

Executive Summary



To: James Scholl, City Manager

From: Todd Stoughton, Risk Manager

Date: 8/1/2018

RE: Renewal of Property and Casualty Insurance Program for FY 2018-2019

Action:

Pursuant to City of Key West Code of Ordinances, Section 2-797 (4) b., Exempt Contractual Services, respectfully request the City Commission authorize the City Manager or designee to negotiate the City's property and casualty insurance program for policy year 2018-2019 proposed by Public Risk Management of Florida (PRM) as submitted by World Risk Management (WRM) in the amount up to the proposed \$1,038,485.00 as well as recognize WRM as the City's agent/broker for the City's property and casualty insurance program for policy year 2018-2019; Once negotiated, authorize the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.

Further, pursuant to City of Key West Code of Ordinances, Section 2-797 (4) b., Exempt Contractual Services, respectfully request the City Commission approve the placement of the City's Ancillary Policies in the amount of \$71,947.00 to include; Great American for Marine Operators Legal Liability Coverage (\$24,016.00), Outer Mole Excess Liability Coverage (\$9,500.00), Wharfingers Liability Coverage (\$17,575.00), Hull Coverage (\$10,027.00), Vessel Pollution Coverage (\$4,061.00); AIG for AD&D Coverage (\$6,768); Authorizing acceptance of Public Risk Insurance Agency (PRIA) as the agent/broker for the City's Ancillary Policies; Authorize the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.

Background:

On October 3, 2017, the City Commission adopted Resolution No. 17-229 authorizing the acceptance of the renewal proposal for FY 2017-2018 from Public Risk Management of Florida (PRM) submitted by World Risk Management in the amount of \$985,983.00 and approved the acceptance of the City's Ancillary policies in the amount of \$82,652.34 from Public Risk Insurance Agency (PRIA). With agreement from the City's independent insurance consultants Ben Few and Company, LLC and Interisk Corporation, City Staff recommended against going to the open market for the City's 2018-219 insurance program and limit its search to the three primary governmental insurance pool providers in the State of Florida. To quote Ben Few and Company LLC, "the City's size and profile are such that it is neither a candidate for a traditional, first-dollar program, nor is it large

enough to consider standalone self-insurance as a cost-effective means of protecting from fortuitous loss. This essentially leaves the City with pooling mechanisms as the most cost-effective insurance method. The pools available to the City exist in the form of local government self-insurance funds/trusts formed under F.S. 624.4622". Subsequently, the City submitted a direct solicitation to the three Pooled Insurance Programs within the State of Florida; Florida Municipal Insurance Trust (FMIT), Preferred Governmental Insurance Trust (PGIT), and the incumbent provider, Public Risk Management of Florida (PRM). Of the 3 insurance pools, only PRM provided a quote for the City's Property and Casualty Program. For the City's ancillary insurance renewal, only Public Risk Insurance Agency (PRIA) submitted a proposal.

Ben Few and Company, LLC and Interisk Corporation have reviewed the property and casualty insurance proposal from WRM and the proposal from PRIA for the ancillary coverages. Both recommend acceptance.

Financial Impact:

If the City Commission approves the recommendation of Staff as submitted, then the City will carry comprehensive coverage for policy year 2018-2019. The proposed 2018-2019 budget contains sufficient funding for all coverages in the City's 502-1952 and 502-1953 accounts.

Recommendation:

Pursuant to City of Key West Code of Ordinances, Section 2-797 (4) b., Exempt Contractual Services, respectfully request the City Commission authorize the City Manager to negotiate the City's property and casualty insurance program for policy year 2018-2019 proposed by Public Risk Management of Florida (PRM) as submitted by World Risk Management (WRM) in the amount up to the proposed \$1,038,485.00 as well as recognize WRM as the City's agent/broker for the City's property and casualty insurance program for policy year 2018-2019; Once negotiated, authorize the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.

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