



City of Key West

RFP #07-015

Property & Casualty Insurance Coverage

Response Prepared By:

Risk Management Associates, Inc., dba Public Risk Insurance Agency
A wholly owned subsidiary of Brown & Brown, Inc.

Michelle Martin, CIC – Vice President / Account Executive
220 S. Ridgewood Avenue, Suite 210
Daytona Beach, FL 32114
(386) 239-4047

Submittal Date: July 8, 2015 at 3:00 P.M



ELECTRONIC COPY

**PUBLIC RISK INSURANCE AGENCY
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Section 1

Cover Letter and Executive Summary

July 6, 2015

City of Key West
City Clerk's Office
3126 Flagler Avenue
Key West, FL 33040

RE: RFP #07-015 – Property & Casualty Insurance Coverage

To whom it may concern:

On behalf of Risk Management Associates, Inc. dba Public Risk Insurance Agency (PRIA), we are pleased to participate in the City's Request for Proposal for Insurance and Risk Management Services. We have provided these services to the City since 2009.

We have provided the City with a stable, effective, and comprehensive plan during our tenure. Since PRIA was awarded the City's business in 2009, our premiums have been less than in 2008 every year. We have also enhanced coverage while controlling premiums in light of increased property values, payrolls, and other increased risk exposures.

PRIOR TO PRIA:	10/1/2008-2009	Premium: \$1,128,739
Proposed Package:	10/1/2015-16*	Premium: \$ 925,286
PREMIUM SAVINGS COMPARED TO 2008: Over \$200,000 or 18% LESS than 2008		

Enhanced coverages provided over the past 5 years, to include (but is not limited to):

- Option to include 2 year policy with identical rates through 2017.*
- Blanket Property Coverage (no limitation on individual structures scheduled).
- Blanket Building & Contents coverage provides Wind and Storm Surge to full limits scheduled.
- During the current coverage agreement period, *Preferred* **will not charge an additional premium** for new locations if the location is acquired after the inception date of the coverage agreement.
- Stop Loss Aggregate coverage – limits self-insured liability losses.
- Cyber Liability - \$1,000,000 limit included in the Preferred Package policy.
- Review exposures and provide increased coverage for marine-related Liability to include:
 - Pollution coverage
 - Increased limits to comply with the lease of the Outer Mole from the Navy
 - Hull coverage for all vessels

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We have also provided a plethora of Risk Management support services to the City of Key West to reduce the City's overall Total Cost of Risk (TCOR) and self-insured claims liability:

- Consultative services to include Vendor insurance requirements and contract compliance
- TIPS funding – \$5,000 was recently provided for a wheelchair lift at the community pool to maintain accessibility in accordance with the Americans for Disabilities Act.
- Coordinate property appraisals and asset management program
- A Senior Safety Consultant has been and will continue to be provided for on-site services. Recent services have included:
 - Participation in Wellness fair
 - Review and redesign of parking meter coin collections to avoid frequency of injury
 - Review and support of use of Personal Protective equipment
 - Assistance with update of Safety Manuals
 - Driver and fleet safety
 - Review and identification of loss leaders and frequencies
 - Provision of safety videos and online training for all safety sensitive jobs
 - Assistance with safety committee
 - Workers compensation claims reporting and follow up

We request the opportunity to further discuss our proposal and approach to risk management. We are confident and committed that we will continue to produce superior results for your property and casualty program now and into the future. Thank you for your consideration.

Kind regards,



Michelle Y. Martin, CIC
Vice President

Section 2

City Required Forms / Questionnaire

City of Key West
X. Proposal Summary Form / Questionnaire

Type of Coverage: **Property; Inland Marine; Equipment Breakdown**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency
Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114
Contact Michelle Martin Telephone (386) 239 - 4047 FAX(386) 239 - 4049

Insurer Preferred Governmental Insurance Trust
Address PO Box 958455, Lake Mary, FL 32795
Contact April Whitaker Telephone (321) 832 - 1450 FAX(321) 832 - 1489
Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Building/Contents (Blanket)	\$71,344,215	\$ <u>621,301</u>
Equipment Breakdown	\$50,000,000	\$ <u>Included</u>
Excess Flood	\$5,000,000	\$ <u>Included</u>
Catastrophic Vehicle Coverage	\$12,995,299*	\$ <u>Included</u>
Debris Removal	\$2,000,000	\$ <u>Included</u>
Additional Expense	\$1,000,000	\$ <u>Included</u>
Demo, Ordinance, ICC	\$2,250,000	\$ <u>Included</u>
Inland Marine	\$3,745,037*	\$ <u>Included</u>
TOTAL PROPERTY PREMIUM		\$ <u>621,301</u>

*Catastrophic Vehicle limit is: \$13,004,364
Inland Marine Limit is: \$3,555,749

Property Questionnaire

	<u>Yes</u>	<u>No</u>
Is coverage written on a "Special Form"?	<u>X</u>	<u> </u>
Replacement cost applies to all property, inland marine and B&M forms?	<u> </u>	<u>X</u>
Blanket coverage applies to all property, inland marine and B&M forms?	<u> </u>	<u>X</u>
Agreed amount applies to all property, inland marine and B&M forms?	<u>X</u>	<u> </u>
Forms include Waiver of Requirement to Rebuild?	<u>X</u>	<u> </u>
Is rate guarantee for more than one year? If so, for how long? <u>2 Years</u>	<u>X</u>	<u> </u>
Is windstorm included in property form?	<u>X</u>	<u> </u>

If not, describe windstorm coverage and premium breakdown _____

Note: Named Windstorm Coverage is not sublimited and provided to full limits. "Named Storm" includes Storm Surge.

Additional Limits are available upon request.

Please describe Carrier's most favorable premium payment terms _____

Annual premium billed: 50% due 10/1/2015, 25% due 12/15/15 and remaining 25% due 3/15/2016.

Please describe any deviations from property, etc. specifications _____

Inland Marine - Total Insured Value \$3,555,749 - Agreed Value on Scheduled items

Vehicle Property Coverage (CAT) - Actual Cash Value - TIV \$13,004,364

Property and Boiler & Machinery - Blanket, Replacement Cost

Type of Coverage: **Crime**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency

Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

Contact Michelle Martin Telephone (386) 239 -4047 FAX (386) 239 - 4049

Insurer Travelers Casualty and Surety Company of America

Address 2420 Lakemond Avenue, 4th Floor, Orlando, FL 32814

Contact Sean McCann Telephone (407) 388- 3262 FAX (407) 388-7856

Current AM Best Rating A++ XV

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Employee Dishonesty	\$975,000	\$ <u>3,465</u>
Forgery or Alteration	\$75,000	\$ <u>Included</u>
TDD Inside	\$250,000	\$ <u>Included</u>
TDD Outside	\$250,000	\$ <u>Included</u>
Computer Fraud	\$975,000	\$ <u>Included</u>
Electronic Funds Transfer	\$975,000	\$ <u>Included</u>

Please describe any deviations from specifications or special conditions in this policy _____

Additional Coverage Included: _____

Personal Accounts Protection (including Identity Fraud) - \$25,000 Limit

Type of Coverage: **Public Official Liability / Employment Practices Liability**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency

Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

Contact Michelle Martin Telephone (386) 239 - 4047 FAX(386) 239 - 4049

Insurer Preferred Governmental Insurance Trust

Address PO Box 958455 Lake Mary, FL 32792

Contact April Whitaker Telephone (321) 832 - 1450 FAX(321) 832 - 1489

Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
POL	\$1,000,000	\$ <u>53,455</u>
EPLI	\$1,000,000	\$ <u>Included</u>

Is policy subject to audit? Yes No
_____ X

Does policy include coverage for employment related practices? X _____

Please describe final rate and rating basis _____
Rates are based on employee county and payrolls.

Please explain any deviations from the coverage requested _____

Coverage enhancements:

Non-Monetary "Damages" - \$100,000 Annual Aggregate

Cyber Liability - \$1,000,000 each claim / \$1,000,000 Annual Aggregate

Type of Coverage: **Automobile Liability**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency

Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

Contact Michelle Martin Telephone (386) 239-4047 FAX(386) 239-4049

Insurer Preferred Governmental Insurance Trust

Address PO Box 958455 Lake Mary, FL 32792

Contact April Whitaker Telephone (321) 832-1450 FAX(321) 832-1489

Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Auto Liability	\$1,000,000	\$ <u>31,241</u>

Is policy subject to audit? Yes No
 X

Please describe final rate and rating basis _____

Rates are based on vehicle schedule and premium does not vary with vehicle changes during the annual policy period. Updates are required annually.

Type of Coverage: **General Liability / Law Enforcement Liability**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency
Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114
Contact Michelle Martin Telephone (386) 239 - 4047 FAX(386) 239 - 4049

Insurer Preferred Governmental Insurance Trust
Address PO Box 958455 Lake Mary, FL 32792
Contact April Whitaker Telephone (321) 832-1450 FAX(321) 832 - 1489
Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
General Liability	\$1,000,000	\$ <u>77,722</u>
LEL	\$1,000,000	\$ <u>Included</u>

Is policy subject to audit? Yes No
_____ X
Please describe final rate and rating basis _____
Law Enforcement Liability and General Liability rates are based on several factors, including payrolls and employee counts.

Please explain any deviations from the coverage requested _____
Sexual Abuse Coverage included
Eminent domain and Bert J. Harris Act included.

Type of Coverage: **Workers' Compensation**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency

Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

Contact Michelle Martin Telephone (386) 239 - 4047 FAX (386) 239 - 4049

Insurer Preferred Governmental Insurance Trust

Address PO Box 958455 Lake Mary, FL 32792

Contact April Whitaker Telephone (321) 832 - 1450 FAX (321) 832 - 1489

Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Excess Worker's Compensation	Statutory	
Excess Employer's Liability	\$1,000,000*	\$ <u>125,567</u>

*We are providing a \$2,000,000 Excess Employer's Liability Limit

Normal premium multiplied by _____% to give annual premium of** \$ N/A

Minimum premium \$ N/A

Deposit Premium \$ N/A

** Separate rates for police, fire and all other employees

Yes No

On an "if any" basis:

Is coverage for volunteers included? X

Is coverage for U.S. Longshoremen and Harbor Worker's coverage included? X***

***Our understanding is that USL&H Coverage does not apply to City's municipal employees.

If an exposure may exist, we would proceed with a risk identification process and provide coverage options.

Type of Coverage: **Stop Loss Aggregate**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency

Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

Contact Michelle Martin Telephone (386) 239 - 4047 FAX(386) 239 - 4049

Insurer Preferred Governmental Insurance Trust

Address PO Box 958455 Lake Mary, FL 32792

Contact April Whitaker Telephone (321) 832-1450 FAX(321) 832 - 1489

Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
Stop Loss Aggregate	\$1,600,000 *	\$ <u>16,000</u>

Please describe any deviations from specifications or special conditions in this policy _____

*Stop Loss Limit is \$2,000,000 and applicable to all lines of liability and Workers' Compensation as requested.

Maintenance Deductible: \$0

Type of Coverage: Ancillary Marine, Storage Tank Policies

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency
Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114
Contact Michelle Martin Telephone (386) 239 - 4047 FAX(386) 239 - 4049

Insurer Great American Insurance Company
Address 301 E. 4th Street, Cincinnati, OH 45202-4201
Contact Eve Cutler Rosen Telephone (513) 369 -5000 FAX(____) ____ - ____
Current AM Best Rating A+ XIII

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
MOLL Excess <u>Liability for Outer Mole</u>	\$4,000,000	\$ <u>10,000</u>
MOLL Primary	\$1,000,000	\$ <u>14,861</u>
Wharfingers	\$2,000,000	\$ <u>24,208</u>
Hull Coverage	\$964,256	\$ <u>11,475</u>
Vessel Pollution	\$1,000,000	\$ <u>4,425</u>
Storage Tank Liability	\$1,000,000	\$ _____
AD&D	Statutory	\$ _____

Please describe any deviations from specifications or special conditions in these policies _____

Type of Coverage: **Ancillary Marine, Storage Tank Policies**

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency
Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114
Contact Michelle Martin Telephone (386) 239 - 4047 FAX(386) 239 - 4049

Insurer Commerce & Industry Insurance Company
Address PO Box 562710, Rockledge, FL 32956
Contact Gena Gardner Telephone (800) 475 - 4055 FAX(____) ____ - ____
Current AM Best Rating A XV

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
MOLL Excess	\$4,000,000	\$ _____
MOLL Primary	\$1,000,000	\$ _____
Wharfingers	\$2,000,000	\$ _____
Hull Coverage	\$964,256	\$ _____
Vessel Pollution	\$1,000,000	\$ _____
Storage Tank Liability	\$1,000,000	\$ <u>2,423</u>
AD&D	Statutory	\$ _____

Please describe any deviations from specifications or special conditions in these policies ____

Type of Coverage: **Ancillary Marine, Storage Tank Policies** AD&D

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency

Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

Contact Michelle Martin Telephone (386) 239 - 4047 FAX (386) 239 - 4049

Insurer National Union Fire Insurance Company of Pittsburgh, PA

Address 175 Water Street, 18th Floor, New York, NY 10038

Contact _____ Telephone (212) 458-5000 FAX(____) ____ - ____

Current AM Best Rating A XV

PREMIUMS & RATING STRUCTURE:

<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
MOLL Excess	\$4,000,000	\$ _____
MOLL Primary	\$1,000,000	\$ _____
Wharfingers	\$2,000,000	\$ _____
Hull Coverage	\$964,256	\$ _____
Vessel Pollution	\$1,000,000	\$ _____
Storage Tank Liability	\$1,000,000	\$ _____
AD&D	Statutory	\$ <u>TBD</u>

Please describe any deviations from specifications or special conditions in these policies _____

Pending renewal quote.

Loss Control Services

Proposer Risk Management Associates, Inc. dba Public Risk Insurance Agency
 Address 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114
 Contact Michelle Martin Telephone (386) 239 - 4047 FAX (386) 239 - 4049

Insurer (if applicable) Preferred Governmental Insurance Trust
 Address PO Box 958455, Lake Mary, FL 32795
 Contact April Whitaker Telephone (321) 832 - 1450 FAX (321) 832 - 1489
 Current AM Best Rating All Excess Insurers are A- XIV or better - See Section 6 for details.

Please detail available loss control services:

SERVICE	YES/NO
Employee Practices Hot Line	Yes
Employment Law Seminar	Yes
Sexual Harassment Seminars	Yes
Sample Personnel Policy and Procedures	Yes
Contract Evaluations	Yes
Risk Management Seminars and on Site Training & Seminars	Yes
If yes, how often?	Quarterly
Police Liability/ Critical Incident Hot Line	No
On Site Risk Analysis, Including Third Party Liability	Yes
Safety Program Development, Including Third Party Liability	Yes
Regulatory Assistance	Yes
Indoor Air Quality Analysis	Yes
Industrial Hygiene Analysis	Yes
Monthly Loss Runs by Type of Loss and Department	Yes
Appraisals	Yes*

Please describe all available loss control services offered by the proposer: _____
See Section 4 for further information regarding loss control services available.

*PRIA will coordinate property appraisals and trending. Preferred may provide periodic appraisals at no charge to the City.

Premium Summary

Annual Premium for Property	\$ <u>621,301</u>
Annual Premium for Crime	\$ <u>3,465</u>
Annual Premium for POL / EPLI	\$ <u>53,455</u>
Annual Premium for Automobile Liability	\$ <u>31,241</u>
Annual Premium for GL / LEL	\$ <u>77,722</u>
Annual Premium for Workers' Compensation	\$ <u>125,567</u>
Annual Premium for Stop Loss Aggregate	\$ <u>16,000</u>
Annual Premium for Ancillary Marine, Storage Tank Policies	\$ <u>67,392**</u>
*TOTAL ANNUAL PREMIUM FOR ALL COVERAGES QUOTED	\$ <u>996,143</u>

*Please type or print "N/A" in lieu of a premium if a line of coverage is not being offered in this proposal.

