




MEMORANDUM

Date: September 14, 2023

To: Honorable Mayor and Commissioners

Via: Albert P. Childress
City Manager 

From: Laura Bringle
Risk Manager/Safety Officer

Subject: **Renewal of Property and Casualty Insurance Program for FY 2023-2024**

Introduction

Staff respectfully requests pursuant to City of Key West Code of Ordinances, Section 2-797(4)b, Exempt Contractual Services, the City Commission to approve the acceptance of the City of Key West's Property and Casualty Insurance program renewal for policy year 2023-2024 proposed by Public Risk Management of Florida (PRM), as submitted by World Risk Management (WRM), in the amount of \$3,307,211.00, as well as recognize WRM as the City of Key West's agent/broker for the City's property and casualty insurance program for policy year 2023-2024.

Staff further respectfully requests the City Commission to approve the acceptance of the City of Key West's ancillary policy renewals in the amounts not to exceed \$126,210.00. City ancillary policies include Westchester Fire Insurance for Aircraft Drone Coverage (\$3,830) and Florida Fire Fighter Cancer coverage (\$23,116.00) provided by WRM, and Marine Operators Legal Liability Coverage (\$23,465.00), Outer Mole Excess Liability Coverage (\$10,450.00), Wharfingers Liability Coverage (\$9,798.00), Hull and Machinery Coverage (\$16,425.00), Vessel Pollution Coverage (\$6,823.00), AD&D Coverage (\$9,767.00), Storage Tank Liability (\$7,627), and Pollution Liability (3-Year) Coverage (\$14,909.00) provided by Brown & Brown. We also recommend authorizing acceptance of Brown & Brown as the agent/broker for the City's ancillary policies with the exception of Drone Coverage and Florida Fire Fighter Cancer Coverage (WRM) for policy year 2023-2024.

Background

On September 20, 2022, the City Commission adopted Resolution No. 22-207 authorizing the acceptance of the renewal proposal for FY 2022-2023 from Public Risk Management of Florida (PRM), submitted by World Risk Management, in the amount of \$2,531,389, and approved the acceptance of the City's ancillary policy renewals in the amount of \$108,092 from Brown & Brown (formerly PRIA) and World Risk Management.

It has been established in the past that the City of Key West's insurance program is too small to obtain insurance through traditional open markets and similar to several public entities within the State of Florida, Pooled Insurance Programs are the best option for the City. Over the last several years the City has used several approaches to obtain the best rates; traditional Request for Proposal, contracting an Insurance Broker, and a direct solicitation approach.

For policy year 2023-2024, a direct solicitation was sent to the three Pooled Insurance Programs within the State of Florida, Florida Municipal Insurance Trust (FMIT), Preferred Governmental Insurance Trust (PGIT), and Public Risk Management of Florida (PRM), of which only Public Risk Management of Florida was able to provide a renewal proposal. Historically, both FMIT and PGIT have stated that they are prohibited from writing wind coverage for public entities in Monroe County and are reluctant to quote any coverages due to this constraint. While the City could separate property insurance from Workers Compensation and General Liability insurance in order to receive more than 1 response, this is not necessarily in the best interest of the City as it has also been established that separating programs will increase overall costs.

Procurement

The proposed Fiscal Year 2023-2024 budget contains sufficient funding for coverages proposed for acceptance. The City's ancillary policies and property and casualty insurance policies are budgeted in Insurance Fund account number 502-1952-519-4500 and the City's Worker's Compensation policy is budgeted in Insurance Fund account number 502-1953-519-4500.

Recommendation

Request the City Commission approve the acceptance of the City's property and casualty insurance program for policy year 2023-2024, proposed by Public Risk Management of Florida (PRM) in the amount of \$3,307,211.00, as well as recognize World Risk Management (WRM) as the City's agent/broker for the City's property and casualty insurance program for policy year 2023-2024.

Further, staff recommends the City Commission approve the acceptance of ancillary policies in the amount not to exceed \$126,210.00, as proposed by World Risk Management and Brown & Brown, as well as recognize Brown & Brown as the agent/broker for the City's ancillary policies, apart from Drone Coverage and Florida Fire Fighter Cancer Coverage, for policy year 2023-2024. Authorizing the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.

Exhibits:

Exhibit A – City of Key West Property & Casualty Renewal Proposal – PRM

Exhibit B – Public Risk Underwriters of Florida – No Bid Email Response
Exhibit C – Evaluation of Renewal Proposal – Interisk
Exhibit D – Evaluation of Renewal Proposal – Ben Few
Exhibit E – City of Key West Ancillary Renewal Proposal – Brown & Brown
Exhibit F – City of Key West Fire Cancer Renewal Proposal – Chubb
Exhibit G – City of Key West Drone Renewal Proposal - Chubb

