



**City of Coral Gables
CITY COMMISSION MEETING
APRIL 21, 2020**

ITEM TITLE:

Insurance & Risk Management Advisory Board meeting minutes February 26, 2020

SUMMARY OF MEETING:

Board member Mr. Juan C. Diaz-Padron opened the meeting. Meeting was called to order at 8:04am. Quorum was reached.

Update Reference Mr. Tony Abella – Arthur J. Gallagher – Ms. Maria Perez

Ms. Perez updated Board regarding Mr. Abella's current health status. Ms. Perez expressed how Mr. Abella, even though he was unable to be present at today's meeting, had been a great contributor to the information being presented.

A motion was made to assure Mr. Abella is advised that the Board wishes him the best health and wishes for a speedy recovery.

Motion by: Mr. Gary Reshefsky / 2nd: Mr. Matthew Weaver / All approved unanimously

NEW BUSINESS:

Insurance Renewal Process – Arthur J. Gallagher – Insurance Renewal Executive Summary (Exhibit 1)

Ms. Perez addressed Board regarding progress of upcoming insurance renewal and made presentation following the Executive Summary attached as Exhibit 1.

Ms. Perez advised they have been out to the market for a couple of months now. Ms. Perez stated she had currently returned from London after meeting with fifteen different Lloyd's syndicates getting a pretty good idea regarding what the market is doing for property insurance and what that may look like. Ms. Perez advised there seems to be a capacity shortage, therefore an approximate 10% rate increase is expected for clients which have not had any claims in the past three years. However, those who have had claims are looking at much higher percentage increase, in the range of 30% and more. Ms. Perez explained many syndicates have closed shop or underwriters lost their jobs, reason is many have been reducing their rates year after year therefore their loss ratios on books went above 100%. Ms. Perez advised it would be closer to end of March before they would be able to receive quotes.

Board discussed status regarding Hurricane claim. Ms. Elejabarrieta advised City is currently working on pending items.

Mr. Padron asked regarding liability claim city recently incurred. Ms. Elejabarrieta advised that there is a confidentiality provision in the agreement and that it could not be discussed but in accordance with the public records request by the board provided a copy of settlement agreement.

Ms. Perez conducted review of Winter Insurance Market update January 2020 – page 2. Ms. Perez stated that City is doing well in General Property due to the actions being conducted such as appraisals and repairs. Ms. Perez spoke reference General Liability, Umbrella, Management Liability (Private), Management Liability (Public), Auto, & Workers' Compensation.

Mr. Padron asked regarding UPS incident incurred in the City, if it had developed into anything. Ms. Elejabarrieta advised City is in receipt of 768 letter from the attorney and stated others have been brought into case as well. Mr. Ruiz advised letters representing both the driver as well as the by standers have been received.

Ms. Perez stated good news is in the Workers' Compensation and all information is available for further review on pages 4 & 5.

Ms. Perez conducted further review of page 8 – Public Sector Update.

Ms. Perez reviewed information on Marketing Summary (pages 10 and 11). Ms. Reshefsky asked if there are any new domestic capacity players. Ms. Perez advise there is Safety National Casualty Corporation and they are waiting for them to provide a package quote. Ms. Perez stated once this has been received, comparisons side by side will be conducted. Ms. Perez stated they have been advised by others approached that even with the BRIT increases, they cannot get near to it. Mr. Reshefsky asked which was the carrier that has been competing with them for the last few years and Ms. Perez stated Munich, however as per last indication, they are higher than BRIT.

Ms. Perez advised they are in receipt of a firm quote from BRIT and Ms. Bullard conducted review of information on page 12. Ms. Bullard advised they have gone out to market and once responses are received comparisons will be conducted against information received from BRIT. Ms. Bullard stated she believes Safety may come in at lower rate, however upon comparison with BRIT it may not measure up to what BRIT is offering. Ms. Perez advised to keep in mind even though BRIT is indicating a 21% premium increase, it has provided in the past 3 years a 25% premium reduction. Ms. Perez stated BRIT has expressed their interest in continuing with this account. Ms. Elejabarrieta asked if there is a change to coverage and Ms. Perez advised there is no change. Ms. Perez stated what helps is the City's Risk Management is boots on the ground participant.

Mr. Reshefsky asked regarding any new domestic property players. Ms. Perez advised she had just returned from Atlanta where it seems AIG after restructure are interested and awaiting their response. Ms. Perez stated they also met with Japanese insurance company doing business in USA called Somp Insurance Inc. and with Berkshire Hathaway Specialty Insurance which both seemed interested in City's portfolio.

Ms. Perez conducted review of page 12 Property regarding request of last year to remove all other peril coverage. Mr. Reshefsky stated he feels it is best to leave as is. Ms. Elejabarrieta advised during last year renewal; it was determined then by Board to also leave as is. Mr. Reshefsky stated once limits are reduced, it is difficult to get it back.

Mr. Padron requested to return to page 16 regarding reviewing bottom line, reflecting estimated premium increase and would like to hear the City's prospective. Mr. Padron stated if City can absorb increase, then as far as the renewal update is good. Mr. Padron stated if there will not be any significant changes or reduction of limits then Arthur J. Gallagher should continue with process. Ms. Elejabarrieta advised from the City's prospective, increase could be higher, approximately another \$100,000.00 to \$150,000.00 due to having three

new buildings being added to the City's schedule of property- new PSB, fire station and trolley. Ms. Elejabarrieta stated new PSB will be added sometime in August, fire station and trolley sometime in July. Ms. Elejabarrieta stated total increase may be more in range of half a million dollar. Ms. Elejabarrieta advised City was aware of increase coming, therefore commenced preparation and working together with Finance department since last year during budget cycle. Ms. Elejabarrieta stated from City's perspective, not happy with this, however insurance fund has been doing very well, being under budget last year, this year numbers looking good regarding claims, reserves and payout, as well as preparations being taken, City can absorb this increase. Mr. Padron asked if there was any desire to conduct changes to program, limits or other. Ms. Elejabarrieta stated there is always a desire if it would be something beneficial but not due to cost. Ms. Elejabarrieta stated she agrees with Mr. Reshefsky's and Mr. Watson's statements that once you start increasing SIR or reducing coverage it is difficult to get it back.

Review regarding Cyber liability (page 14) was conducted. Ms. Elejabarrieta advised there will be a 16% percent increase and ransom coverage is increasing SIR from \$10,000.00 to \$200,000.00. Mr. Padron asked if going out shopping for Cyber, Ms. Elejabarrieta advised they are going out.

Ms. Perez stated what if on March 18 (next scheduled Board meeting) there is not a firm property quote. Ms. Elejabarrieta advised goal is to present on March 31 Commission meeting, and there is the option if not ready on March 18, it can proceed with a Not to Exceed number. Ms. Elejabarrieta stated alternative could be Commission meeting of April 21. Ms. Elejabarrieta will keep Board informed.

Meeting Adjourned: 9:05am
Next meeting date March 18, 2020

ATTACHMENT(S):
Minutes of the February 26, 2020