**Ancillary coverage includes Marine and Storage Tank Liability policies but does NOT include AD&D Coverage.

General Questionnaire

1. Have proposals been submitted per the RFP instructions (1 original, 3 flash drives)? Yes
2. Are proposed rates valid until October 1, 2015, or later? Yes
3. Are proposed rates guaranteed for at least 12 months? Yes Longer? Preferred Package Policy - 2 Years
4. Have you attached the Public Entity Crimes Statement? Yes
5. Have you attached the Drug Free Workplace Statement? Yes
8. Have you complied with the Conflict of Interest Statement by including names of Individuals that may be affected? Yes If applicable, names _____


9. If you have deviated from the specifications, have you attached explanations of all deviations? Yes
10. Have you included all pages of Section X, whether or not proposing each coverage? **(MANDATORY)** Yes

DRUG FREE WORKPLACE FORM

The undersigned PROPOSER in accordance with Florida Statute 287.087 hereby certifies that Risk Management Associates, Inc. dba Public Risk Insurance Agency does:
(Company Name)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.



Signature
7/6/2015

Date

ANTI-KICKBACK AFFIDAVIT

STATE OF FLORIDA

SS

COUNTY OF ~~MONROE~~ Volusia

I, the undersigned, hereby duly sworn, depose and say that no portion of the sum herein bid will be paid to any employee of the City of Key West as a commission, kickback, reward or gift, directly or indirectly by me or any member of my family or by an officer of the business or corporation.

BY: 

sworn and prescribed before me this 6th day of July, 2015


Notary Public, State of Florida



My commission expires 9/30/2018

N/A

LOCAL VENDOR CERTIFICATION PURSUANT TO CKW ORDINANCE 09-22 SECTION 2-798

The undersigned, as a duly authorized representative of the vendor listed herein, certifies to the best of his/her knowledge and belief, that the vendor meets the definition of a "Local Business." For purposes of this section, "local business" shall mean a business which:

a. Principle address as registered with the FL Department of State located within 30 miles of the boundaries of the city, listed with the chief licensing official as having a business tax receipt with its principle address within 30 miles of the boundaries of the city for at least one year immediately prior to the issuance of the solicitation.

b. Maintains a workforce of at least 50 percent of its employees from the city or within 30 miles of its boundaries.

c. Having paid all current license taxes and any other fees due the city at least 24 hours prior to the publication of the call for bids or request for proposals.

- o Not a local vendor pursuant to Ordinance 09-22 Section 2-798
- o Qualifies as a local vendor pursuant to Ordinance 09-22 Section 2-798

If you qualify, please complete the following in support of the self certification & submit copies of your County and City business licenses. Failure to provide the information requested will result in denial of certification as a local business.

Business Name: _____ Phone: _____

Current Local Address: _____ Fax: _____

(P.O Box numbers may not be used to establish status)

Length of time at this address: _____

Signature of Authorized Representative

Date

N/A

LOCAL VENDOR CERTIFICATION PURSUANT TO CKW ORDINANCE 09-22 SECTION 2-798 (cont.)

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20__.

By _____, of _____
(Name of officer or agent, title of officer or agent) (Name of corporation acknowledging)

or has produced _____ as identification.
(type of identification)

Signature of Notary

Print, Type or Stamp Name of Notary

Title or Rank

**SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A)
FLORIDA STATUTES ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC
OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS

1. This sworn statement is submitted to City of Key West

By Alan Florez, Executive Vice President
(Print individual's name and title)

For Risk Management Associates, Inc. dba Public Risk Insurance Agency
(Print name of entity submitting sworn statement)

Whose business address is 220 S. Ridgewood Avenue, Suite 210, Daytona Beach, FL 32114

and (if applicable) its Federal Employer Identification Number (FEIN) is 59-2445801

If entity has no FEIN, include Social Security number of individual signing.

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services provided to any public entity or an agency or political subdivision of any other state or the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "conviction" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes means:

1. A predecessor or successor of a person convicted of a public entity crime; or
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or any entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those

officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on the information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement (indicate which statement applies).

X Neither the entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

___ The entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

___ The entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (Attach copy of final order)

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR THE CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

Alan Florez
Signature
7/6/2015
Date

STATE OF Florida

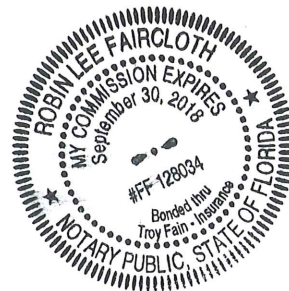
COUNTY OF Volusia

PERSONALLY APPEARED BEFORE ME, Alan Florez

who after first being sworn by me, affixed his/her signature in the space

above this 6th day of July, 2015.

Robin Lee Faircloth



CONFLICT OF INTEREST AFFIDAVIT

By the signature below, the firm (employees, officers and/or agents) certifies, and hereby discloses, that, to the best of their knowledge and belief, all relevant facts concerning past, present, or currently planned interest or activity (financial, contractual, organizational, or otherwise) which relates to the proposed work; and bear on whether the firm (employees, officers and/or agents) has a possible conflict have been fully disclosed.

Additionally, the firm (employees, officers and/or agents) agrees to immediately notify in writing the Finance Director, or designee, if any actual or potential conflict of interest arises during the contract and/or project duration.

Risk Management Associates, Inc. dba
Public Risk Insurance Agency

Firm


Signature

7/6/2015

Date

Alan Florez

Name Printed

Executive Vice President

Title of Person Signing Affidavit

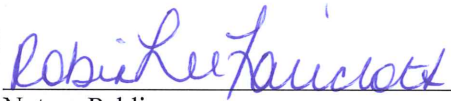
State of Florida

City of Volusia

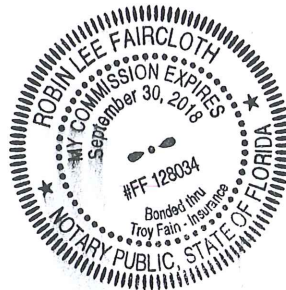
SUBSCRIBED AND SWORN to before me this 6th day of July, 20 15, by

Alan Florez, who is personally known to me to be the Executive Vice President

for the Firm, OR who produced the following identification: _____


Notary Public

My Commission Expires: 9/30/2018



CONE OF SILENCE

STATE OF FLORIDA

SS:

COUNTY OF MONROE

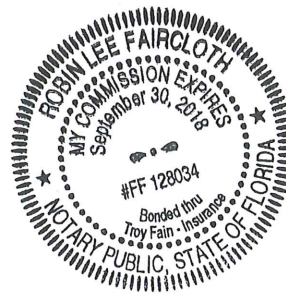
I the undersigned hereby duly sworn, depose and say that all owner(s), partners, officers, directors, Risk Management Associates, Inc. dba employees and agents representing the firm of Public Risk Insurance Agency have read and understand the limitations and procedures regarding communications concerning City of Key West issued competitive solicitations pursuant to City of Key West Ordinance Section 2-773 Cone of Silence (attached).

BY: Alan Flooy

sworn and prescribed before me this 6th day of July, 2015

Robin Lee Faircloth
NOTARY PUBLIC, State of Florida

My commission expires: 9/30/2018



EQUAL BENEFITS FOR DOMESTIC PARTNERS AFFIDAVIT


STATE OF FLORIDA

: SS

COUNTY OF Volusia

Risk Management Associates, Inc. dba

I, the undersigned hereby duly sworn, depose and say that the firm of Public Risk Insurance Agency provides benefits to domestic partners of its employees on the same basis as it provides benefits to employees' spouses per City of Key West Ordinance Sec. 2-799.

BY: 

sworn and prescribed before me this 6th day of July, 2015


NOTARY PUBLIC, State of Florida

My commission expires: 9/30/2018



*The firm has provided employee benefits to same sex domestic partners in Florida. State and federal laws take precedence.

Section 3

Proposer Experience and Qualifications

PROPOSER EXPERIENCE AND QUALIFICATIONS

Brown & Brown, Inc. is a Florida based Company, founded in Florida more than 75 years ago. Brown & Brown employs thousands of Floridians and operates out of the corporate headquarters located in Daytona Beach, Florida. Brown and Brown, Inc. operates internationally with locations in 38 states, London, and Bermuda.

Brown & Brown, Inc. was founded in 1939 in Daytona Beach, Florida.

- Ranked 6th largest insurance intermediary in the United States, 7th in the World
- 195 offices in 41 states
- 7,500+ employees
- International operations include London brokerage with European and Bermuda market relationships.

Brown & Brown entities have very significant operations in Florida.

- Corporate headquarters in Daytona Beach and Tampa
- 75+ years continuous service in Florida
- Florida premium placements exceed \$2.5 Billion.
- Largest independent intermediary in Florida by premium volume – by a factor of 3
- 40+ offices in Florida

One of Brown & Brown's core businesses is public entity business, nationally and in Florida.

- Public Entity operations in 10 states with multiple offices throughout the country
 - Florida public entity business exceeds \$200,000,000 in premium placements
 - Over 250 public entity clients in Florida served

PRIA is the public entity specialist broker within Brown & Brown. PRIA represents only the public entity sector. We will manage all services from this office. Our operations are unique:

- PRIA currently represents over **250** of Florida's governmental entities
 - 21 Counties
 - 65 cities
 - 10 public school districts
 - 5 public universities
 - Other special taxing Districts
- Only retail agency in Florida **100%** committed to Florida's public entities.
- PRIA has served **Florida governments exclusively** for over 20 years.
- We place **\$100 million of annual premiums** for our Florida clients
- 16 insurance professionals located in Daytona Beach
 - Personnel have over **250 years** of combined insurance experience
 - Most staff have professional insurance/risk designations, including:
 - Bachelors of Science – Risk Management/Insurance and Finance
 - CIC – Certified Insurance Counselor
 - CISR – Certified Insurance Service Representative
 - CRM – Certified Risk Manager
 - ARM – Associates in Risk Management
 - RMPE – Completion of Risk Management for Public Entities course
 - All staff members are encouraged to continue their pursuit of knowledge by continuing educational endeavors.

PROPOSER EXPERIENCE AND QUALIFICATIONS

- Professional Affiliations - PRIA is involved and committed to industry organizations to include:
 - Florida Association of Counties (FAC)
 - Florida City and County Managers Association (FCCMA)
 - Public Risk and Insurance Management Association (PRIMA)
 - Florida Governmental Finance Officers Association (FGFOA)
 - Florida Educational Risk Managers Association (FERMA)
 - Florida School Board Association (FSBA)
 - Risk Management Society (RIMS)
 - Florida Public Human Resources Association (FPHRA)

Our internal staff will provide the broker services for the proposed insurance program. All PRIA employees are 100% focused in providing insurance placement and broker services as described in this RFP. Our team approach to servicing Risk Management accounts is to provide a strong internal service team that is ready to respond to each risk management client's unique risk exposures and needs. To ensure a high level of continuous service we assign back up service team members for each large account. In addition, any of our other staff is available to support our clients. Resumes for team members are included herein.

PROPOSER EXPERIENCE AND QUALIFICATIONS

PRIA's Client List

Cities / Towns / Villages

Atlantis	Dania Beach	Haines City	Lighthouse Point	North Miami Beach
Auburndale	Davenport	High Springs	Madeira Beach	Ocala
Aventura	Davie	Highland Beach	Madison	Perry
Bal Harbor Islands	Deltona	Indian River Shores	Marco Island	Pierson
Bellevue	Destin	Inverness	Margate	Polk City
Bunnell	Eagle Lake	Jacksonville Beach	Mayo	St. Cloud
Cape Coral	Edgewater	Jupiter	Miami	Sarasota
Casselberry	Fellsmere	Key West	Miami Gardens	Tallahassee
Chattahoochee	Fort Lauderdale	Lake Helen	Mulberry	Treasure Island
Chipley	Fort Walton Beach	Lake Worth	Naples	West Palm Beach
Coconut Creek	Groveland	Lauderhill	North Miami	Weston

Counties

Baker	Clay	Flagler	Gulf	Lee	Marion	Sarasota
Brevard	Columbia	Gadsden	Highlands	Levy	Okaloosa	Wakulla
Citrus	Desoto	Gilchrist	Jefferson	Madison	Santa Rosa	Washington

Schools / Universities

Cape Coral Charter Schools	Lee School District	Okaloosa School District	Seminole School District
Collier School District	Madison School District	Orange School District	University of Central Florida
Florida Atlantic University	Marion School District	Pasco School District	University of Florida
Florida International University			

Special Districts

Barefoot Bay Recreation District	Emerald Coast Utilities Authority	Lake Region Lakes	Palm Beach County HA	TBARTA
Bayfront Bay Recreation District	Estero Fire Rescue	Lake Worth Drainage District	Peach River / Manasota Regional WCD	Tampa Bay Water
Big Bend Water Authority	Fellsmere WCD	Lakewood Ranch Interdistrict Authority	Pine Tree WCD	Tampa Historic Streetcar
Bonita Springs FCD	Ft. Myers HA	Lakewood Ranch Stewardship District	Pinellas Park WMD	Three Rivers Library
Broward MPO	Ft. Myers Beach Fire District	Lee County HA	Pinellas Suncoast Fire	Tindall Hammock Irrigation & Soil
Buckhead Ridge MCD	Golden Gate FCD	Loxahatchee Groves WCD	Pinellas Suncoast Transit	Titusville HA
Canaveral Port Authority	Hillsborough Transit Authority	Loxahatchee River District	Pompano Beach HA	Upper Captiva FD
Central Florida Fire	Immokalee FCD	Melbourne-Tillman WCD	St. Johns River WMD	Viera Stewardship District
Children's Board of Hillsborough County	Immokalee WSD	Miami Beach HA	Sanibel Fire & Rescue	Wakulla UFFA
Citrus County Sheriff	Jacksonville Beach CRA	Moore Haven MCD	Seminole Improvement District	West Palm Beach CRA
Citrus Mosquito Control	Jupiter RA	Naples Airport Authority	South Indian River WCD	Washington County Sheriff
Davie CRA	Key Largo Ambulance	New River Solid Waste	South Trail Fire	Winter Haven HA
East County WCD	Key Largo Volunteer Fire	Northern Palm Beach County ID	Southeast Overtown Park West CRA	53 Community Development Districts
East Lake Tarpon Fire	Lake Asbury MSBD	Old Plantation WCD	Southwest Florida WMD	

AN INTRODUCTION TO YOUR SERVICE TEAM

Account Executives

Alan Florez Executive Vice President	(386) 239-4046	aflorez@bbdaytona.com
Robin Faircloth, CISR Director of Operations	(386) 239-4044	rfaircloth@bbpria.com
Paul Dawson, ARM-P Senior Vice President / Account Executive	(386) 239-4045	pdawson@bbpria.com
Michelle Martin, CIC Vice President / Account Executive	(386) 239-4047	mmartin@bbpria.com
Brian Cottrell, CIC, CRM Vice President / Account Executive	(386) 239-4060	bcottrell@bbpria.com
Matt Montgomery Account Executive	(386) 239-7245	mmontgomery@bbpria.com
Kyle Stoekel Account Executive	(386) 239-5805	kstoekel@bbpria.com

Service Representatives

Brittany O’Brien, CIC, CRM Risk Management Department Leader	(386) 239-8823	bobrien@bbpria.com
Kate Gross, ARM-P Account Manager	(386) 239-4048	kgross@bbpria.com
Melody Blake, ACSR Account Representative	(386) 239-4050	mblake@bbpria.com
Karen Bryan Account Representative	(386) 239-4056	kbryan@bbpria.com
Linda Burtchett Account Representative	(386) 239-4043	lburtchett@bbpria.com
Patricia Jenkins, CPSR Account Representative	(386) 239-4042	pjenkins@bbpria.com
Jennifer Howard Account Representative	(386) 239-4040	jhoward@bbpria.com

Certificate Requests: certificates@bbpria.com Claim Reporting: claims@bbpria.com

Our Service Team philosophy focuses on accountability at all levels of account management. Our goal is not simply to meet your service needs, but to exceed them. All of the employees at PRIA are dedicated to achieving this goal and distinguishing ourselves from the competition.

PROPOSER EXPERIENCE AND QUALIFICATIONS

Our team approach to servicing Risk Management accounts is to provide a strong internal **service team** that is ready to respond to each client's unique risk exposures and needs. To ensure a high level of continuous service we assign back up service team members for each account, we have included full resumes for key team members only. Our Brokerage team includes:

Alan Florez - Executive Vice President brings his over 15 years in the public entity and political arena to lead the PRIA team. His job is to work behind the scenes to assist the PRIA team to provide the best products and services to our clients.

Michelle Martin, CIC – Vice President/Account Executive is the individual ultimately responsible for analyzing and designing the insurance program, marketing, negotiating with insurers and other service providers, and communicating with the County's decision makers throughout all aspects of the insurance placement and maintenance. She will be available for any and all meetings, presentations or workshops on request. Ms. Martin has 25 years' experience in the insurance industry, with 10 years solely focused on managing public entity programs.