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AUTHORIZING THE CITY MANAGER TO PLACE PURSUANT TO SECTION 2-797(4)(b) OF THE CODE OF ORDINANCES, EXEMPT CONTRACTUAL SERVICES, THE CITY'S PROPERTY AND CASUALTY INSURANCE PROGRAM FOR 2023/24 BY PUBLIC RISK MANAGEMENT OF FLORIDA (PRM) AS SUBMITTED BY WORLD RISK MANAGEMENT (WRM) IN THE AMOUNT OF UP TO \$3,307,211.00; AUTHORIZING ACCEPTANCE OF WORLD RISK MANAGEMENT AS THE AGENT/BROKER FOR THE CITY'S PROPERTY AND CASUALTY INSURANCE PROGRAM FOR POLICY YEAR 2023/2024; APPROVING PURSUANT TO SECTION 2-797(4)(b) OF THE CODE OF ORDINANCES THE PLACEMENT OF THE CITY'S ANCILLARY POLICIES IN AN AMOUNT NOT TO EXCEED \$125,430.00 TO INCLUDE: FROM BROWN & BROWN, MARINE OPERATORS LEGAL LIABILITY COVERAGE (\$23,465.00), OUTER MOLE EXCESS LIABILITY COVERAGE (\$10,450.00), WHARFINGERS LIABILITY COVERAGE (\$9,798.00), HULL AND MACHINERY COVERAGE (\$16,425.00), VESSEL POLLUTION COVERAGE (\$6,823.00), AD&D COVERAGE (\$8,987.00), STORAGE TANK LIABILITY (\$7,627), AND POLLUTION LIABILITY (3-YEAR POLICY) COVERAGE (\$14,909.00), AND FROM WRM, WESTCHESTER FIRE INSURANCE FOR AIRCRAFT (DRONE) COVERAGE IN AN AMOUNT NOT TO EXCEED (\$3,830), AND FLORIDA FIRE FIGHTER CANCER COVERAGE (\$23,116.00); AUTHORIZING THE ACCEPTANCE OF BROWN & BROWN (FORMERLY PRIA) AS THE AGENT/BROKER FOR THE CITY'S ANCILLARY POLICIES, WITH THE EXCEPTION OF DRONE COVERAGE AND FLORIDA FIRE FIGHTER CANCER COVERAGE (WRM); AUTHORIZING THE CITY MANAGER TO EXECUTE ALL DOCUMENTS CONSISTENT THEREWITH UPON THE ADVICE AND CONSENT OF THE CITY ATTORNEY; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, it has been established that the City of Key West insurance program is too small to obtain insurance through traditional open markets. Pooled insurance Programs are the best

option for the City; and

WHEREAS, the City solicited direct proposals from the three primary governmental insurance pool providers in Florida, Florida Municipal Insurance Trust (FMIT), Preferred Governmental Insurance Trust (PGIT), and Public Risk Management of Florida, of which only Public Risk Management of Florida responded with a renewal proposal; and

WHEREAS, due to the history of the City's searches for insurance on the open market, and the recommendation of the City's insurance consultants, City staff recommends that it is in the best interests of the City pursuant to Section 2-797(4)(b) of the Code of Ordinances to authorize the City Manager to negotiate and execute necessary documents to approve the placement of the City's property and casualty insurance program as proposed by Public Risk Management for FY 23-24, as well as recognizing World Risk Management as the City's agent/broker for the insurance program, and approval of all ancillary policies, as proposed by Brown & Brown for FY 23-24, as well as recognizing Brown & Brown as the agent/broker for the City's ancillary policies.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That the City Manager is authorized to accept, pursuant to Section 2-797(4)(b) of the Code of Ordinances, the proposal from Public Risk Management of Florida (PRM) as submitted by World Risk Management (WRM) in the amount of up to \$3,307,211.00

for the City's property and casualty insurance program for policy year 2023/2024.

Section 2: That World Risk Management is accepted as the agent/broker for the City's property and casualty insurance program for policy year 2023/2024.

Section 3: That the City Manager is authorized to accept, pursuant to Section 2-797(4)(b) of the Code of Ordinances, the placement of the City OF Key West's ancillary policies in an amount not to exceed of \$125,430.00, as proposed to include: from Brown & Brown, Marine Operators Legal Liability coverage (\$23,465.00), Outer Mole Excess Liability Coverage (\$10,450.00), Wharfingers Liability Coverage (\$9,798.00), Hull and Machinery Coverage (\$16,425.00), Vessel Pollution Coverage (\$6,823.00), AD&D Coverage (\$8,987.00), Storage Tank Liability (\$7,627), and Pollution Liability (3-Year Policy) (\$14,909). And from WRM - Westchester Fire Insurance for Aircraft Drone Coverage in an amount not to exceed (\$3,830.00) and Florida Fire Fighter Cancer coverage (\$23,116.00).

Section 4: That acceptance of Brown & Brown as the agent/broker of record for the City's Ancillary policies is hereby authorized.

Section 5: That the City Manager is authorized to execute all documents consistent therewith upon advice and consent of the

City Attorney.

Section 6: That sufficient funds for all insurance coverages are budgeted in the proposed 2023/24 budget in the 502-1952 and 502-1953 accounts.

Section 7: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the Presiding Officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this _____ day of _____, 2023.

Authenticated by the Presiding Officer and Clerk of the Commission on _____ day of _____, 2023.

Filed with the Clerk on _____, 2023.

Mayor Teri Johnston	_____
Vice Mayor Sam Kaufman	_____
Commissioner Lissette Carey	_____
Commissioner Mary Lou Hoover	_____
Commissioner Clayton Lopez	_____
Commissioner Billy Wardlow	_____
Commissioner Jimmy Weekley	_____

TERI JOHNSTON, MAYOR

ATTEST:

KERI O'BRIEN, CITY CLERK