



## CITY MANAGER'S OFFICE MEMORANDUM

**To:** Mayor and City Commission

**From:** Bob Vitas, City Manager

**Date:** February 11, 2014

**Subject:** Extension of Property & Casualty Insurance Brokerage Services for Policy Period of 2014-2015 with existing broker, Public Risk Insurance Agency (PRIA)

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### **ACTION STATEMENT:**

Pursuant to City of Key West Code of Ordinances 2-797 Exemptions, (4)(b), Best Interests of the City, authorize a one-year extension for the broker services of the existing broker, Public Risk Insurance Agency (PRIA) for the policy period 10/01/2014 - 10/01/2015.

### **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. 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, and to allow for the City's periodic review of the insurance program. The existing broker service agreement with Public Risk Insurance Agency (PRIA), as approved by Resolution No. 09-247 and subsequent Commission approval of available options, concluded with the placement of City policies for policy year 10/01/2013 - 10/01/2014.

In 2009-2010 PRIA provided the City with an insurance program offered by Preferred Governmental Insurance Trust (Preferred) which included several significant coverage enhancements and a substantial cost savings, as summarized below:

- PRIA Saved the City **over 25% - \$300,000+** in the 2009 RFP process.
- Premiums remain lower today than in 2008-9, before the PRIA program was implemented.
  - Coverage includes Windstorm and Flood at levels more than double of what the City previously purchased.
  - Blanket Property coverage provided
- Named Windstorm/Storm Surge Deductible of 5% per Item Scheduled (vs. 5% + \$1,000,000 Citizens)-No Citizens (Florida's residual wind market) policies
- 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 at a low 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*

### **Services Provided by PRIA**

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

### **Agency Services Provided:**

- Service Team Professionals assigned to the City have over 20 years insurance experience each.
- PRIA only serves Florida public entities, representing over 200 entities
- Florida-based company started in 1939 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
- Legislative updates impacting risk

### **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:**

The Preferred Governmental Insurance Trust has committed to **NO INCREASE IN RATES** for the 10/1/2014-10/1/2015 renewal for all lines of coverage (Property, General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability, Employment Practices Liability, and Excess Workers Compensation). One exception is the stop loss aggregate which will be subject to not only a price change but most likely a higher limit once the actuary has time to review.

The current premium for these coverages is \$1,020,034 - 91% of total City premiums. Any exposure changes (such as changes in payrolls, assets, etc.) will result in a change in the premium and a full renewal submission and quote process will need to occur later in the year.

This commitment does not include coverages for which Preferred does not underwrite to include Crime, Accident coverage, Marine, Pollution, or National Flood Insurance Program (NFIP) premiums currently representing \$137,551 of total premiums. We do not expect significant changes to these coverages, with the exception of NFIP, which is subject to the FEMA/congress rules.

**RECOMMENDATION:**

Request the City Commission to extend the City’s Broker of Record agreement with Public Risk Insurance Agency (PRIA) for the renewal period of 2014-2015, in the best interest of the City.