- Insurance and self-insurance programs and policy design
- Risk Retention Analysis
- Local Government Financing and Budgeting
- Public Entity Law (Florida Statutes governing tort liability, procurement, court rulings)
- Claims Advocacy
- Informational and Educational Presentations

Brian Cottrell, CRM, CIC- Vice President with 30+ years' public entity experience will provide backup to Ms. Martin as needed.

Robin Faircloth, CISR – Director of Operations, oversees all customer service and agency operations. With a Risk Management degree from Florida State University, Ms. Faircloth has focused in public entity service for 11 years. She has been charged to constantly improve PRIA's service offerings, including technological efficiencies to assist our clients.

Kate Gross, ARM-P – Account Manager, will utilize her 7 years of public entity insurance experience along with a Risk Management degree from Florida State University and many continuing education projects to be the daily contact for the City, providing processing advice on coverage changes, endorsements, marketing and coverage negotiation, binders of coverages, and other special projects required by our larger clients.

Melody Blake, ACSR – Account Representative, boasts 24 years of insurance experience with 5 focused in governmental insurance programs. She will provide backup to Ms. Gross.

Claims Coordinator/Technical Support – Dedicated support staff to issue Certificates of Insurance, Claims reporting and follow up, claims reports, and general back up of service staff.

PROPOSER EXPERIENCE AND QUALIFICATIONS

Mike Marinan, RMPE – Director of Member Services, has a degree in Industrial Safety Engineering and over 32 years’ experience in the Safety and Risk Management field. Was formerly appointed by the Governor to the Task Force on Workplace Safety.

Brown & Brown local offices –With over 40 offices in the State of Florida, Brown & Brown offers both Public Entity expertise within PRIA and other Brown & Brown subsidiaries, including offices located in Monroe (Key Largo), Miami-Dade (Homestead, Miami Lakes) and Collier (Naples) Counties. These offices will be designated as **Catastrophic Emergency Hubs** and will provide local services on an as needed basis.

We have specific disaster recovery experience, procedures and protocol that have been practiced in virtually all Hurricanes affecting the state of Florida in recent history.

- Record claims directly from the insured and expedited their delivery to the insurance company.
- Provide face to face contact for our clients. We even provided meals to clients who were waiting to file claims after Charley.
- Through the Brown & Brown catastrophic plan, satellite offices can be opened immediately to follow up on claims and continue with the day to day requests from clients.
- FEMA coordination and protocol.



PROPOSER EXPERIENCE AND QUALIFICATIONS

Michelle Y. Martin, CIC
Vice President / Account Executive
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)

2005 to Present. Vice President / Account Executive

Responsibilities include direct consulting with clients to identify and analyze risk exposures and coverage needs, and develop and design individualized insurance programs. Professional client services include oversight of insurance and risk management programs, including claims advocacy, internal policy and procedures development, and contract review. Effective and efficient communication methods for elected board presentations, committee meeting participation, and coordination of daily staff service needs.

Brown & Brown, Inc.

2004 to 2005. **Vice President, Risk Management Division/Account Executive.**

Developed this division to enhance risk management services, cultivate new and existing client relationships, and concentrate marketing efforts for the agency's largest commercial accounts and other niche business, including governmental entities. Programs concentrated in National Accounts, Alternative Risk Finance Techniques, and Self-Insurance.

2002 to 2004. **Vice President, Marketing Manager.** Responsible for \$170,000,000+ of premium volume for existing commercial and public entity accounts.

1994 to 2002. **Account Executive.** Focused on large account management, including business development, marketing and client relations/service.

1990 to 1994. **Technical Assistant and Marketing Analyst.** Handled large commercial and public entity insurance service, policy marketing, and quality control functions.

EDUCATION

University of Central Florida, B.A. Business Administration/Finance

Certified Insurance Counselor (CIC)

Risk Management for Public Entities (RMPE)

Candidate for Associates in Risk Management (ARM)

LICENSES

2-20 General Lines Agents License, State of Florida

PROFESSIONAL AFFILIATIONS

RIMS – Risk and Insurance Management Society

PRIMA – Public Risk and Insurance Management Association

FGFOA – Florida Government Finance Officer Association; Qualified speaker for continuing education

Past: The Chamber, Daytona Beach/Halifax Area – Board of Directors, Executive Director of Civic Ballet of Volusia County, President of Downtown Daytona Kiwanis, Board of Directors Literacy Council, Board of Directors Ormond Art Museum and Gardens.

PROPOSER EXPERIENCE AND QUALIFICATIONS

Kate Gross, ARM-P

Account Manager – Risk Management Department
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)

November 2014 to present. Account Manager – Risk Management Department

The Risk Management Department is comprised of individuals with in-depth knowledge and experience in servicing our larger more complex accounts. Enhanced services include emerging market and exposure evaluation, claims/loss analysis, retention analysis, coverage/quote comparisons, flood exposure auditing, and appraisal analysis.

June 2010 to November 2014. Account Representative

Responsibilities include working with mid-sized to large public entity clients. Handle requests for certificates of insurance, policy changes and endorsements, claims issues, and other daily servicing duties. Manage initial notices of claims. Track claims activity until adjustors close files. Help address conflicts that may arise from claimants, insureds, and carriers. Provide technical and clerical support for public entity service representatives

May 2006-August 2006. Summer Intern

Organized and checked facts on schedules. Helped assemble bids for new business. Entered data into application

Sea World

May 2009-August 2009 Guest Services Representative

Provided customer service to international guests. Resolved guest conflicts. Administered the Ride Assistance Pass for guests with special needs. Improved guest experience. Trained interns.

Public Risk Underwriters

May 2007- August 2007

Compiled the initial application of the NCIF (Nonprofit Community Insurance Fund). Audited file set-up. Checked property and auto schedules for accuracy. Maintained databases. Provided support for a large municipal insurance trust.

EDUCATION

Florida State University, BS Degree, Risk Management and Insurance
Associate in Risk Management (ARM)
Risk Management for Public Entities (RMPE)
CPCU 500 Foundations of Risk Management & Insurance
CPCU 520 Insurance Operations
CPCU 530 Business Law for Insurance Professionals

LICENSES

2-20 General Lines Agent, State of Florida

City of Key West
RFP #07-015 – Property & Casualty Insurance Coverage



PROPOSER EXPERIENCE AND QUALIFICATIONS

Robin L. Faircloth, CISR
Director of Operations
Public Risk Insurance Agency

EXPERIENCE

Risk Management Associates, Inc. dba Public Risk Insurance Agency (a wholly owned subsidiary of Brown & Brown, Inc.)

April 2010 to Present. Director of Operations

Oversee day-to-day operations for support staff and operational issues. Supervisor of Account Representative staff, provide support for AMS procedures and training. Monitor processing procedures and maintain quality control standards for the office. Direct and support agency operational needs. Service of select accounts.

October 2009 to April 2010. Director of Marketing

Responsibilities are primarily focused on the coordination of renewal and new business marketing. In addition, the Director of Marketing assists the producers in enhancing renewal and new business proposals. This enhancement is supported by the gathering of data related to insurance market capabilities, coverage forms, and other relevant data sought by our clients to better inform them of their insurance program.

July 2004 to October 2009. Customer Service Representative

Responsibilities include working with mid-sized to large public entity clients. Handle requests for certificates of insurance, policy changes and endorsements, claims issues, and other daily servicing duties. Manage initial notices of claims. Track claims activity until adjustors close files. Help address conflicts that may arise from claimants, insureds, and carriers. Provide technical and clerical support for public entity service representatives.

State Farm Insurance

August 1998 to June 2004. Insurance Account Representative

Performed a range of insurance and financial sales and customer service functions. Handled the receiving, filing, and tracking the status of claims to facilitate appropriate resolutions, build customer satisfaction, expand account relationships. Clarified complex insurance terminology and procedures to educate customers. Responsible for incoming money and processed daily deposits. Trained and assisted all team members with day-to-day activities.

EDUCATION

Florida State University, BS Degree, Risk Management/Insurance and Finance

Certified Insurance Service Representative (CISR)

Risk Management for Public Entities (RMPE)

FEMA Public Assistance Program

Candidate for Associate in Risk Management (ARM)

Candidate for Certified School Risk Management (CSRMS)

LICENSES

2-20 General Lines Agents License, State of Florida

2-15 Life, Health, and Variable Annuities License, State of Florida

1-20 Surplus Lines License, State of Florida

PROPOSER EXPERIENCE AND QUALIFICATIONS

Mike Marinan
Director of Safety & Risk Management
Public Risk Underwriters

EXPERIENCE

Public Risk Underwriters

2001 to Present. Responsible for general management and oversight of all loss control and safety issues for Preferred Governmental Insurance Trust. Provide claim analysis for Trust members individually and collectively. Target clients with loss ratios exceeding 50% and establish measures for reducing losses. Visit accounts with specific individual safety and health needs. Assist with implementation of various programs, e.g. drug-free workplace, return to work-light duty policies and formal safety programs. Provide resources and direction at members' request.

Universal Underwriters Group

1998 to 2001 Account Executive

Ulico Casualty Insurance Company

1995 to 1998 Supervisor, Risk Management Services

Executive Risk Consultants

1986 to 1995 Assistant Director, Safety Management/Marketing

CIGNA Insurance Company

1980 to 1986 Senior Loss Control Representative

EDUCATION

BS Degree - Industrial Safety – Central Missouri State University
220 Property and Casualty license, State of Florida
State Certified Instructor of Construction CE Credits (OTI 500)

ASSOCIATIONS:

Florida Public Task Force on Workplace Safety
Appointed by Governor Charlie Christ September 2008

AREAS OF SPECIAL EXPERTISE

Consulting, Training and Risk Improvement for Public Sector

Section 4

Service Capabilities

PRIA understands municipal insurance and risk services. PRIA staff and other resources will be available for special projects not specifically outlined herein, upon mutual agreement of PRIA and the City.

Our major Risk Management services goals and commitments to the City of Key West are:

- Implement and execute a smooth transition plan.
- Continuous identification and analysis of risk exposures in a rapidly changing environment.
- Identify, prioritize, and provide risk management and risk transfer solutions that can be implemented effectively within the City's operating environment.
- Develop both short and long-range budgeting projections and objectives.
- Negotiate insurance program improvements every year.
- Reduce the City's overall cost of risk via market expertise and program design.
- Risk Control via identification of high loss and risk exposures and application of safety resources.
- Reduce internal administration costs and improve service via PRIA's expanded and efficient service delivery.

PRIA will work with the City to determine product and service expectations and develop a specialized service plan to achieve specific goals. Our Standard Services include, but are not limited to:

- Initiate renewal process approximately 120 days prior to renewal.
- Risk exposure identification and review, including preparation of underwriting submissions.
- Meet with staff to review marketing strategy, expectations and budget constraints.
- Recommend coverage and other risk transfer options for exposures not covered by insurance.
- Develop and execute Marketing Plan to access and negotiate with all viable insurance markets and alternative risk transfer plans with City's approval.
- Presentation of insurance renewal options to committees, workshops or board.
- Bind insurance coverage as directed in writing.
- Deliver binders and policies to document coverage at all times.
- Review each policy for accurate policy coverage, endorsement language and terms.
- Request and track policy corrections in a timely manner.
- Respond to all policy change requests and monitor endorsement issuance.
- Issue certificates of insurance. All certificates will be issued in accordance with FS 768.28 (sovereign immunity statute). Most certificates are issued the same day as requested.
- Assist with Premium Allocations as needed.
- Monitor and communicate industry trends, developments or innovations.
- Monitor and communicate potential legislative issues or legal precedence or rulings that may affect the risk management program.
- Contractual risk review and assistance with vendor contractual requirements policy.
- Promote and facilitate risk and loss prevention efforts.
- Coordinate educational seminars relative to your risk management plan.
- Claims advocacy, including attending claims review meetings. Also involvement in analyzing claims trending and assistance in favorable settlements of individual claims.
- PRIA monitors hurricane activity and will provide emergency contacts and instructions. Our staff will be available immediately after any major event.
- FEMA coordination, including pre- and post-event assistance.
- Coordination of appraisal, actuarial, claims, and other third party related services.
- Review and facilitate insurance company audits for accuracy.

Other services requested

Property Appraisals – Property schedules are maintained by PRIA. PRIA maintains a vendor partnership with AssetWorks which provides a discounted rate for appraisal services. Asset Works is an independent, professional property appraiser which will provide updated valuations based on 20+ different sources and including important property underwriting information which serves to assist in providing the best property premiums possible. *Preferred* will periodically request AND pay for the property appraisal services directly.

Asset Management Program – AMP is proprietary software to which PRIA subscribes. The program was developed and is maintained by AssetWorks. This web based system provides an efficient and secure platform for tracking and reporting property data. Uses include loss control, proof of loss documentation, Cat Modeling, historical tracking and insurance marketing. This is available, but not mandatory for our clients to use at no cost. It provides our clients with the following services to support large Property Schedule Maintenance and Claims Management Support and is included at no charge to the City.

- Integration with Existing Appraisal Reports
- Tracking of Primary and Secondary COPE data
- Document and Valuation Management and Trending
- Dynamic Reporting Tool
- Data Exchange Capability
- Communication capability with Broker for real time property schedule changes
- Future versions may include advanced claims and FEMA interface

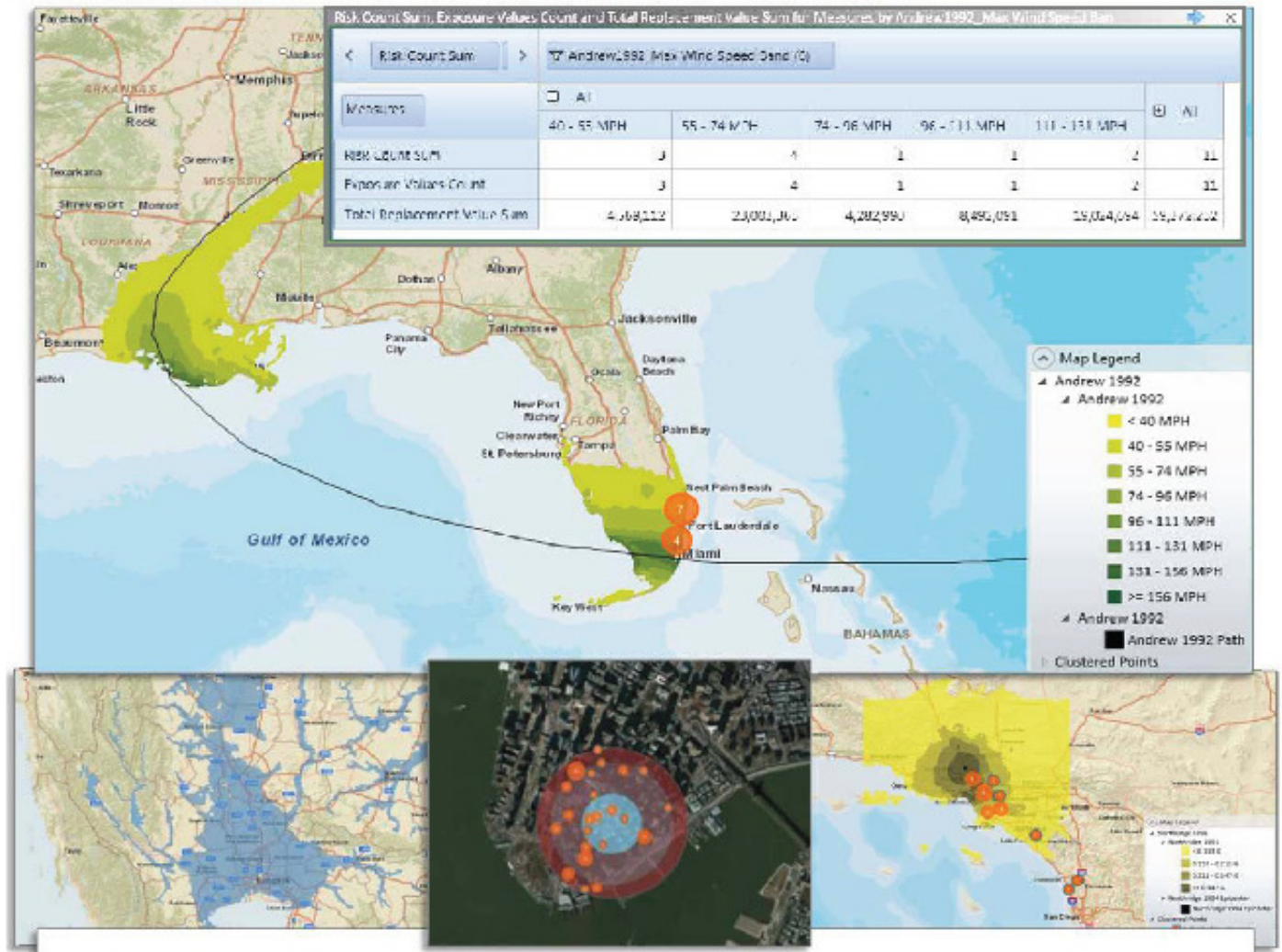
FEMA Public Assistance Coordination – Our vast experience in managing large property claims has led us to develop unique programs such as our FEMA Coordination program. This service was created in response to the difficulty that most public entities experienced in dealing with FEMA after the major storms in 2004. Our first initiative was to gain an intimate understanding of the Stafford Act and its implications in providing public assistance funds in Florida. We then met directly with FEMA representatives in the Lake Mary Long Term Disaster Recovery office and quickly established a procedure and protocol with FEMA personnel that will improve their ability to quickly pay public assistance funds to our clients. For example, we have provided a current client property policy and schedule to FEMA in advance of any losses so that FEMA will not need to request this information directly from our clients. We have also coordinated the efforts of the insurance company's loss adjusters to better align with the data that FEMA requires on their Project Worksheets. These Project Worksheets are an integral part of FEMA's reimbursement process and can significantly slow the process if they are not completed accurately. In the event of a major loss PRIA will be assisting in every step of the insurance company claims process as well as the FEMA reimbursement process. We are confident that with the processes in place we can effectively improve the expediting of claim payments in most cases by several weeks or more.

