



CITY MANAGER'S OFFICE MEMORANDUM

To: Jim Scholl, City Manager
From: Mark Z. Finigan, Assistant City Manager
Date: March 21, 2012
Subject: Renewal of 2012-2013 Property & Casualty Insurance Brokerage Services

ACTION STATEMENT:

Request City Commission approve and extend the broker services of existing broker, Brown & Brown - Public Risk Insurance Agency (PRIA) for the policy period of 10/01/2012 – 10/01/2013 in accordance with the Request for Proposal (RFP #09-010): *“It is the intent of the City to purchase coverages from the successful proposer for a period of one (1) year and to renew the coverages with the successful proposer for four (4) additional years at the sole option of the City.”*

BACKGROUND:

In the September 15, 2009 City Commission meeting the City Commission adopted Resolution No. 09-247 authorizing the acceptance of PRIA's proposal for the City's Property & Casualty insurance program for policy year 2009/2010 as well as recognizing PRIA as the Agent/Broker for two (2) successive policy years specifically 2010/2011 and 2011/2012. The intent of the RFP was to provide the City the opportunity to re-evaluate the services provided by PRIA and to exercise its option for renewal in subsequent policy periods based on their performance.

In 2009-2010 PRIA provided the City with an insurance program offered by Preferred Governmental Insurance Trust (PGIT) which included several enhancements to its Property Coverage with an additional cost savings of 25%. The coverage provided by PGIT at policy inception and continuing through the subsequent policy periods:

- Provided up to full values for all perils except Flood subject to the pool limit and following deductibles: Named Storm: 5% per itemized listing, subject to a \$75K Minimum
- All Other Wind: \$50K per Occurrence; All Other Perils: \$50K Per Occurrence.
- Flood Coverage is provided with a \$5 Mil per occurrence/aggregate sublimit. Properties eligible for the National Flood Ins. Program (NFIP) are insured excess of limits available through NFIP or 5% whichever is greater. Those not eligible are subject to the All Other perils deductible.
- PGIT's program eliminated the need for separate windstorm coverage with Citizens at an annual cost savings in 2009 of \$96K and enhanced the coverage by insuring to full limits as indicated on the Schedule of Values for all insured perils, excluding Flood which was sub-limited.
- PGIT also provided the City with the option of an Aggregate Stop Loss in the amount of \$825K applicable to all Liability and Workers Compensation coverage.

- Total Premiums of \$930,911, including NFIP policies. (Outside of NFIP, a reduction of 1% of premium was presented.)
- PRIA Saved the City **over 25% - \$300,000+** in the 2009 RFP process and was able to maintain the premiums with enhanced coverages.
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2009-2012 Services Provided by PRIA

In addition to the enhancements in our insurance program PRIA has provided and continues to provide excellent, personalized service:

Agency Services Provided:

- Service Team Professionals have no less than 20 years insurance experience
- PRIA – 100% focused in Florida’s public entities
- Florida-based company with geographic familiarity with the City of Key West
- Marine expertise
- In-depth review of property schedule including assistance in risk analysis and property appraisal implementation
- Contractual risk transfer advice
- National Flood Insurance Program – Flood Audit completed
- Legislative updates

Loss Control Services Provided:

- Site Inspections
- On-Site Supervisory Training
- On-Site Operational Survey
- E-learning resources & Training resources to include DVD’s, posters, checklists
- Seminars and Webinars on issues of current topic

FINANCIAL IMPACT:

Since taking over the program in October of 2009, PRIA has assisted the City in a continuous fine tuning of its insurance program by providing superior property coverage, including higher available wind & flood limits. Working together, the City has identified significant exposures, assessed and updated property values and broadened coverage with a yield of lower and stabilized premiums.

Results 2009-2012:

Cost Savings –	
▪ 10/01/2008 -2009 Premiums (AJG)	\$1,128,739
▪ 10/01/2009-2010 Package* Premiums (PRIA)	<u>811,585</u>
*Including \$90,000 Citizens, <u>Excluding ancillary policies</u>	
Savings	\$ 317,154 or 28%
▪ 10/01/2010-2011 Premiums* (PRIA)	\$ 931,605
* <u>Including all ancillary policies, including NFIP,</u>	
Savings (X-NFIP) from prior year	\$ 11,000 (1%)

Coverage Enhancements:

- Blanket coverage provided
- Pooling arrangement can provide full Total Insured Value Limits for Storm Surge/Named Storm (vs. \$7,500,000 Wind and \$2,000,000 Flood Limit)

- Excess Flood Limit - \$5,000,000
- Deductible of 5% per Item Scheduled (vs. 5% + \$1,000,000 Citizens)-No Citizens
- Marine Coverage extended to include
 - Hull Coverage for 2 new pumpers
 - Pollution Coverage for all boats
 - Single Insurer (Great American) for all marine exposures
- Stop-Loss Aggregate - \$825,000 Limit
- Liability SIR remains at \$100,000 despite increase in FS 768.28 tort cap
SIR & Stop Loss Aggregate limit the amount of Reserve Funds required

RECOMMENDATION:

Request the City Commission to extend the City's Broker of Record agreement with PRIA for the renewal period of 2012-2013 as allowed for in the RFP No. 09-010.