



BEN FEW & COMPANY, LLC

August 31, 2022

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Assistant City Manager
City of Key West
1300 White Street
Key West, FL 33040

Laura Estevez
Risk Manager/Safety Officer
City of Key West
1300 White Street
Key West, FL 33040

RE: Property and Casualty Insurance Renewal Strategy for 2022-23

Dear Todd and Laura:

In response to your email from Monday, August 29, this letter will outline the City of Key West's prospects for its upcoming property and casualty insurance renewal. To reiterate, Ben Few & Company is an independent consulting firm and has no ties or affiliations with any agent, broker, or insurance carrier. We do not sell insurance products of any kind and do not accept remuneration from any entity other than our clients.

Per your request, I have reviewed the Public Risk Management of Florida (PRM) renewal proposal as presented by World Risk Management, and this office believes it is in the City's best interest to renew the program as proposed. As with prior years, I must again offer the caveat that having not been involved on a day-to-day basis with the City, I cannot necessarily speak to any of the optional coverage items that PRM has included at the end of their proposal (excess liability, pollution, and aviation), and the scope of my review is limited to what is contained in the renewal proposal. The increase in overall premium for this renewal seems to skew toward the higher side of the spectrum seen elsewhere among public entities this year (between 10% and 20%); however, in addition to the obvious geographical situation, it should be noted that this is also affected by increases in the City's underlying exposures (approximately \$6.5 million in property value and approximately \$1.35 million in payroll). Speaking to the coverage itself, there have been little to no changes in terms, conditions, retentions, and limits from expiring to the proposed renewal term, which this office certainly sees as a positive. Active shooter limits have been increased from \$1 million per occurrence and in the aggregate to \$2 million per occurrence and in the aggregate, and there have been improvements to the public official / employment practice liability form via the availability of sexual misconduct coverage and a new sublimit for ethics violations reimbursement.

With respect to its overall insurance profile, in terms of marketability in Florida, this office is still of the opinion that the City of Key West remains an ideal candidate for the pooled insurance programs offered through the various Florida trusts. While last year's renewal was obviously marked by having had an appraisal and the (premium) fallout from the subsequent dramatic increases to insurable values, if the global insurance marketplace continues to trend in the same direction next year, that may be the time to engage the marketplace once again via competitive solicitation. In the immediate situation, as has been recommended in the past, continued investigation of various deductible options, coverage exclusions (e.g., ex-wind options on certain items), and further evaluation of the return value on insuring certain items—especially contents and property in the open—seems warranted for the purposes of seeking possible premium relief.

In closing, again, this office recommends renewing as proposed, but would encourage the continued evaluation of both insurable exposures and the possibility of engaging the marketplace next year.

We certainly appreciate being of service to the City and invite you to contact us with any questions you may have. Please do not hesitate to reach out to discuss further.

Best regards,

BEN FEW & COMPANY, LLC



Ben Few IV, CRM, CIC, AAI
President