



MEMORANDUM

A handwritten signature in blue ink, appearing to be "J. Scholl", is written over the right side of the memorandum header.

To: James Scholl, City Manager
From: Lisa Takach Borzy, Risk Manager
Date: September 10, 2015
Subject: Casualty Insurance Program

ACTION STATEMENT:

Request the City Commission to award the proposal from The Public Risk Management of Florida (PRM) submitted by Arthur J. Gallagher & Company in the amount of \$404,955.00 for the City's casualty insurance program for policy year 2015/2016 as well as recognize Arthur J. Gallagher & Company as the City's agent/broker for the City's casualty insurance program for policy year 2015/2016.

Further, request the City Commission to accept and authorize the placement of Outer Mole Excess Liability Coverage (\$10,000), Marine Operators Liability Coverage (\$14,861), Wharfingers Liability Coverage (\$24,208), Vessel Pollution (\$4,425) and Hull Coverage (\$11,475) as proposed by Great American, and Storage Tank Coverage (\$2,423) as proposed by Commerce & Industry with Arthur J. Gallagher & Company via the broker of record process.

BACKGROUND:

The proposals submitted in response to RFP 07-015 for the City's 2015/2016 property and casualty insurance program went before the City Commission on September 1, 2015. During said meeting, PRIA advised the Commission that should the City choose to bind only the liability lines of coverages set forth in PRIA's proposal, that the premium for those lines would be adjusted from \$303,985.00 to \$470,670.00. The City Commission accepted the proposal from PRM as submitted by Arthur J. Gallagher & Company for the City's property insurance program for policy year 2015/2016, rejected the proposal for liability and ancillary coverages from PRIA, and further directed Staff to negotiate same in the best interest of the City from any qualified insurance broker/carrier.

In conjunction with Ben Few & Company, the City approached both Arthur J. Gallagher & Company and PRIA to negotiate a casualty insurance program, with the intent to place with the successful proposer the already quoted ancillary marine liability, hull and storage tanks coverages via the broker of record

process. PGIT, as submitted by PRIA, maintained the revised proposal as set forth during the September 1st Commission meeting, offering casualty lines of coverage in the amount of \$470,670.00. PRM, as submitted by Arthur J. Gallagher & Company, submitted a proposal for casualty insurance program in the amount of \$404,995.00. The proposal includes several notable enhancements:

- Agreement to add with no additional premium to the already accepted property program, an additional TIV (total insured value) in the amount of \$105,991 for new vehicles acquired since the original property proposal.
- Agreement to add to the property schedule of values the new Transit facility in October with no additional premium.
- Over the road coverage will be included for Auto physical damage (subject to property deductibles), which is a new enhancement not included in the City's current coverage.
- Agreement to work with the City's current Third Party Administrator and Managed Care Organization.

FINANCIAL IMPACT:

If the City Commission accepts staff recommendation, the City will see premium savings in its overall property and casualty insurance program from the current policy year in the amount of \$173,708.00. Along with those premium savings, the City will receive enhanced coverages in the way additional TIV added to both the automobile and building schedules as well as the over the road coverages for automobiles. Finally, the City will save expense and interruption of business by being able to maintain current relationships with its Third Party Administrator and Managed Care Organization.

RECOMMENDATION:

Staff recommends the City Commission to accept the proposal from PRM as submitted by Arthur J. Gallagher & Company in an amount of \$404,955.00 (including brokerage fee) for the City's Casualty Insurance Program for policy year 2015/2016, as well as recognize Arthur J. Gallagher & Company as the City's agent/broker for the City's Casualty Insurance Program for policy year 2015/2016.

Further, Staff recommends the City Commission to accept and authorize placement of the proposals from Great American and Commerce & Industry for Outer Mole excess liability coverage (\$10,000), Marine Operators Liability Coverage (\$14,861), Wharfingers Liability Coverage (\$24,208), Vessel Pollution (\$4,425), Hull Coverage (\$11,475), and Storage Tank Coverage (\$2,423) with Arthur J. Gallagher & Company via the broker of record process.