

INTERISK CORPORATION

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Employee Benefits

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Mr. Todd Stoughton
Risk Manager
City of Key West
P.O. Box 1409
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Subject: Renewal Strategy

Todd:

You asked me to render an opinion on benefits of the City establishing a 3 year relationship with Public Risk Management (PRM). A number of factors need to be considered.

Is PRM financially sound and will they be able to meet their claim obligations?

The most comprehensive and cost effective insurance coverages available to Florida governmental entities is provided by three individual Self -Insured Trusts.

- The Florida Municipal Insurance Trust (FMIT)
- The Preferred Governmental Insurance Trust (PGIT)
- Public Risk Management (PRM)

It is believed that all three trusts are financially sound and has never failed to meet their claim obligations.

Will PRM offer competitive terms and conditions in their policies?

Comparing the terms and conditions of all three trusts it is believed that with the exception of several minor differences (none viewed as being significant) it is believed that all three trusts offer terms and conditions that are consistent with the other trusts.

Will PRM offer competitive pricing for their insurance?

When PRM acquired the City's insurance program a detailed comparison of the coverages being offered and the pricing for those coverages to those of being offered by the incumbent agent/insurers. It was determined that PRM was offering competitive terms and conditions for a price lower than being offered by the incumbent agent/insurer.

It is understood that PRM has offered a renewal proposal for the City's 2019/20 insurance program that represents an 18.7% increase in the premium compared to the expiring coverages. Such an increase is believed to be reasonable considering the City's Property values increased by 5%, the number of vehicles increased by 15% and the City's payroll increased by 4%.

There is no reason to think PRM will not continue to offer competitive pricing.

Does the agent that will place the coverage have the technical expertise and experience to serve the insurance needs of the City?

World Risk Management (WRM) serves as the City's agent for the PRM program. It is believed that PRM has the technical skills and experience to serve as the City's insurance agent.

There are several reasons why organizations should establish a multi-year relationship with their agent and insurers, regardless of who the agent and insurer are.

1. It allows the agent to become more familiar with the organization's operations that will allow them to better serve the insurance needs of the organization.
2. Insurers are more willing to accommodate insureds needs that are unusual or unique if they have some confidence that they will retain the business for more than 1 year..
3. Typically claim disputes can be more easily resolved if the insured and insurer have had a multi-year relationship.
4. Premium credits are often offered to insureds based on the length of time being insured that could result in lower overall premiums.

I will make myself available to discuss this issue in more detail at your convenience.

Cordially,

INTERISK CORPORATION

A handwritten signature in cursive script that reads "S G Webber".

Sidney G. Webber
CPCU, ARM