Flood Audit – This is a unique process that we have developed to keep up with FEMA's internal changes including flood mapping changes. We regularly review anticipated flood zone changes (which can employ a variety of methods) to determine impact to structures located in Special Flood Hazard Areas (SFHA's). The importance of this exercise is to determine and communicate the implications of FEMA and the Stafford Act to our clients.

Risk Analytics – We utilize a proprietary analytics program developed by one of our Brown & Brown subsidiaries. The Platform provides proprietary analytics and software program results featuring individual client risk exposures on multi-layered interactive maps. These highly sophisticated analyses can provide the City with unique perspective of the risk most likely to affect operations. Use of this tool may require additional fees.

- Data cleansing and auditing to reduce uncertainty and ensure adequate data is represented in the modeling software utilized by insurers to evaluate risk, set rate and coverage terms.
- Custom catastrophe modelling analysis
- Data quality assessments
- Geo-visualization tool – Spatial Key

The Geospatial Analytics Module in Touchstone allows seamless integration of exposure information, hazard data, and modeled losses. Visualize hazard information such as landslide susceptibility, flood zones, or liquefaction potential and aggregate exposures and losses on the spot using the widget in the UI. The Geospatial Module also allows accumulation of global exposures – even for non-modeled perils and regions.



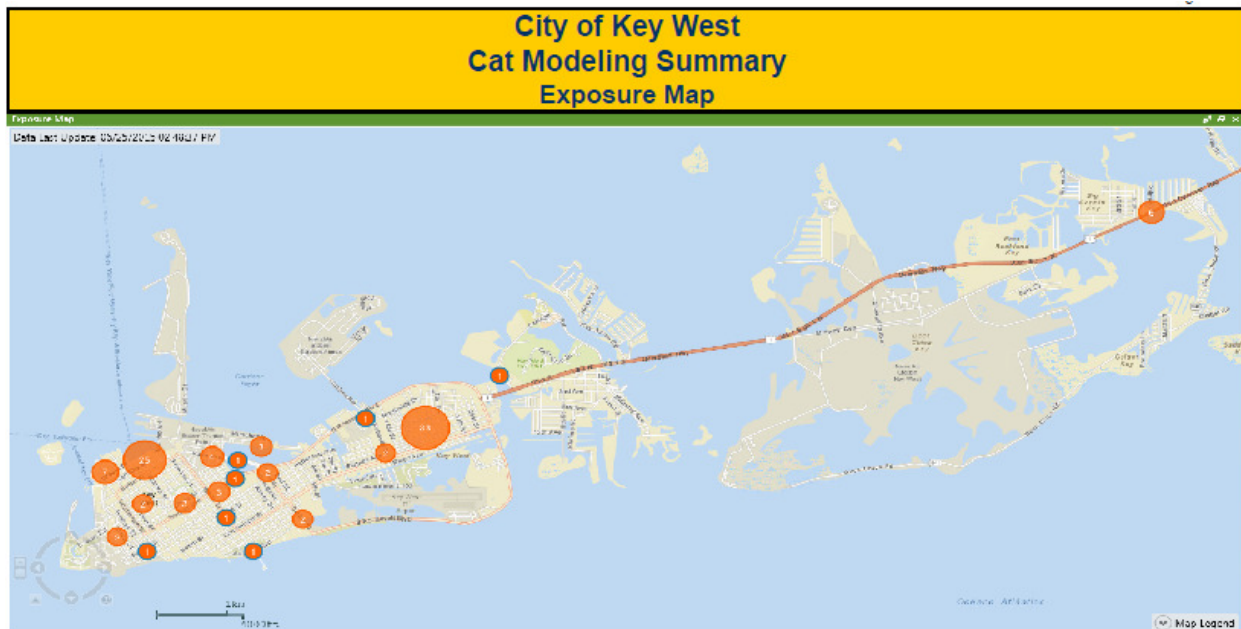
In-House Property Modeling – In addition to the analytics and sophisticated reports, we do have and will utilize in-house modeling capabilities to generate both AIR and RMS modeling results including side by side comparison of both models. We review and “scrub” the data to determine the impact including alternative and possibly more accurate data. This process and its findings are very helpful to analyze the City’s risk portfolio to the property marketplace.

Below are excerpts from our AIR property modeling report prepared for the City of Key West this year. The reports provide probability statistics for a dollar amount of damages estimated to the City’s property from a Named Storm. Generally accepted risk exposure for insurance/reinsurance is between a 100 year storm and 250 year storm event as titled “Return Periods” below. As you will see, the estimated risk exposure to the City for 100 and 250 year wind storm events (including Storm Surge) is \$16 million and \$29 million respectively.

Gross Loss Results

Model:	Touchstone v2.0	Touchstone v2.0
Analysis:	Portfolio Level	Portfolio Level
Currency:	USD	USD
Storm Surge:	Yes	Yes
Demand Surge:	With	With
Perils:	Hurricane	Hurricane
Event Set:	10K US AP (2014) - Standard	10K US AP (2014) - Standard

Return Periods	Aggregate	Occurrence
10,000	53,539,034	52,179,131
5,000	53,081,585	50,800,194
1,000	43,589,244	41,332,046
500	36,818,062	35,335,387
250	29,154,052	28,498,514
100	16,590,683	16,590,683
50	9,010,737	8,690,577
25	3,051,381	2,855,226
10	534,316	507,563
AAL	873,857	603,989
SD	4,112,844	3,217,595



RiskMeter – Risk Meter is an on line resource providing on-demand hazard risk data. This in-house subscription is utilized to be sure the most accurate and complete underwriting data is provided to the property underwriters via the Property Schedule. Real Time Data Available for individual sites includes:

- Distance To Coast
- Flood Zone Determination including distance from SFHA zone
- Storm Surge Score
- FEMA Flood Insurance Rate Map and panel number

Continuity of Operations Planning and Disaster Planning – One of Brown & Brown’s subsidiaries is Procor Solutions + Consulting (Procor). Procor is comprised of leading Risk and Disaster Management professionals who provide continuity of operations evaluation services through expertise in disaster planning, disaster response, property/business interruption loss, mitigation and claims, analytics and risk technology.

www.procorplan.com – is a web-based platform that provides flexibility and innovation to identify risks by location, prepare response strategies, organize critical resources and address evacuations and restoration processes. To help an organization become more prepared, ProcorPlan.com provides a solution to the following questions:

1. What are my greatest risks by location and what do I do for each?
2. What are my business continuity plans by location, including alternate sites?
3. In the event of loss, who is the team (internal and external) that will help me recover at this location?
4. When I need to prove damages, how do I account for key equipment and contents and keep track of warranty, maintenance records?
5. Where can I manage key emergency documents for the location including evacuation procedures?

Claims Support Services – Procor professionals have worked on hundreds of property and business interruption claims totaling approximately \$10 billion and involving virtually every industry including public entities. Our team of forensic accountants, construction estimators and claim experts insurance claims experts prepare and certify claims packages with a goal of quick and reasonable insurance claim settlements. In addition to property, we have experience with construction losses/delays/claims, subrogation claims, cyber losses/claims, fraud and fidelity losses/claims. In addition to providing expert witness testimony, our certified public accountants and business consultants have the experience and expertise to assist in dispute resolution activities including appraisals and/or mediations. Below is an overview of these services.

Procor services may require additional fees.

What makes a business resilient?

The ability to plan for
and recover swiftly
from disaster



www.bbpria.com



www.procorllc.com





We can't prevent disasters.



But we can help prevent another disaster in the aftermath.

Insurance data clearly shows disasters are occurring with much greater frequency – and causing greater loss and damage to property and business income – than ever before. Across the globe, the risk management and insurance industry are adjusting to these realities, and seeking ways to protect income streams following a catastrophe and improving business resilience.

Our unique approach connects a continuum of expert services to the risk community including:

- Policyholders and Property Owners
- Risk Managers
- Insurance Carriers & Brokers
- Emergency Restoration Providers

Procor's goal is to help organizations prepare for *what's next*, and when losses do occur, assist our clients in mitigating the loss, document and quantify the income loss, and quick-start the resumption of operations. Prepare, respond, and recover – the hallmarks of a resilient organization.



- 3 -



Innovative Strategic Planning = Faster Recovery

Procor Solutions + Consulting, LLC. is comprised of leading risk management, disaster management and insurance professionals who focus on improving business resilience through expertise in disaster planning, disaster response, property/business interruption loss mitigation and claims, analytics and risk technology.

Too often there is a “one-size-fits all” approach to managing property risk and planning for disasters. Our approach is different and simple – we believe in asking the right questions, listening attentively and providing customized solutions for each client. We foster collaborative partnerships, helping our clients plan for any disaster and then work with them to execute a response plan effectively and quickly through our industry – leading resources, alternative approaches, innovative perspectives and cutting-edge technology.

- 4 -



This proactive and pre-disaster focus positions our clients to be fully prepared to mitigate negative effects on brand, income and assets and return to normal operations as soon as possible. When those disasters do happen, we help our clients recover quickly and quantify their claims. Our experienced team has worked with organizations around the globe, managing many of the world's largest and most complex disasters and property/business interruption recoveries.



Pre-Loss Planning and Risk Valuations

Resilient businesses embrace a broad perspective of property and business interruption risk, examining threats not only to its operations and financial performance, but also to brand and reputation. Our integrated pre-loss approach helps clients identify and understand risks or exposure unique to their operations or business methods. Our forensic accountants and risk professionals help policyholders assess and set business income values, and work closely with strategic partners to bridge any gaps left between business continuity planning, insurable amounts, and emergency response.

- 6 -

Loss Mitigation & Emergency Response

Our **Priority Response** service accelerates recovery from business interruption, minimizing the disruption of operations by ensuring qualified disaster recovery experts are on the loss site quickly.



- Disaster response expertise and resources, drawn from qualified strategic partnerships across the country
- Specialist skills, equipment and materials from preferred vendors for unique events
- Insurers get the information they need



- Pre-qualified experts active on loss site, anywhere in the continental US within hours
- Early action ensures that business loss mitigation protocols are set, costs and fees fixed, and timely assessments issued to support your business decisions



- Priority means you come first when disaster strikes, putting your company well ahead of competitors on road to recovery
- Our project management and supplemental forensic accounting experts help you quantify your loss, and let you concentrate on your business recovery

Loss Assessment, Quantification and Documentation

After the loss mitigation and emergency response phase has been successfully completed, a property or income loss must be thoroughly evaluated, quantified, and professionally presented for reimbursement through either insurance or other disaster aid programs. Through our pre-loss planning, Procor's **Priority Response** clients are positioned to recover more quickly and effectively, re-establishing operations well before competitors and protecting their brands.



- 7 -

The Procor professionals and our strategic partners have worked extensively in the insurance industry and most hold advanced degrees and professional certifications. We bring that expertise and experience to help clients improve their risk planning and prepare for *what's next*.

Procor Clients are Resilient.

Principals

Arnie Mascali
President
(908) 507-7436

Frank Russo
*Executive Vice President,
Strategy & Analytics*
(646) 220-0991

Rob Kriegstein
Director of Forensic Accounting
(732) 299-3166



New York | New Jersey

www.procorllc.com

Contract Review and Compliance – PRIA will review your RFP/RFQ/ITN bid specifications' insurance requirements so that the City transfers appropriate risk to the vendor. PRIA will also review certificates of insurance submitted by vendors to be sure they are in compliance with the entity's requirements. We have worked with many Cities to develop contract requirements and compliance. Each entity is different in the way it perceives risk, in purchasing procedures, and in contract management. We will work with you to develop policies and procedures that are most effective and unique to your entity.

Loss Control Assistance – Safety is a key objective of our program. See our full presentation of resources in the Loss Control Services Guide included in Section 4. Also attached is a recent *Preferred News* quarterly publication containing informative articles affecting Risk Management. Additionally, we offer the following:

TIPS Safety incentive reimbursement program – \$5,000 of matching funds available annually can be used for a myriad of resources including: Personal protective equipment, safety related signs, ADA compliance, police accreditation, ergonomic training, sidewalk repairs, continuing education classes, lifeguard training, et cetera.

Webinars are presented on a frequent basis. A few recent topics presented include:

- Body Worn Cameras – Proceed with Caution
- Public Records
- Working and Complying with the Americans with Disabilities Act
- Accident & Injury Investigations
- Heart & Lung (Workers Compensation presumption benefit for first responders)
- Medicare Set-asides
- Sexual Harassment
- Drug Free Workplace

The City is assigned a Senior **Safety & Risk Management Consultant** to identify your needs and deliver risk management resources. All of our consultants have over 20 years of experience each. Customized on-site training is dependent upon your needs. Some of the standard training topics include (but certainly is not limited to):

- Emergency and Hurricane Preparedness
- Defensive Driving
- Workplace ergonomics
- Job Hazard Analysis

Employment-focused resources included are:

- HR Risk Management Helpline – access to legal opinions and resources highlighted below.
- Pre-termination issues consultation with your choice of panel defense counsel: \$2,500 per each potential employee termination, \$5,000 aggregate per year.
- On-line training modules to include:
 - Employment Practices for Supervisors
 - Issues of Alcohol and Substance Abuse
 - Discipline and Termination
 - Interviewing and Hiring
 - Performance Management
 - Preventing Discrimination
 - Understanding Employee Leave
 - Workplace Violence
 - HIPAA Awareness
 - Preventing Workplace Sexual Harassment
 - Preventing Workplace Discrimination
 - Preventing Wrongful Termination
 - Promoting Ethical Behavior
 - Promoting Child Safe Environments
- Current best practices for employment practices
- Model policies on many issues including Equal Employment Opportunity
- Preferred News issued quarterly. Most current issue includes “Blurred Lines: Medical Marijuana and the Workplace” written by and from the pertinent perspective of a legal specialist in Florida local government law. (Specimen newsletter is attached herein.)
- Access to online up-to-date information and expert commentary including government employment issues.



2015

Safety & Risk Management Services Guide

Exclusively for

Preferred
PGIT GOVERNMENTAL
INSURANCE TRUST

Members



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Introduction

This manual is designed to outline the resources and services that are provided by the Public Risk Underwriters Safety and Risk Management Department.

The resources and services defined in this manual may be subject to future enhancements or changes to improve effectiveness in meeting our member's needs.

In addition to safety training and hazard identification, our field representatives are capable of assisting our members with more comprehensive insurance related issues. These include experience modifications analysis, risk financing techniques, risk retention, claims trending and analysis, light duty, drug free workplace, FEMA, emergency preparedness, and workers' compensation classification.

