationally as the Public Entity Non-Profit and Scholastic experts
- Unsurpassed FEMA public assistance expertise

Our Florida Public Entity and Scholastic Position

- #1 Florida Public Entity & Scholastic Broker
- #1 Florida Property Broker → over 20 Accounts with property schedules over \$1 Billion in insurable values
- Over 40 Professionals specializing in the public sector in three branches throughout the state
- Cost Effective Programs - Gallagher offers our clients the best possible coverage for the lowest premium, with financially secure carriers. We strive to deliver the most cost-effective risk management solutions available. We hold your interest first.
- Market access and leverage with all major carriers (Domestic, Bermuda and London) that write public sector clients in Florida. Market knowledge, access and evaluation are critical to the City's risk management program. Gallagher knows the markets to access and has strong relationships with these markets. This is crucial to the placement of a successful and cost-effective insurance program for the City. Our long-term experience with Public Entity institutions qualifies us to analyze and negotiate with markets to obtain the broadest terms and conditions with the most competitive pricing structure for our clients. This is demonstrated in the extensive marketing and quote analysis we have performed for the City every year, for more than 30 years.
- Extensive knowledge and experience in public sector alternative risk and pooling programs
- Gallagher has specialized resources on staff available to our public sector clients in the area of claims advocacy and loss prevention.
- Our staff has extensive experience in handling Florida catastrophic windstorm claims.
- Our local staff has a high level of experience and expertise in dealing with FEMA and the Florida Office of Insurance Regulation to assure maximum recovery for our clients in a federally declared disaster.
- Satisfied and long lasting Public Entity relationships :
 - ✓ 17 Florida County Governments
 - ✓ 27 Florida County School Systems
 - ✓ 23 Florida Cities
 - ✓ 28 Florida State Colleges
 - ✓ More than 20 Florida Authorities and Special Districts

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Liability	Workers Compensation	Property Including Pumps & Fountains
<ul style="list-style-type: none"> Carrier: Certain Underwriters at Lloyd's of London General Liability and Law Enforcement Activities \$4,650,000 per occ/ \$5,300,000 Annual Agg. Including the following sublimits: <ul style="list-style-type: none"> Sexual Harassment \$2,650,000 per occ/ \$2,650,000 Annual Agg. Sexual Abuse \$650,000 per occ/ \$650,000 Annual Agg. Automobile Liability \$4,650,000 per occ Public Officials* \$4,650,000 per occ/ \$5,300,000 Annual Agg. Including the following sublimits: <ul style="list-style-type: none"> Errors & Omissions* \$4,650,000 per occ/ \$5,300,000 Annual Agg. Employment Practice Liability* \$4,650,000 per occ/ \$5,300,000 Annual Agg. Employee Benefits Liability* \$4,650,000 per occ/ \$5,300,000 Annual Agg. <p>Premium: \$750,000 + fees and assessments</p> <p>* Claims Made Coverage applies. Refer to policy for applicable Retroactive Date and Limits</p>	<ul style="list-style-type: none"> Carrier: New York Marine General Insurance Company Excess Workers Compensation Statutory Employers Liability \$1,000,000 each accident / each employee for disease or cumulative injury Retention: \$1,000,000 Premium: \$188,205 	<ul style="list-style-type: none"> Second Excess Property Excess of \$25MM per Occ. Carrier: Landmark American Insurance Company Limits: \$214,023,569 Premium: \$55,792 + fees and surcharges First Excess Excess Layer Part of \$15MM Excess of \$10MM per Occ. Carrier: Arch Specialty Insurance Company Limits: \$4,000,000 Premium: \$78,571 + fees and surcharges Carrier: Alterra Excess & Surplus Insurance Company Limits: \$3,500,000 Premium: \$68,750 + fees and surcharges Carrier: Liberty Insurance Company Limits: \$7,500,000 Premium: \$147,322 + fees and surcharges Total Layer Price: \$294,643 + taxes and fees Primary Property Carrier: Lloyd's of London Limits: Primary \$10,000,000 in any occurrence Premium: \$620,598 + fees and surcharges
<p>SIR</p> <p>Per Occurrence \$350,000</p>	<p>SIR</p> <p>Per Occurrence \$500,000</p>	<p>Deductible:</p> <ul style="list-style-type: none"> \$50,000 per Occurrence all other perils 72-hour waiting for Time Element \$50,000 Earthquake Flood \$100,000 excess maximum NFIP limit available for Special Flood Hazard Areas (Prefix A or V) 5% of total insured values affected at per unit subject to \$250,000 per occ minimum Flood as a result of Named Windstorm 5% of the replacement cost value of each unit of insurance as per schedule on file subject to a min. ded of \$250,000 any one occurrence in respect to Named Windstorm and Hall \$100,000 per occ All Other Windstorm or Hall

