



City of Coral Gables  
CITY COMMISSION MEETING  
March 31, 2020

**ITEM TITLE:**

RESOLUTION AUTHORIZING THE RENEWAL OF THE PROPERTY AND CASUALTY INSURANCE PROGRAM WHICH INCLUDES, BUT IS NOT LIMITED TO, PROPERTY, GENERAL LIABILITY, AUTOMOBILE LIABILITY, PUBLIC OFFICIALS ERRORS & OMISSIONS, EXCESS WORKERS' COMPENSATION, CRIME LIABILITY, CYBER LIABILITY, TERRORISM PROPERTY & LIABILITY, POLLUTION LIABILITY, ACTIVE ASSAILANT COVERAGE, FLOOD, AS WELL AS OTHER ANCILLARY LINES OF INSURANCE COVERAGE AND INSURANCE BROKER FEES THROUGH ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., FOR A NOT TO EXCEED AMOUNT OF \$ 2,684,109 FOR THE POLICY PERIOD OF MAY 1, 2020 TO MAY 1, 2021. (FUNDING SOURCE: INSURANCE FUND)

**DEPARTMENT HEAD RECOMMENDATION:**

Approve.

**BRIEF HISTORY:**

The City's Agent of Record, Arthur J. Gallagher Risk Management Services, Inc. ("Gallagher"), has solicited and received quotes from various insurance carriers for the desired insurance policies shown below. The City Commission named Gallagher as the City's Agent of Record awarding Gallagher bid number RFP 2015.09.11– Risk Management & Insurance Brokerage Services for the Property and Casualty Lines of Insurance Coverage.

The City's property insurance premium increased by 16% based on the City's current property schedule. This increase was attributable to a hardening market as a result of the number of natural disasters. During the new policy period, the City will add three (3) new buildings to the City's property schedule (Fire Station 2, Trolley Building and Public Safety Building) and remove the existing Public Safety Building. The additions and deletion will result in an additional increase to the City's property insurance premium as set forth in the chart below.

The City's general liability and workers' compensation insurance premium increased by 21% with claim history and market conditions driving the premium increase. The City obtained a premium reduction of 15% for the City's excess workers' compensation program. The City's cyber liability insurance premium increased by 16%, which was attributable to the market's increased claim frequency leading to market hardening, and certain coverage changes were made.

The City's general terms and conditions for all the other coverages are similar to last year, with some minor increases to the premiums as set forth below.

The total cost to renew the various insurance policies based on the City's current property schedule is \$283,256 more than the cost of these policies in the prior year.

The following is a summary description indicating insurance policies and premiums:

<b>Description of the Insurance Policy, Surcharge or Fee</b>	<b>Premiums/Fees May 1, 2019 to May 1, 2020</b>	<b>Premiums/Fees May 1, 2020 to May 1, 2021</b>
Package	\$596,000	\$720,000
Excess Workers Comp	\$184,591	\$156,576
Property	\$1,146,906	\$1,327,361
Boiler & Machinery	\$8,432	\$8,400
ADD Business Travel	\$360	\$360
ADD Police and Fire	\$12,338	\$12,338
Bond Finance Director	\$1,138	\$1,138
Pollution Liability	\$23,500	\$23,500
Crime	\$11,756	\$11,798
Sports Liability	\$23,857	\$26,505
ADD Sports	\$13,306	\$13,306
Cyber Liability	\$18,365	\$21,375
Terrorism Liability	\$8,500	\$8,925
Terrorism Property	\$12,500	\$13,125
Flood adding	\$9,880	\$9,689
Active Assailant	\$6,000	\$6,300
<b>Total without surcharges</b>	<b>\$2,077,429</b>	<b>\$2,360,697</b>
EMPA & TRIA	\$3,424	\$3,412
Insurance Brokerage Fee (Gallagher)	\$120,000	\$120,000
<b>Total Cost</b>	<b>\$2,200,853</b>	<b>\$2,484,109</b>
Property Schedule Changes (addition of 3 new buildings)	\$0	\$200,000
<b>Total Cost of Program After Property Schedule Changes</b>	<b>\$2,200,853</b>	<b>\$2,684,109</b>

A meeting of the Insurance and Risk Management Advisory Board (the “Board”) took place on February 26, 2020. During this meeting, the Board was provided with a preliminary indication of the different insurance markets and the status of those markets. Due to the current Declared State of Emergency, the Board meeting scheduled for March 18, 2020, was cancelled. The Board is scheduled to have a virtual workshop meeting on March 27, 2020, where the Board will be provided, for their review and comment, a detailed presentation of the quotes obtained from the different carriers for the various types of insurance coverage. The minutes of that workshop will be provided to the City Commission prior to the City Commission meeting where this Resolution is considered.

**FINANCIAL INFORMATION: (If Applicable)**

<b>Amount</b>	<b>Account No.</b>	<b>Source of Funds</b>
Not to exceed \$ 2,684,109	540-000-590-4550	Insurance Fund

<b>Total:</b>		<b>APPROVED BY:</b>
---------------	--	---------------------

**Attachments:**

1. **Resolution**
2. **Insurance renewal proposal and premium summary presented by Arthur J. Gallagher**
3. **Board Minutes (February 26, 2020)**
4. **Board Workshop Minutes (March 27, 2020) – to be provided prior to the City Commission meeting**