In order to effectively serve our members we will implement the following additional measures as needed:

- Assist our Underwriting Department in targeting additional product applications that may be beneficial to our customers through field analysis.
- Maintain effective relationships with the agents by keeping them informed of each member's resource and service needs.
- Work closely with PGCS Claim Services to share information and refine data that is utilized to evaluate our members and target specific areas where services may be required to assist in improving retained losses.

Safety and Risk Management Services

The success of any Municipal organization is tied to its ability to protect and preserve its human and physical assets. This basic premise serves as the cornerstone of an effective safety management program and underscores the importance of safety and risk control to the community. Public Risk Underwriters Safety & Risk Management Department is very aware of the valuable contribution that a comprehensive Safety & Risk Control Program makes to the bottom-line of any organization.

Our safety consultations originate with one basic thought: to recommend specific measures to minimize or eliminate the exposures that cause accidents. Our safety and risk consultants can recommend measures to control and minimize all types of accidents, injuries and illnesses to Preferred member's operations and premises.

We are dedicated to meeting the challenge of the complex issues facing our members. Disarming these issues and converting them into solutions which work to the advantage of the member is our goal. Our approach to risk control incorporates the following elements:

Exposure Identification - Assist members in determining areas where a chance of loss might exist through cause trend analysis, work site evaluations, and facility inspections.

Exposure Measurement and Loss Analysis - Loss analysis and a review of the consequences of the exposures will be considered to develop alternative methods of control.

Determination and Selection of Appropriate Risk Control Methods - Based on measurement and analysis, specific recommendations and/or a custom designed risk control plan will be formulated. OSHA, as well as other Agency Standards will be applied and/or used as a "Best Practice" measure when designing and formulating safety and risk control plans.

Training and Safety Management Consulting - After considering the members needs, specific services and /or training will be formulated and initiated to fit the members need (see Training Programs section). Key personnel or specialty consulting services with the knowledge and skills needed to meet those identified needs will be provided.

Additional Consulting Services Available – Public Risk Underwriters Safety & Risk Management has other services available that may benefit our members. These services include security evaluations, contract reviews, and review of existing safety and risk programs.

Public Risk Underwriters Safety and Risk Management evaluates the unique needs of each member. Our goal is to design a program that is capable of being integrated into the overall safety and risk control efforts of each member. Our dedication to the problem solving approach is the foundation of our Safety and Risk Management Service.

Public Sector Safety Program

The purpose of the Public Sector Safety Program is to outline an effective way to establish and enhance safe work practices for your employees, identify and control occupational hazards, and prevent or reduce on-the-job illnesses and injuries. The program contains eight elements which include the necessary instructional forms and step-by-step requirements needed to establish the basic framework for a solid Safety Program.

The Eight Elements:

- Management Commitment and Worker Involvement
- Safety Committees
- Safety and Health Training
- First Aid (training can typically be provided by your local Fire Department or Red Cross Chapter)
- Accident Investigation
- Record Keeping
- Safety Rules, Policies and Procedures
- Employer Self-inspection and Job Hazard Analysis

The Program Will Help You to:

- Improve workplace safety awareness
- Involve employees and encourage participation and feedback in problem solving
- Evaluate the general and specific safety training needs of your employees
- Analyze physical conditions and work practices that lead to accidents and injuries
- Identify hazardous conditions and establish preventive and protective measures
- Comply with state and federal safety standards and regulations

The Benefits of Implementing This Program May Include:

- Reducing the cost of workers' compensation insurance premiums
- Reducing medical treatment costs and lost work or production time
- Reducing the incident or severity of workplace illnesses and injuries
- Reducing liability costs associated with work processes and conditions
- Improving workplace morale and productivity

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Onsite Safety Survey Program

It is the objective of Public Risk Underwriters, Safety and Risk Management Department to establish a procedure at the member's location for the proactive and systematic recognition and control of hazards at all facilities. The maintenance of owned, leased, occupied and/or possessed properties will be placed at a high priority level. To meet this objective, Preferred members can establish the following policy section to assure regular maintenance of properties and regular inspections (with checklists). This can be done with frequency and scope relative to commonly expected changes in conditions, whether caused by normal wear and tear, vandalism, misuse, damage from adverse weather conditions or other natural phenomenon.

Frequency and scope should also be relative to the level of hazards that exist, such as volume of visitors or employees, occupancy by children, accessibility by disabled persons or the elderly, and premises activities (such as swimming and competitive sports). This includes facilities that are critical to the providing of public utilities, and facilities that involve storage and processing of hazardous chemicals or flammable substances.



Preferred TIPS

The Preferred TIPS program is a reimbursement program with matching training/safety incentives that can be applied for by any current member of Preferred. Each entity is eligible to apply for a matching incentive of up to \$5,000 per coverage year. The applications will be accepted until the end of each quarter and then evaluated and recipients notified by the end of the month following the quarter.

Examples of eligible reimbursements include:

- Personal protective equipment
- Safety related signs
- ADA compliance measures
- Police accreditation program fees
- Driver training
- Law enforcement simulator training
- Ergonomic training
- Sidewalk repairs
- Continuing education classes
- Lifeguard training
- Most any safety related training or equipment.



Once an application is received the committee will determine the relevance of the training/safety purchase against the lines of coverage purchased by the member. The committee will also consider the information provided in the application.

Please contact your regional Loss Control representative or send an email to PreferredTIPS@publicrisk.com should you have any questions, need additional assistance, or be in need of a copy of the Preferred TIPS application.

A copy of the Preferred TIPS application may also be obtained by logging into ETools.



Health and Safety - Special Events Participation

Planning a special event for your employees? If so, let us know! Public Risk Underwriters Safety and Risk Management Department will consider all invitations pertaining to participation in your upcoming special events, such as annual employee health & safety fairs.

Our participation in your special event could possibly include one or more of the following:

- Safety related displays, demonstrations and/or presentations
- Safety related hand-out materials, such as booklets, brochures and slide guides
- Special event promo give away items
- Gift donation per event raffle / prize drawing

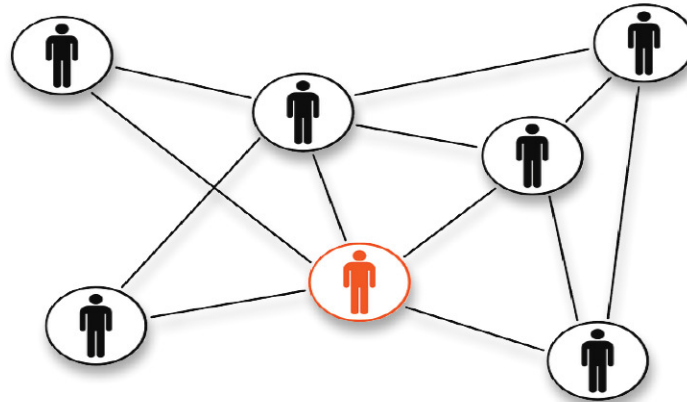
Please contact your agent or Public Risk Underwriters Safety & Risk Management representative for further details on how we may be able to take part in your upcoming employee related special events.



Safety and Risk Related Information and Research

Are you looking for answers to specific questions related to public sector safety and risk management? Are you either having a difficult time finding it, or don't have the necessary time to properly conduct the research to find the answer?

If so, please let us assist you in finding the answer through the use of our public sector network capabilities and safety & risk research initiative. Our business relationships with other public entity sectors allows us to contact numerous in-state, as well as out-of-state governmental entity services to find the answers, resources, or materials you are in search of.



Public Risk Underwriters E-Tools

A PRU E-Tools account provides clients with immediate access to all the services listed below:

(Please note that some services may not be available upon accessing due to possible development, changes and/or updates being performed)

- Access to all Preferred Newsletters
- Access to Preferred Safety & Risk Management Resources, including forms and articles
- Issue a certificate of coverage and view historical certificates previously issued
- Access to webinars and presentations on current topics i.e.: Hurricane Preparedness

Registering for E-Tools:

To register, just go to www.publicrisk.com and click on the “register” button located at the top right corner of the web site and complete and submit the registration form.

Activation of E-Tools Account:

You will receive an email within 72 hours per the activation of your account.



PGCS E-Accounts

The PGCS E-Accounts provides clients with immediate information about the claims PGCS is handling for them. With these tools, clients can review claims, get loss runs, and analyze trends with statistical and graphical reports.

Registering for E-Accounts:

To register, just go to www.pgcs-tpa.com and click the Member/Client button. Then click Register and complete the form. Once the form is complete, click Register again and you will see the Website Access Terms and Agreements. Read them, click the checkbox to accept them, then click submit.

The next page asks you to print the acceptance form. Print, sign it, and mail it to the indicated address. (There is no longer any requirement to have it notarized.)

Activating E-Accounts:

Upon receipt of the form, Senior PGCS Management will review the registration, determine the appropriate parameters for the account and authorize the webmaster to activate it. Once authorized, the webmaster will apply those parameters to the account settings, activate the account and notify the client by email.



Preferred HR Risk Management HELPLINE

The Preferred HR Risk Management HELPLINE is available to those members that have their POL/EPLI or ELL/EPLI coverage with Preferred. The HELPLINE is an employment law focused resource designed to control costs, save time, and complement the valuable services that Preferred provides. The resources provided by the HELPLINE allow members to save thousands of dollars annually.

HR Risk Management HELPLINE benefits include:

- Confidential, documented responses to specific employment law questions from real attorneys who are experts in HR Risk Management and Employment Law issues
- Online Unlawful Harassment Training for all supervisors and employees
- A state-specific employee handbook building tool
- HR Express Updates including popular Questions of the Month and HR Alerts
- Customizable HR Risk Management resources including Federal and State-specific forms and posters



Registering for the Preferred HR Risk Management HELPLINE:

Members that have their POL/EPLI or ELL/EPLI coverage with Preferred may register to utilize this valuable service by going to www.pgithelpline.com, or by calling (877) 568-6655 to speak with a HELPLINE representative.

This is just a sample of the topics that members will be able to obtain valuable assistance with...

Americans with Disabilities Act (ADA)	Immigration Laws and Issues	Recognition Programs
Affirmative Action Plans	Interviewing	Regulatory Compliance (State & Federal)
Age Discrimination (ADEA)	Layoffs	Religious Issues
Background & Employment Screening	Management & Employee Development	Retaliation
Benefit Continuation (COBRA)	Marital Status	Safety Procedures & Practices
Compensation	Military Leave (USERRA)	Sexual Harassment
Disability Claims & Issues	National Origin & Language Issues	Sexual Preference & Orientation Issues
Discrimination Payroll	Payroll	Termination & Discharge
Drug Testing	Performance Management	Training
Employee Turnover	Personnel Files (Content & Handling)	Unemployment Compensation
Exempt/Non-Exempt Issues (Overtime)	Physical Appearance Issues	Union Relations – General Inquiries
Facility Closure	Pre-Employment Behavioral & Skill Testing	Wage/Hour (Federal) – (FLSA)
Family and Medical Leave laws (FMLA)	Pregnancy	Wage/Hour (State)
Fraud/Theft/Shrinkage	Privacy of Documentation (HIPAA Issues)	Workers Compensation
Gender Issues	Progressive Discipline Situations	Workplace Violence
Hiring Practices	Racial Issues	

If you would like further details on this valuable resource tool, please contact Michael Stephens, Safety & Risk Management Consultant at email: mstephens@publicrisk.com or phone: (321) 832-1658.

My Community Workplace Website for Preferred Members

The My Community Workplace website is available to all Preferred members. The site is a free online resource that can save you time and money by providing cutting edge training and information for your workplace. Members may register to use this valuable resource by going to www.mycommunityworkplace.org.

Web Based Training

Online training modules for managers and supervisors are available 24/7 at no cost to the member. This could result in a potential savings of thousands of dollars a year in training costs.

Training courses available:

- Preventing Workplace Sexual Harassment
- Preventing Workplace Discrimination
- Preventing Wrongful Termination
- Promoting Ethical Behavior
- Promoting Child Safe Environments

Up-to-Date Information and Expert Commentary

Topics Include:

- Best practices for employment practices and child protection
- Leadership and management skills
- Healthy lifestyle and safety
- Exclusive articles written for the specialized interests, such as government entities, schools, and not-for-profits

New Student Protection Zone

The new Student Protection Zone enhancement will help entities protect students from bullying, cyber bullying, hazing, harassment, sexual abuse and other risks. The Student Protection Zone is a first-of-its-kind functionality that provides weekly education, expert commentary and state-specific reference information.

Knowledge Vault

- Library and Checklists – Thousands of articles covering vital workplace issues, grouped according to topic, as well as self-audit checklists
- Links to important federal and state government websites
- Model Handbook – Over 95 model policies on workplace issues ranging from Equal Employment Opportunity to Social Media (certain key policies are available in English and Spanish).
- Loss Scenarios – Examples of situations that have caused liability for organizations like yours

My Workplace

This part of the site can be set up to communicate information and policies to the employees of an organization registered on My Community Workplace.

Control Panel

- This feature allows the site administrator to adapt the site to match the needs of his/her organization:
- Add or recruit additional users
- Change default training settings
- Upload organization's own employee policies into training modules
- Monitor training progress of the organization's registered users and download training reports

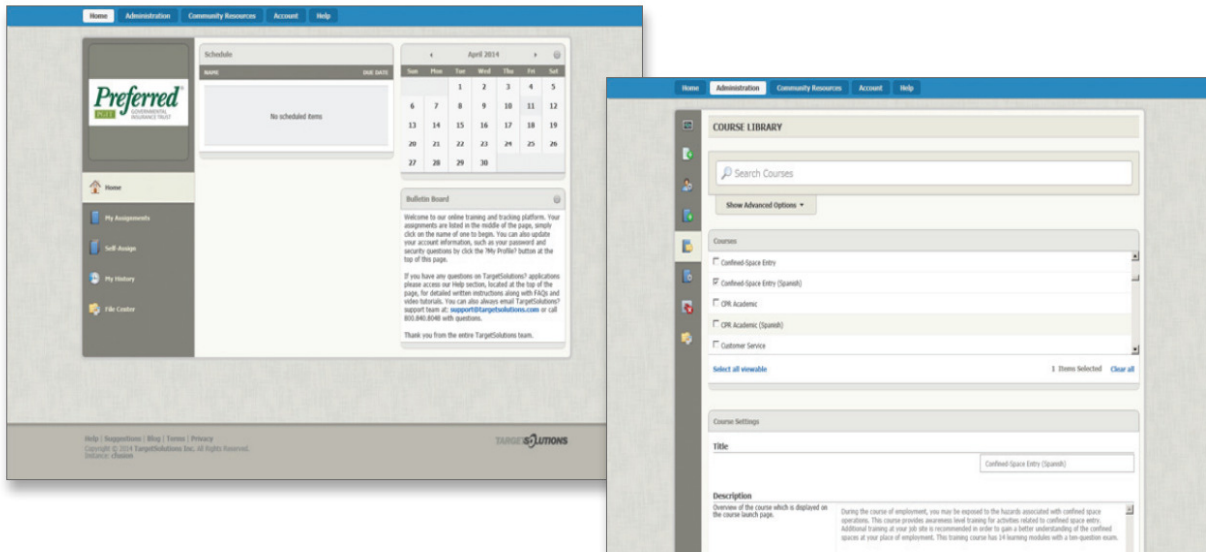
Notice: Mycommunityworkplace.org is a product of The McCalmon Group, Inc., platform administrator solely responsible for its content. Please contact The McCalmon Group, Inc. should you have questions regarding the website at 1-888-712-7667.

Preferred Online Learning Center - TARGETSOLUTIONS

Effective training and records management is vital in today's workplace. Reducing claims, controlling losses and streamlining efficiencies are critical. That is why Preferred partnered with TargetSolutions to provide our members with innovative web-based training management technology.

- Preferred members can access more than 185 training courses in English and Spanish covering topics related to HR/Employment Practices, OSHA Compliance, and Motor Vehicle Safety utilizing TargetSolutions extensive web-based library. TargetSolutions is committed in helping members to deliver training, ensure compliance and reduce risk by streamlining and automating the training management process.
- TargetSolutions enables members to define, measure and monitor key risk metrics that help keep their employees safe and protect assets. With the platform, Onsite Administrators can create risk mitigation tools specific for their organization, making it possible to analyze the fundamentals and take action where needed.
- TargetSolutions' web-based training management platform is accessible 24/7. Users can navigate captivating, cross-browser compatible courses with cutting-edge interactions at a pace and time that is convenient for them.
- TargetSolutions' Risk Management Platform makes it possible for Member Onsite Administrators to assign and deliver online training courses to their users. The system also provides the ability to track, document and report assignments. Tracking training, generating reports and analyzing deficiencies has never been easier.
- TargetSolutions' technology platform features the industry's most dependable and powerful cloud-based system. TargetSolutions delivers 99.95 percent uptime, delivering a fast and reliable experience for users. TargetSolutions' backup datacenter has been strategically positioned, securing production infrastructure.