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COST COMPARISON-INCLUDING PUMP STATIONS AND FOUNTAINS

Policy Type	2014-2015	2015-2016	
Package (Lloyds)	\$ 750,000.00	\$ 750,000.00	0%
Excess WC	\$ 188,205.00	\$ 188,205.00	0%
Property	\$ 1,032,174.00	\$ 1,000,435.00	-3%
Boiler and Machinery	\$ 8,384.00	\$ 9,628.00	15%
ADD Business Travel	\$ 360.00	\$ 360.00	0%
ADD Police and Fire	\$ 11,803.00	\$ 12,338.00	5%
Bond Finance Director	\$ 1,750.00	\$ 1,750.00	0%
Storage Tank	\$ 1,639.00	\$ 1,757.00	7%
Crime	\$ 4,518.00	\$ 4,518.00	0%
Sports Liability	\$ 21,296.00	\$ 21,504.00	1%
ADD Sports	\$ 16,003.00	\$ 16,161.00	1%
Cyber Liability	\$ 37,333.00	\$ 37,333.00	0%
Total without surcharges	\$ 2,073,465.00	\$ 2,043,989.00	-1%
FCHFEA (1.3%)	\$ 24,142.22	\$ -	
Citizens (1%)	\$ 10,321.74	\$ 10,004.35	
EMPA	\$ 20.00	\$ 20.00	
Other Surcharges	\$ 75.00	\$ -	
Total after surcharges	\$ 2,108,023.96	\$ 2,054,013.35	-3%
Premium Savings		\$ 54,010.61	
Broker Fee	\$ 120,000.00	\$ 120,000.00	0%
Total Cost of Program	\$ 2,228,023.96	\$ 2,174,013.35	-2%

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Property Premium Breakdown

		Premium 2015-2016 Including Pumps Stations and Fountains
Primary	Lloyds of London	\$ 650,000.00
1st XS Property	Liberty Surplus Insurance Company	\$ 147,322.00
1st XS Property	Alterra Excess & Surplus Insurance	\$ 68,750.00
1st XS Property	Arch Specialty Insurance	\$ 78,571.00
2nd XS Property	Landmark American Ins. Co.	\$ 55,792.00
Total Premium before Surcharges		\$ 1,000,435.00
Citizens (1%)		\$ 10,004.35
EMPA		\$ 20.00
Total		\$ 1,010,459.35

NOTE:

*Premiums above do not include TRIA except for the package which includes TRIPRA for WC.

Arthur J. Gallagher Risk Management Services Inc. has made every attempt to identify and bill all State of Florida taxes and assessments. Given the recent market events, we are not able to warranty the complete accuracy of these billings until the policies are issued. Additional billings to comply with recent legislature may apply.

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative

Notes and Highlights:

1. Premiums for the above policies are due and payable as billed, in full or as insurance company installments. Premiums may be financed, subject to acceptance by an approved finance company. Note: Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required.
2. Quote is valid until 04-30-15

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Schedule of Locations & Values

EXPOSURE COMPARISON

	2014-2015	2015-2016	% Change
Expenditures	\$ 137,398,673	\$ 137,398,673	0%
# of Employees FT	800	801	0%
# of Employees PT	63	100	59%
# of Autos	596	596	0%
Payroll	\$ 59,936,146	\$ 59,936,146	0%
EMTs	15	15	0%
Paramedics	121	121	0%
Fire Fighters	0	0	0%
Armed Officers	190	191	1%
Population	47,885	48,000	0%
TIV	\$ 213,800,562	\$ 213,800,562	0%

	2014-2015	2015-2016	% Change
Building	\$ 156,405,846	\$ 156,649,253	0%
Contents	\$ 8,326,900	\$ 8,326,900	0%
Vehicles	\$ 16,231,261	\$ 16,231,261	0%
Golf Carts	\$ 488,214	\$ 488,214	0%
BI	\$ 5,285,000	\$ 5,285,000	0%
EDP	\$ 16,163,341	\$ 16,163,341	0%
EDP EE	\$ 2,000,000	\$ 2,000,000	0%
Account Receivable	\$ 7,400,000	\$ 7,400,000	0%
Fine Arts	\$ 1,000,000	\$ 1,000,000	0%
Valuable Papers	\$ 500,000	\$ 500,000	0%
Pump Stations		\$ 13,970,000	
Fountains		\$ 11,009,600	
Total	\$ 213,800,562	\$ 239,023,569	12%

of Autos does not include Off the Road Equipment