If you would like further details on this valuable resource tool, please contact Michael Stephens, Safety & Risk Management Consultant at email: mstephens@publicrisk.com or phone: (321) 832-1658.



Self Inspection Forms

Public Risk Underwriters Safety and Risk Management has the following checklists that can be utilized by Preferred members to perform routine self inspections of their facilities, property, and operations. These self-inspection checklists can be accessed through the E-tools section of the Public Risk Underwriters website.

Available Inspection Checklists:

- Public Beach
- Cafeteria / Kitchen
- City Hall
- Public Dog Park
- Fire Station
- Meeting / Exhibit Hall
- Public Park (including water recreation facilities)
- Park Trails
- Playground
- Police Station
- Schools
- Skate Park
- Sports Complex (indoor)
- Sports Complex (outdoor)
- Public Swimming Pool
- Trenching & Shoring
- Public Utilities
- Vehicle Maintenance Garage

Preferred INSURANCE TRUST

Location: _____ Date: _____

General Conditions/Prevention/Operations & Maintenance/Additional/Inspection/Inspection	PASSES INSPECTION		General Conditions/Prevention/Operations & Maintenance/Additional/Inspection/Inspection	PASSES INSPECTION	
	YES	NO # "NO", please explain.		YES	NO # "NO", please explain.
Main Entry - Signs (including doors - gates)			Unauthorized Vehicles		
Main Corridor - Lighting, ceiling, floor, handrails			Parking Lot Striping - Surface Markings		
H.R. - Safety Signage (required in posted & control)			Parking Surfaces (oil buildup, potholes, etc.)		
Emergency Signage (check point, street, light, clear view)			Parking Bikes (DOT safety)		
Other Office (lighting, ceiling, floor, handrails)			Parking Lot Lighting Poles (free of damage)		
Restrooms - Kitchen (lighting, ceiling, floor, handrails)			A/C Poles At All Tanks - Buildings		
Locker - Men/Women (lighting, ceiling, floor, handrails)			Pedestrian Striping - Bike Lane		
Electrical (posted entry, panels, conduit, handrails)			Strip (Striped Yellow Striping)		
Security Monitoring System			Sidewalk - Walkway Surface (cracks, level, grade)		
Storage - Maintenance (lighting, ceiling, floor, handrails)			Sidewalk - Walkway Lighting (fixtures - poles)		
Fire Sprinkler Heads (no objects within 18" of)			Benches - Tables		
Chemical - Cleaner Storage Policy Followed - MSDS			Trash Receptacles (available, well maintained)		
Hazardous Storage Policy Followed			Security Locking - Gates - Locks		
PPE in Place - Adequate Inventory			Ground Sprinkler Heads		
Temperature and Fire Storage			Excess Vegetation - Prunings Vegetation		
First Aid Kit - BOP - CPR - AED			Overhanging Trees (minimum of 7 clearance)		
Heat & Air (posted entry, air filtration, annual inspection)			Adverts - Trash - Trip Hazards - Ann Files		
Stairs - Walkways (lighting, ceiling, floor, obstructions)			Yard Waste		
Stair Obstructions			Security Monitoring (grounds & parking)		
Emergency Lighting			Water Walls (water damage status - mold)		
Fire Extinguishers (inspected, tagged, within 75 feet)			Utility Meters - Boxes - Piping & Light Fixtures		
Fire Alarm			Authorized Personnel Only Signage		
Stairways (lighting, no-slip treads, hand rails, obstructions)			Signs (lighting, no-slip treads, hand rails)		
Elevators / Escalators (proper operation & inspections)			Blowers (cleaned, no-face boards, wear)		
Stairways (lighting, no-slip treads, hand rails, obstructions)			Blowers (check belt operation)		
Emergency Exit Plans - CSI - Map / Declaration			Door Mats		
Window Treatments & Shutters			Vending Machines - Drinking Fountains - Public Phones		
Water Damage - Windows Identified			Handicap - Wheelchair Access		
Trash (obstructions)			Handicap - Parking Area		
Exit Doors Properly Marked With Sign & Lighting			Hand - Fall		
Exit Doors (open, handrails)			Sidewalk - Walkway / Pathway		
Exit Doors Easily Open From Inside / Open Outward			Handicap - Access		
Other - Misc.			Handicap - Access		

Preferred INSURANCE TRUST

Entity Name: _____ Date: _____

General Conditions/Prevention/Operations & Maintenance/Additional/Inspection/Inspection	PASSES INSPECTION		General Conditions/Prevention/Operations & Maintenance/Additional/Inspection/Inspection	PASSES INSPECTION	
	YES	NO # "NO", please explain.		YES	NO # "NO", please explain.
Entry Sign - Entry Sign (including doors)			Unauthorized Vehicles		
Main Corridor - Signs (lighting, ceiling, floor, handrails)			Parking Lot Striping - Surface Markings		
H.R. - Safety Signage (required in posted & control)			Parking Surfaces (oil buildup, potholes, etc.)		
Emergency Signage (check point, street, light, clear view)			Parking Bikes (DOT safety)		
Other Office (lighting, ceiling, floor, handrails)			Parking Lot Lighting Poles (free of damage)		
Restrooms - Kitchen (lighting, ceiling, floor, handrails)			A/C Poles At All Tanks - Buildings		
Locker - Men/Women (lighting, ceiling, floor, handrails)			Pedestrian Striping - Bike Lane		
Electrical (posted entry, panels, conduit, handrails)			Strip (Striped Yellow Striping)		
Security Monitoring System			Sidewalk - Walkway Surface (cracks, level, grade)		
Storage - Maintenance (lighting, ceiling, floor, handrails)			Sidewalk - Walkway Lighting (fixtures - poles)		
Fire Sprinkler Heads (no objects within 18" of)			Benches - Tables		
Chemical - Cleaner Storage Policy Followed - MSDS			Security Locking - Gates - Locks		
Hazardous Storage Policy Followed			Ground Sprinkler Heads		
PPE in Place - Adequate Inventory			Ann Files		
Temperature and Fire Storage			Excess Vegetation		
First Aid Kit - BOP - CPR - AED			Overhanging Trees (minimum of 7 clearance)		
Heat & Air (posted entry, air filtration, annual inspection)			Adverts - Trash - Trip Hazards - Ann Files		
Stairs - Walkways (lighting, ceiling, floor, obstructions)			Yard Waste		
Stair Obstructions			Security Monitoring (grounds & parking)		
Emergency Lighting			Water Walls (water damage status - mold)		
Fire Extinguishers (inspected, tagged, within 75 feet)			Ground Floor Walkways - Obstructions		
Fire Alarm			Utility Meters - Boxes - Piping & Light Fixtures		
Stairways (lighting, no-slip treads, hand rails, obstructions)			Authorized Personnel Only Signage		
Elevators / Escalators (proper operation & inspections)			Signs (lighting, no-slip treads, hand rails)		
Stairways (lighting, no-slip treads, hand rails, obstructions)			Blowers (cleaned, no-face boards, wear)		
Emergency Exit Plans - CSI - Map / Declaration			Blowers (check belt operation)		
Window Treatments & Shutters			Door Mats		
Water Damage - Windows Identified			Vending Machines - Drinking Fountains - Public Phones		
Trash (obstructions)			Handicap - Wheelchair Access		
Exit Doors Properly Marked With Sign & Lighting			Handicap - Parking Area		
Exit Doors (open, handrails)			Hand - Fall		
Exit Doors Easily Open From Inside / Open Outward			Sidewalk - Walkway / Pathway		
Other - Misc.			Handicap - Access		

Safety Related Material and Resources

Safety Times Reproducible Articles

These 129 reproducible safety articles may be used in internal newsletters, safety meetings, safety e-mail alerts, and other ways to promote safety. The articles will benefit your organization by providing your employees with knowledge and skills on avoiding off-the-job accidents. This can prevent on-the-job accidents by fostering a 24-hour safety attitude. Your organization can benefit by reducing loss expenses, and increasing productivity. The articles are accessible through the E-tools section of the Public Risk Underwriters website.



Safety Slide Guides

These handy pocket slide guides are compact and cover a variety of safety related topics. The pocket slides are a great quick reference resource to find answers to safety related questions. Each slide guide addresses common questions and/or safety tips on a specific topic to stay safe and healthy. If you would like further details on this valuable resource tool, please contact Michael Stephens, Safety & Risk Management Consultant at email: mstephens@publicrisk.com or phone: (321) 832-1658.



- ALICE - Active Shooter Response Plan
- Everyday Exercises for Busy People
- Ergonomics
- Natural Disasters
- Preventing Carpal Tunnel Syndrome
- Safe Lifting
- Backache Prevention
- Fire Hazards
- Stress Management
- Skin and Sun Safety
- First Aid

Auto Accident Claim Reporting Kit

As an additional service to those members that carry automobile coverage through Preferred, Public Risk Underwriters can provide an Auto Accident Report Kit for each of your insured vehicles.

The kit is designed to assist drivers in collecting accurate data at the scene of an accident in order to aid in the expediting of claims processing. At least one kit should be stored in each covered vehicle's glove compartment or other easily accessible storage area. The kit is accessible through the E-tools section of the Public Risk Underwriters website.

Safety Posters

Public Risk Underwriters Safety and Risk Management currently has 12 different safety posters available to Preferred members. Each poster is constructed of heavy duty glossy finish paper and measures 17"x 22". These posters may be ordered as a set, or ordered per each title. Currently, the following poster titles are available:



If you would like further details on this valuable resource tool, please contact Michael Stephens, Safety & Risk Management Consultant at email: mstephens@publicrisk.com or phone: (321) 832-1658.

Safety Video Library

Public Risk Underwriters Safety and Risk Management has a vast library of safety training videos available. Here is just an example of the safety topics covered...

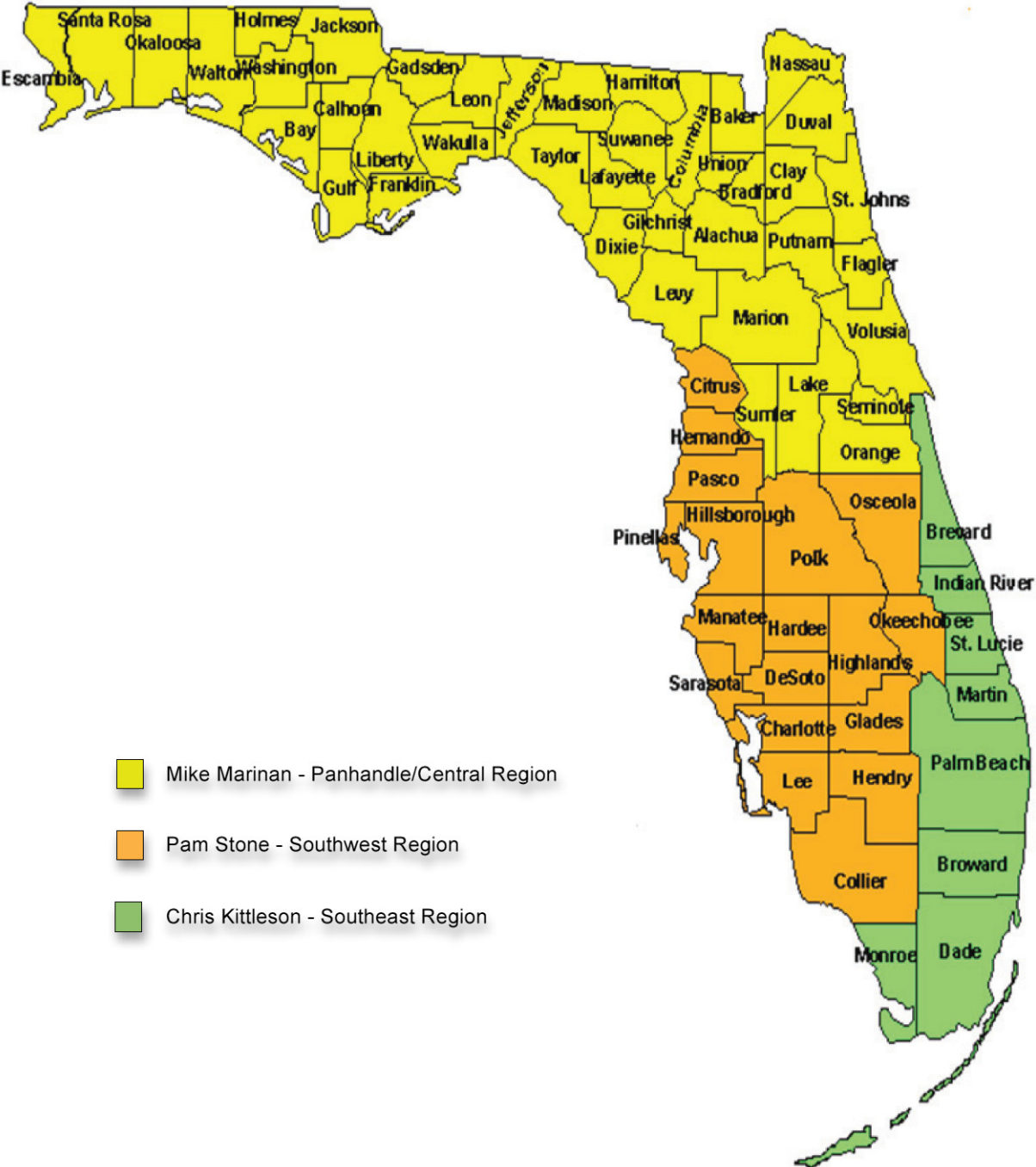
Safe Work Practices
General Office Safety
Back Injury Prevention / Safe Lifting
Chemical Safety
Safety in the Maintenance Department
Fire Extinguisher Training and Use
Commercial Lawn Mower Safety
Chain Saw Safety
Landscape Maintenance
Heat Stress
Respirator Selection and Use

Bloodborne Pathogens
Emergency Preparedness at Work
Tree Trimming Safety
Personal Protective Equipment
Hand and Power Tool Safety
Ladder Safety
Office and Computer Ergonomics
Fire Extinguisher Safety
Confined Space Entry
Trenching and Shoring
High Voltage and Electrical Safety



If you would like further details on this valuable resource tool, please contact Michael Stephens, Safety & Risk Management Consultant at email: mstephens@publicrisk.com or phone: (321) 832-1658.

Public Risk Underwriters of Florida Safety and Risk Management Service Regions



Safety and Risk Management Departmental Contacts and Bios

It is of paramount importance that the level of service that we provide meets the expectations of our clients. We take a pro-active approach to servicing our accounts and encourage you to contact us with your thoughts and input.

Mike Marinan - Director of Member Services

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Mike has a degree in Industrial Safety Engineering and over 32 years experience in the Safety and Risk Management field. He has been employed by Public Risk Underwriters of Florida, Inc. for almost 13 years. He holds an RMPE designation, holds a General Lines 220 and 218 licenses, and is an active member of ASSE and numerous related Safety and Health organizations. He was a Governor appointee to the Task Force on Workplace Safety.

Pamela Stone - Senior Safety & Risk Management Consultant

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Pamela has worked in the insurance field for the last nineteen years of her career. The last 7 years with Public Risk Underwriters of Florida, Inc. Her experience includes working in Program Development, Marketing, Training and Liaison between Members and Underwriting and Claims and of course Risk Management. She has completed the 10 hour OSHA Outreach Training course in General Industry Safety and Health, and most recently completed Fundamentals of Employment Law with State College of Florida. Her educational background is in Business and Computer Programming. Pamela has a true passion for working with members and helping them to accomplish their goals.

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Christopher H. Kittleston joined Public Risk Underwriters of Florida, Inc. as a Sr. Risk Control Consultant in 2010 and provides Loss Control services for the southern Florida region. With over 17 years of safety & health consulting experience Chris has developed industry expertise in the areas of Construction, Manufacturing and USL&H as well as safety programming expertise in the areas of Safety Program Development, Return to Work Programs, Regulatory Compliance, Accident Investigation and Safety Training. Prior to working in the Insurance industry Chris' career was with IBM where he held various Engineering positions. Chris graduated Cum Laude from St. Cloud State University, St. Cloud, MN with a Bachelors of Science in Engineering Technology, has earned his Associate in Risk Management (ARM) designation, is a Professional Member of the American Society of Safety Engineers (ASSE) and was awarded the 2014 Safety Professional of the Year Award by the South Florida Chapter of ASSE.

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Mike has worked with Public Risk Underwriters of Florida, Inc. for the last eleven years. Prior to working with Preferred Mike worked within the health insurance industry. Mike has completed the OSHA #501 Trainer Course in Occupational Safety and Health Standards for General Industry and has attained certification as a Safety Auditor through The National Association of Safety Professionals. Mike's safety awareness and resourcefulness are what make him an essential part of the Safety & Risk Management team.



Public
Risk
Underwriters of Florida



Insurance Solutions for Public Entities

Rev. 12/2014

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Summer 2015

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Court Establishes Bright Line Rule Regarding 120-Day Letter

By George W. Boring, III, Esquire - Bolton & Helm, LLP



In May 2015, the First District Court of Appeal established a bright-line rule for application of the 120-day rule. Prior to this recent ruling the general thought was that even if a carrier did not initially controvert a claim or send a 120-day letter, as long as the carrier denied the compensability of the claim within 120 days of the first provision of benefits, the denial was timely. ¹ However, the court has made clear that an employer/carrier who does not send a 120-day letter upon the initial provision of compensation or benefits cannot later use the 120-day rule to deny compensability of the claim.

The Case - *Babahmetovic v. Scan Design Florida, Inc.*, --- So.3d ----, 2015 WL 1958999 (Fla. 1st DCA 2015)

"[A]n employer/carrier who pays yet does not provide written notice '[u]pon commencement of payment' cannot avail itself of the 120-day rule to deny compensability, because it has elected to 'pay' rather than 'pay and investigate.'" *Babahmetovic v. Scan Design Florida, Inc.*, 2015 WL 1958999 (Fla. 1st DCA 2015).

In *Babahmetovic*, the claimant lifted a heavy box at work on October 9, 2013 which resulted in low back pain. The E/C authorized an urgent care facility to treat the claimant. The provider diagnosed radiculitis and indicated the injury was work-related. The provider also referred the claimant to a specialist who, on November 15, 2013, diagnosed a resolving lumbar sprain and degenerative disc disease, which pre-existed the date of accident. He also sent a letter to the E/C stating that the cause of the lumbar condition was 60% preexisting and 40% the work injury.

On November 27, 2013 the E/C filed a Notice of Denial stating that the entire claim was denied and that the reason for the denial was that the industrial accident was not the major contributing cause of the need for treatment. *Both parties agreed that this form was intended to be a denial of compensability, or in other words, a statement that there had never been a compensable injury.*

The E/C took the position that it was permitted to deny compensability in its entirety at this point—even after authorizing treatment—because it did so within 120 days after the initial provision of benefits or payment of compensation, as permitted in section 440.20(4), Florida Statutes (2013).

Even though the E/C had filed a Notice of Denial, the claimant requested a one-time change in authorized treating physician, which the E/C denied on the basis that they had denied compensability of the entire claim.

At trial the issues presented to the JCC were whether the work accident was the major contributing cause of the injury (i.e., whether the accident was compensable) and whether the claimant was entitled to a one-time change where there was never a compensable injury.

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The JCC found that the E/C's denial of compensability was timely. She found that the claimant must show that he had a compensable injury before he was entitled to any benefit, including a one-time change. She also found that the doctor identified an injury from the accident (the sprain) and he identified a pre-existing condition (the degenerative disc disease). Reasoning that the doctor opined that the sprain was less than half of the cause of the injury and need for care, the JCC found that the accident was not the major contributing cause of the injury or need for medical care and she denied the one-time change.

On appeal, the 1st DCA reversed. First the court held that the JCC erred in not recognizing a compensable injury had occurred in this case. The court discussed the difference between the existence of an injury (compensability) and the existence and cause of the need for treatment. The court noted that causation is established by major contributing cause and major contributing cause can apply at two different stages of a determination of entitlement to benefits. Work must be the major contributing cause of a compensable injury and, when there is a pre-existing condition, the compensable injury must be the major contributing cause of the need for treatment. In this case, the sprain occurred by accident, resulted in injury, and arose out of employment. There was no evidence or allegation that the sprain was caused by the degenerative disc disease. Therefore, the JCC erred in using a major contributing cause analysis to determine whether there had been a compensable injury. Having determined that the claimant had sustained a compensable injury and had received treatment for that injury, he was entitled to a one-time change of physicians.

Second, and more important to the analysis of this article, the court reversed the JCC's finding that the E/C timely denied compensability under the 120-day rule.

The 120-Day Rule ... applicable statutory sections are as follows:

Section 440.192(8), Florida Statutes (2013) provides:

"Within 14 days after receipt of a petition for benefits by certified mail, the carrier must either pay the requested benefits without prejudice to its right to deny within 120 days from receipt of the petition or file a response to petition with the Office of the Judges of Compensation Claims ... **A carrier that does not deny compensability in accordance with s. 440.20(4) is deemed to have accepted he employee's injuries as compensable ...**"

Section 440.20(2), Florida Statutes (2013) provides:

"The carrier must pay the first installment of compensation for total disability or death benefits or deny compensability no later than the 14th calendar day after the employer receives notification of the injury..."

Section 440.20(4), Florida Statutes (2013) provides:

"If the carrier is uncertain of its obligation to provide all benefits or compensation, the carrier shall immediately and in good faith commence investigation of the employee's entitlement to benefits under this chapter and shall admit or deny compensability within 120 days after the initial provision of compensation or benefits as required under subsection (2) or s. 440.192(8).

Additionally, the carrier shall initiate payment and continue the provision of all benefits and compensation as if the claim had been accepted as compensable, without prejudice and without admitting liability.

Upon commencement of payment as required under subsection (2) or s. 440.192(8), the carrier shall provide written notice to the employee that it has elected to pay the claim pending further investigation, and that it will advise the employee of claim acceptance or denial within 120 days.

A carrier that fails to deny compensability within 120 days after the initial provision of benefits or payment of compensation as required under subsection (2) or s. 440.192(8) waives the right to deny compensability, unless the carrier can establish material facts relevant to the issue of compensability that it could not have discovered through reasonable investigation within the 120-day period.

The initial provision of compensation or benefits, for purposes of this subsection, means the first installment of compensation or benefits to be paid by the carrier under subsection (2) or pursuant to a petition for benefits under s. 440.192(8)." (emphasis added)

The third sentence of s. 440.192(8) (in boldface above) is merely a reiteration of the waiver provision of 440.20(4) (in boldface above) as it relates to the opportunity to pay and investigate.² Neither s. 440.192 nor s. 440.20 imposes a penalty for failing to timely deny a petition for benefits nor bars a carrier from defenses to a petition for benefits.³ The employer/carrier's failure to respond to a petition for benefits operates "not as an admission of compensability but as a denial of every allegation in the petition for benefits."⁴

FEATURE ARTICLE

The 120-day pay and investigate period begins at the initial provision of compensation or benefits.⁵ But the statute also provides that upon starting payment the carrier shall provide written notice to the employee that it has elected to pay the claim pending investigation. In the *Babahmetovic* case, the E/C denied compensability in reliance on the 120-day rule but did not provide written notice to the claimant of its intention to rely on that rule. Emphasizing the phrase, “a carrier that does not deny compensability **in accordance with s. 440.20(4)** is deemed to have accepted the employee’s injuries as compensable....,” the court held that, pursuant to both case law and the statute itself, the E/C must elect to rely on the rule (emphasis in original).

Thus the court established a “bright-line” rule that “an employer/carrier who pays yet does not provide written notice [u]pon commencement of payment” cannot avail itself of the 120-day rule to deny compensability, because it has elected to ‘pay’ rather than ‘pay and investigate.” In this case, the E/C elected to “pay” rather than “pay and investigate” and therefore they waived their right to deny compensability of the original workplace injury under the 120-day rule.

Implications:

Prior to this interpretation of the rule one potential defense strategy was to initiate treatment and have the authorized doctor opine that a pre-existing condition was more than 50% responsible for the claimant’s medical condition and need for treatment. If the doctor rendered such an opinion prior to 120 days from the initial provision of benefits, the carrier could take the position that there had never been a compensable injury in the first place. Because there must be a compensable accident and injury before a claimant is entitled to any benefit under the statute, a carrier could then take the position that a claimant was not entitled to a one-time change in physician to challenge the treating physician’s opinion concerning causation. The court’s ruling that the carrier must send the 120-day letter at the initial provision of benefits nullifies this strategy.

In light of the 1st DCA’s ruling, if a carrier pays benefits and does not send a 120-day letter, they can later only deny compensability if they do so within 14 days of the notice of injury.⁶ This decision perhaps comes dangerously close to a return to the *Waffle House* decision which had held that s. 440.192(8) precludes the carrier from contesting compensability when it failed to file a notice of denial within 14 days of receipt of a petition for benefits.⁷

One potential option for carriers would be to send a 120-day letter on every case. However this would result in the carrier paying benefits even in a situation where the case should clearly be denied.

Two things are certain. First, if the carrier pays any benefits, the carrier needs to send written notification to the claimant of the carrier’s intent to utilize the pay and investigate provision under s. 440.20(4), Florida Statutes. In other words, the carrier needs to send a 120-day letter “upon commencement of payment.” Otherwise, if the claimant does not receive notice, the carrier will be deemed to have accepted the claimant’s injuries as compensable. Second, if the carrier plans on denying benefits, the best practice is to do so within 14 days.

¹ See *City of Ocoee v. Trimble*, 929 So.2d 687, 688 (Fla. 1st DCA 2006)(holding that carrier who paid for initial cardiac evaluation of firefighter but denied additional treatment within 120 days did not waive right to deny compensability); *Bynum Transport, Inc. v. Snyder*, 765 So.2d 752 (Fla. 1st DCA 2000)(carrier did not controvert the claim or file a 120-day letter and the court found the hepatitis condition compensable not because of the failure to send the 120-day letter, but rather because the denial was not within the first 120 days of the first provision of benefits); *Mims v. Confederated Staffing*, 940 So.2d 518 (Fla. 1st DCA 2006)(holding carrier waived right to deny compensability because more than 120 days expired since the initial provision of benefits); *Franklin v. Northwest Airlines*, 778 So.2d 418 (Fla. 1st DCA 2001) (carrier which never sent 120-day letter waived right to contest compensability not because of failure to send letter but because the denial of compensability occurred 17 months after notice of injury).

² *North River Ins. Co. v. Wuelling*, 683 So.2d 1090, 1092 (Fla. 1st DCA 1996).

³ *Id.*

⁴ *Russell Corp. v. Brooks*, 698 So.2d 1334, 1335 (Fla. 1st DCA 1997)

⁵ *Bynum Transport, Inc. v. Snyder*, 765 So.2d 752 (Fla. 1st DCA 2000)(holding that the 120-day period began when the employer first provided benefits for the hepatitis); *Osceola County School Bd. v. Arace*, 884 So.2d 1003 (Fla. 1st DCA 2004)(concluding that the initial provision of benefits occurs on the date a claimant visits an authorized physician).

⁶ Section 440.20(2), Florida Statutes (2013).

⁷ *Waffle House v. Hutchinson*, 673 So.2d 883 (Fla. 1st DCA 1996) abrogated by *North River Ins. Co. v. Wuelling*, 683 So.2d 1090 (Fla. 1st DCA 1996).

George Boring is an attorney with George A. Helm, III, P.A. located in Lake Mary, Florida. He has practiced law in the State of Florida since 1995 representing employers and carriers in the defense of worker’s compensation claims. Mr. Boring received his B.A. in 1986 from Texas A&M University and his J.D. with honors from the Florida State University College of Law in 1995. While attending Florida State University, he served on the Law Review. He is a member of the American Bar Association, The District of Columbia Bar, and The Florida Bar.

EXCLUSIVE ARTICLE**Child Abuse: What Public Entities Need to Know***By The McCalmon Group, Inc.***What is the Nature of Child Abuse?**

Each year in the U.S., there are an estimated 80,000 reported cases of child abuse. Most experts think unreported cases of child abuse far exceed that number.

Child abuse, or maltreatment, can include physical, sexual, and/or psychological abuse. It can also include failing to protect a child from harm. The neglect can be emotional, medical/dental, or educational neglect. A failure to protect a child from harm can include inadequate supervision or exposure to violent environments.

How Can Organizations Help Protect Children?

Organizations working with, or around, children must protect children from all forms of child abuse.

Have a policy and procedures

A written policy, explaining the organization's commitment to child abuse prevention, is a good first step. Written procedures implementing the policy should include specific behavior rules aimed at preventing child abuse, as well as disciplinary measures for non-compliance.

Distribute the policy and procedures

Distribute the policy and the procedures to all workplace participants—applicants, employees, managers, supervisors, volunteers, independent contractors, and board members.

Conduct effective training

Train all staff and volunteers at hire and annually on your organization's child abuse prevention policy and procedures.

Include written test questions to confirm that each person understands the policy. Keep records of training attendance. Employees should know that a discussion of adherence to the child abuse policy will be an element of regular employee performance reviews.

Make certain all employees and volunteers know how to report suspected or known child abuse, and provide a safe and effective mechanism for reporting abuse. Educate all workplace participants about the importance of immediately notifying law enforcement or child protective services if they reasonably suspect child abuse.

Use a child abuse prevention coordinator

To support the effectiveness of your policy and procedures, consider designating a child abuse prevention coordinator. This person would report directly to human resources, and everyone would report suspicions of child abuse to this person. The coordinator can maintain all training documentation (content and attendance), as well as all child abuse report response documentation. Have a competent outside consultant audit your program on an ongoing basis to guarantee compliance.

Hire and screen carefully

For hiring and screening employees and volunteers, use a standardized application and interview questions. Require at least three positive references.

Obtain a signed release authorizing a background check from all potential employees and volunteers, and verify employment history for all applicants. If an applicant has a gap in employment, investigate why and pay close attention to any time an applicant does not disclose a past employer or organization for which he or she volunteered.

What to Do if You Suspect Child Abuse...**Report it**

One reason child abuse goes unreported is that children are afraid or do not know how to report abuse. They may not know the abuse is wrong or they may not want their abuser to be punished—a common occurrence when family members commit abuse.

When safe adults suspect abuse, they should report what they know to law enforcement or to a state child protection agency.

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EXCLUSIVE ARTICLE

Inform the child abuse prevention coordinator of the report, who will immediately remove any individuals suspected of child abuse from the workplace, pending investigation. Maintain confidentiality on a need-to-know basis. Only allow those suspected to return after being cleared by a full investigation.

Notify caregivers

Immediately notify the parents or legal guardians of any children who may have been involved in an incident of abuse.

Notification of others

Have procedures for communicating about the incident with insurance companies or legal counsel. Your organization should also have responses to media inquiries.

What are Some Procedures that Can Help Keep Children Safe?**Vigilance**

Child safety requires close supervision of employees, volunteers, and program participants to maintain proper behavior. Managers should make frequent unannounced visits to observe how employees and volunteers interact with children, keeping an eye out for any suspicious behavior.

Supervision of grounds and facilities is also important and should include frequent inspections, focusing on bathrooms, locker rooms, playgrounds, rest areas, and other places where abuse can occur without other adults viewing it.

Classrooms, gyms, nap rooms, and other areas should be well lit and allow staff and volunteers to easily scan the room to monitor the children.

Have separate restrooms for children and adults with outside doors that do not lock. Control entry to all areas and monitor visitors to make sure they do not enter restricted areas. Finally, keep parking areas and other outdoor areas well lit.

Supervision also includes paying close attention to children in any program. Children will often demonstrate or exhibit signs of abuse including physical and emotional signs. Report any unusual or inappropriate behavior to the child abuse prevention coordinator, including peer interactions among children in any program.

Know Who's Who

Procedures that can help keep children safe include:

- Require a parent or legal guardian to sign a pick-up and release policy. Document each entry and exit.
- Only release children to individuals authorized by parents or legal guardians, upon a showing of proper identification.
- Never allow staff and volunteers to be alone with a child where they cannot be observed.
- Do not allow children in private staff areas.
- Separate children by ages to help prevent abuse.
- Require staff and volunteers to wear name tags.

Involve parents

Conduct parent participation information sessions on child abuse prevention. Have parents read and sign your organization's policy stating the organization limits staff and volunteer contact with children and requires suspected child abuse to be reported to law enforcement or state child protection agencies.

Invite parents to participate on committees to establish the selection criteria for employees and volunteers.

Maintain an "open door policy" that encourages parents to drop in to observe how staff and volunteers interact with their child.

Bottom Line:

The safety of children rests on safe adults, whether parents, guardians, relatives, teachers, or other caregivers. Only by being observant and reporting suspected child abuse can children be protected.

By following these steps, your organization can play a vital role in preventing child abuse.

* Special thanks is given to The McCalmon Group, Inc., which has given us limited permission to reprint this article from www.mycommunityworkplace.org

SPECIAL ARTICLE

Sanitary Sewer Overflows (SSO) and Sewer Backups

By Chris Kittleson, Sr. Safety & Risk Mgmt. Consultant - Public Risk Underwriters of Florida, Inc. & Sheldon Primus, P.O., M.P.A., C.O.S.S., CEO - Utility Compliance, Inc.

Wastewater collection systems are a series of pipes and water accumulation points known as lift stations. These networks of pipes move the wastewater by either gravity or pumped from one point to the next. Occasionally, there is an unintended sewage spill on the ground that occurs along the route to the treatment plant or a backup of flow to the resident that creates unsanitary conditions. This article will reveal common causes for sanitary sewer overflows (SSOs) and sewer backups and practical steps to mitigate all aspects of the issue.

COMMON CAUSES FOR SSOs AND BACKUPS

There is a long standing battle with wastewater professionals and the general public on what should be flushed down a toilet or poured down a drain. Restaurants must control waste materials such as fats, oils, and greases (FOG), because that material routinely inhibits the wastewater treatment plant's ability to treat the waste stream. FOG is also a contributor in clogging pumps and pipes when released in large quantities.

Individual households with personal lift stations commonly called low pressure sewer systems (LPSS) are especially susceptible to having issues with backups if they pour waste oils down the drain. Most people see the liquid go down the drain and assume that it remains in that state. However, when it cools it becomes a gelatinous, semi-viscous material that will accumulate to a point where the LPSS pump will not be able to work effectively. Eventually, the LPSS will fail causing the backup of wastewater in the residence.

Another culprit for backups in residential homes are products that are labeled "flushable". Flushable items are under increasing scrutiny for mislabeling their product to state that they are harmless to the collection system. In fact, several lawsuits are currently in the court system challenging that flushable products are not dispersible (breaks apart) as toilet paper. In most cases, the product doesn't leave the customer's LPSS because it will clog the pump.

Some items that routinely get flushed are women's sanitary clothes, facial wipes, baby wipes, and tampons. All of these materials do not disperse like toilet paper and should be disposed of as solid waste, i.e. garbage. Wastewater pumps and piping are not designed to accommodate such discharges, therefore SSOs and backups occur when a community misuses their systems.

Lift Station equipment failure is another common cause of SSOs for larger systems. If the utility does not have an effective maintenance program or the most practical pump for the waste that is being discharged, then the chances of an SSO increases. Regulatory agencies have stringent rules regarding reporting and treatment of spills, therefore the utility must be vigilant in eliminating any causes for a SSO.

SOLUTIONS FOR SSOs AND SEWER BACKUPS

Basic solutions for issues such as disposable wipes and FOG are for the utility to hold outreach and public education sessions on the issue. Give the public the knowledge of how the collection system was intended to work and the challenges of discharges such as FOG and "flushable" products. Many organizations send envelope stuffers or door hangers with educational material for the residents.

Another effective way to reduce or eliminate FOG and disposable wipes is by public service campaigns and slogans such as the following videos:

- City of Keene, New Hampshire: <https://www.youtube.com/watch?v=ZtK0k9llelw>
- New Water, Green Bay, Wisconsin: <https://www.youtube.com/watch?v=HCb7XT5iEY0>
- United Utilities, England: <https://www.youtube.com/watch?v=X-FB46km7bo&feature=youtu.be>
- Portland Water District, Maine: <https://www.youtube.com/watch?v=CfrsYMhjhQ>

For more information on the effects on flushable products on the collection system, please read: http://www.tpomag.com/online_exclusives/2013/09/flushable_products_silent_killer_of_the_utilitys_budget_and_reputation

SPECIAL ARTICLE

Lift Stations equipment manufacturers have used technology to design better pumps, screening units, and macerators to combat the issue. The utility should contact the manufacture of their equipment to verify if there is more suitable equipment available for the problem waste materials.

SSOs AND SEWER BACKUPS MITIGATION

A “rule of thumb” is that if the backup is as a result of a blockage on the property of the customer, then the responsibility/liability is on the customer. If the blockage occurs away from the customer’s property, then the responsibility is with the utility. Based on that, either the utility (or their insurer) or the customer should immediately provide services to remove the blockage and begin cleanup if the backup is into the customer’s home/building. The next step is to report the claim to Preferred Governmental Claims Services (PGCS) if it has not yet been done so. PGCS will complete the liability investigation to determine liability. If the liability is determined to be with the utility, then PGCS will work with the customer to finalize cleanup, estimate the damages, if any, and work with the customer to make them whole.

It is recommended that the utility keep a list of at least three cleanup contractors that they can contact 24/7 should a backup occur. In order to lend assistance to its members, Preferred makes available a list of approved cleanup vendors. To obtain a copy of the vendor list, please contact your regional Loss Control representative, or email your request directly to mstephens@publicrisk.com. It is important that the cleanup efforts begin immediately to help mitigate the damages. As a matter of clarification the customer has a duty to mitigate their damages no matter who is at fault.

It is suggested that once the blockage is cleared and the clean up contractor is contacted, that the claim should be reported to PGCS as soon as possible. The customer should be advised that the matter has been turned over to the insurance company for handling. As a matter of practicality it is most important to get the blockage cleared and get cleanup efforts underway in order to calm an irate customer. Please refer to the PGCS website for additional information and assistance at – www.pgcs-tpa.com.



Christopher H. Kittleson joined Public Risk Underwriters of Florida, Inc. as a Sr. Risk Control Consultant in 2010 and provides Loss Control services for the southern Florida region. With over 17 years of safety & health consulting experience Chris has developed industry expertise in the areas of Construction, Manufacturing and USL&H as well as safety programming expertise in the areas of Safety Program Development, Return to Work Programs, Regulatory Compliance, Accident Investigation and Safety Training. Prior to working in the Insurance industry Chris’ career was with IBM where he held various Engineering positions. Chris graduated Cum Laude from St. Cloud State University, St. Cloud, MN with a Bachelors of Science in Engineering Technology, has earned his Associate in Risk Management (ARM) designation, is a Professional Member of the American Society of Safety Engineers (ASSE) and was awarded the 2014 Safety Professional of the Year Award by the South Florida Chapter of ASSE.



Sheldon started in the wastewater field in 1994 and has worked in all aspects of the field. Sheldon holds a Masters of Public Administration (M.P.A.) with a concentration in Environmental policies. Sheldon is a Certified Occupational Safety Specialist (C.O.S.S.) and has an “A” wastewater operators license. Sheldon is part of the first class of 6 operators to receive the Professional Operator (PO) designation from the Certification Commission of Environmental Professionals (C2EP) of the Association of Boards of Certification (ABC). Utility Compliance was founded in 2008, by Sheldon Primus, to provide management and safety consultation and assistance in training for water, wastewater, and distribution systems operators and managers.

Preferred would like to welcome the following new members...

City of Deerfield Beach

Volusia County Clerk of Court

Fort Myers Beach Public Library District

Orlando Science School

Lee County Mosquito Control District

Orlando Science Elementary

NEWS EXTRA

How the Misuse of DAVID Can Bankrupt an Officer's Career

By Leonard J. Dietzen, III, Esquire & Michael L. Forte, Esquire - Rumberger, Kirk & Caldwell

What is DAVID?

The Driver and Vehicle Information Database (DAVID) contains information on driver's licenses, registered motor vehicles and traffic crashes.

Permissible Uses

Florida Statutes Section 119.0712(2) states the information in DAVID is confidential and may be accessed only as allowed under the Driver Privacy Protection Act (DPPA). 18 U.S.C. Section 2721(b) of the DPPA provides that law enforcement may access this information in carrying out its official functions. Examples of appropriate access include traffic stops, traffic crashes, official investigations, and searches for emergency contacts during natural disasters.

Impermissible Uses

18 U.S.C. Section 2722(a) of the DPPA makes it unlawful for anyone to access this information for an unauthorized purpose. Impermissible uses include looking up addresses for a holiday card list, checking a family member's driving record, and obtaining information on celebrities and politicians.

Penalties

Florida Statutes Section 119.10 provides that any officer who misuses DAVID is subject to a civil fine not to exceed \$500. An officer who knowingly misuses DAVID is subject to suspension, removal, impeachment and the charge of a first degree misdemeanor.

In addition, 18 U.S.C. Section 2723(a) of the DPPA mandates an unspecified criminal fine for officers who knowingly misuse DAVID. Section 2724 establishes a civil cause of action for the person to whom the information pertains. The DPPA specifies civil damages of (1) actual damages not less than liquidated damages of \$2,500; (2) punitive damages upon proof of willful or reckless disregard of the law; (3) attorney's fees and costs; and (4) such other relief as the court deems appropriate.

Civil Rights Implications

Plaintiff attorneys have also been filing civil rights lawsuits for DAVID violations under the authority of 42 U.S.C. Section 1983. Section 1983 provides for civil liability against law enforcement officers who violate a citizen's rights established in either the U.S. Constitution or in a federal statute. Recoverable damages under a Section 1983 claim include emotional distress damages, attorney's fees and punitive damages. Section 1983 is also the mechanism by which law enforcement agencies can be civilly liable for failure to train their officers on DAVID's proper use.

Best Practices

Officers should strictly adhere to the Memorandum of Understanding to which agencies accessing DAVID must subscribe. The Memorandum lists the permissible uses of DAVID and also explains how officers should safeguard the accessed information. Officers should take care that their access of DAVID does not allow for unauthorized third persons to obtain the information. For example, information exchanged by electronic means must be stored in a place physically secure from access by unauthorized persons. For agencies, proper training of officers is essential to avoiding liability. Agencies should consider restricting access to only supervisory personnel to limit their exposure.



Leonard J. Dietzen, III is a partner of Rumberger, Kirk & Caldwell and focuses his practice in the area of labor and employment and commercial litigation. Rumberger, Kirk & Caldwell provides litigation and counseling services in product liability, commercial litigation, construction, IP litigation, employment, insurance coverage, professional liability and toxic torts. Offices in Florida and Alabama. www.rumberger.com.



Michael L. Forte is a partner of Rumberger, Kirk & Caldwell and focuses his practice on the areas of law enforcement defense, casualty and product liability. Rumberger, Kirk & Caldwell provides litigation and counseling services in product liability, commercial litigation, construction, IP litigation, employment, insurance coverage, professional liability and toxic torts. Offices in Florida and Alabama. www.rumberger.com.

NEWS EXTRA

Fourth District Court of Appeal Recognizes the Protection of Incident and Safety Reports Under the Work Product Doctrine

By J. David Marsey, Associate - Rumberger, Kirk & Caldwell



In February 2015, the Fourth District Court of Appeal held that the Broward County Circuit Court deviated from the essential requirements of the law when it ordered the production of a company's quarterly safety reports during a slip-and-fall lawsuit.¹ In reversing the trial court's order to produce these reports containing evidence of prior falls, the court reinforced the adage that plaintiffs may not make a case from a defendant's investigation intended to improve safety and manage risk.

In this case, the plaintiff attempted to obtain incident reports and quarterly safety reports containing details about prior falls. The defendant objected to the production of the documents arguing that the requested documents were protected from disclosure by the work product doctrine because they contained photographs, discussions surrounding the incidents and mental impressions regarding the incidents. The trial court agreed that the incident reports were not discoverable, but ordered the production of the safety reports that contained much of the same information.

In reaching its decision that the safety reports were also protected from disclosure, the appellate court recognized that information gathered in anticipation of litigation, including internal investigations, are protected from disclosure absent a showing by the plaintiff that she was unable to obtain substantially equivalent evidence through other means. Importantly, the court recognized that a lawsuit or claim need not be filed to invoke the work product protections. Even reports that are routinely prepared may qualify as work product because experience has shown all retail stores that people who fall in their stores try to be compensated for their injuries and that frivolous claims are sometimes made. If defendants knew their investigative reports were discoverable, it would defeat the reasons for preparing them and would discourage a proactive critical self analysis designed to improve customer safety. A company's decision to fully investigate incidents and to memorialize the findings to protect itself against meritless claims should not, in and of itself, permit the plaintiff to utilize the fruits of their labors.

This case is important because the court recognized that we live in a litigious society and that many abuse the ease in which a lawsuit may be filed. By holding plaintiff's to their burden, the court ratified a defendant's right to fully investigate adverse incidents and to document its findings while minimizing the fear that their efforts to self-regulate will be used against them.

Public and private entities should continue to thoroughly investigate adverse incidents and document their findings as part of a comprehensive risk management program.

¹ Mallard Mall Services, Inc. v. Bolda, 155 So. 3d 1272 (Fla. 4th DCA 2015).

David Marsey is a former police officer, investigator and prosecutor and is an attorney at the law firm of Rumberger, Kirk & Caldwell in Tallahassee, Florida. He defends and advises corporations, government entities and their employees on casualty, employment and constitutional issues throughout the state.



MEMBER SPOTLIGHT

Spring Lake Improvement District Receives Awards from FDEP & FASD for 2014

Submitted By Public Risk Underwriters of Florida, Inc. - Safety & Risk Management Department

Preferred Governmental Insurance Trust would like to congratulate Spring Lake Improvement District on being awarded the Florida Department of Environmental Protection (FDEP) 2014 Plant Operations Excellence Award for Public Water Supply Facilities and the Florida Association of Special District's 2014 District of the Year Award.

Each year, the Florida Department of Environmental Protection presents awards to domestic wastewater and drinking water facilities around the state that demonstrate excellence in operation, maintenance, innovative treatment, waste reduction, pollution prevention, recycling, and other special achievements. These awards are presented to recognize facilities that demonstrate a special commitment to excellence in management through dedicated professionalism.

The District competed at the Medium Community water system level consisting of water systems serving populations of 3,300 to 50,000. As a Medium Community water system serving a population of 3,812, the District not only competed against other Medium Community water systems, but also larger water systems with more resources and staffing serving much larger populations.

The District also received the Florida Association of Special Districts (FASD) 2014 District of the Year Award. The award is presented to a District which works in a team effort to achieve and surpass all priority goals while staying within budget guidelines, and meeting and/or exceeding expectations.

These accomplishments of the District truly exemplifies a great team effort.

* Article content/photo courtesy of Joe DeCarbo, District Manager - Spring Lake Improvement District & Fred Crawford, Executive Director - Florida Association of Special Districts (FASD)



(L to R) Clay Shrum, Assistant District Manager, Spring Lake Improvement District accepting District of the Year Award from Dave Lindsay, President, FASD and District Manager, East County Water Control District.

City of Weston Receives Top Fire Protection Rating from ISO

Submitted By Public Risk Underwriters of Florida, Inc. - Safety & Risk Management Department

Preferred Governmental Insurance Trust would like to congratulate the City of Weston in partnership with the Broward County Sheriff's Office Department of Fire Rescue and Emergency Services in attaining the Insurance Services Office, Inc. (ISO) top fire protection rating.

City leaders, administration and Fire officials were thrilled with the recent notification by the Insurance Services Office, Inc. (ISO), that effective May 1, 2015 the City of Weston and the Broward County Sheriff's Office Department of Fire Rescue and Emergency Services will have a Public Protection Classification of 1. This is the highest rating attainable.



Weston becomes one of only 97 cities/departments in the Country to attain a Class 1 rating. Weston did not achieve this accomplishment alone. The stringent criteria were met due to a variety of factors including Weston's contractual relationship with BSO Fire Rescue and Emergency Services, the City's investment in equipment and the City's infrastructure including the water supply and distribution system. The City scored 98.7 out of a possible 105.5 points, which is at the top of the scoring range.

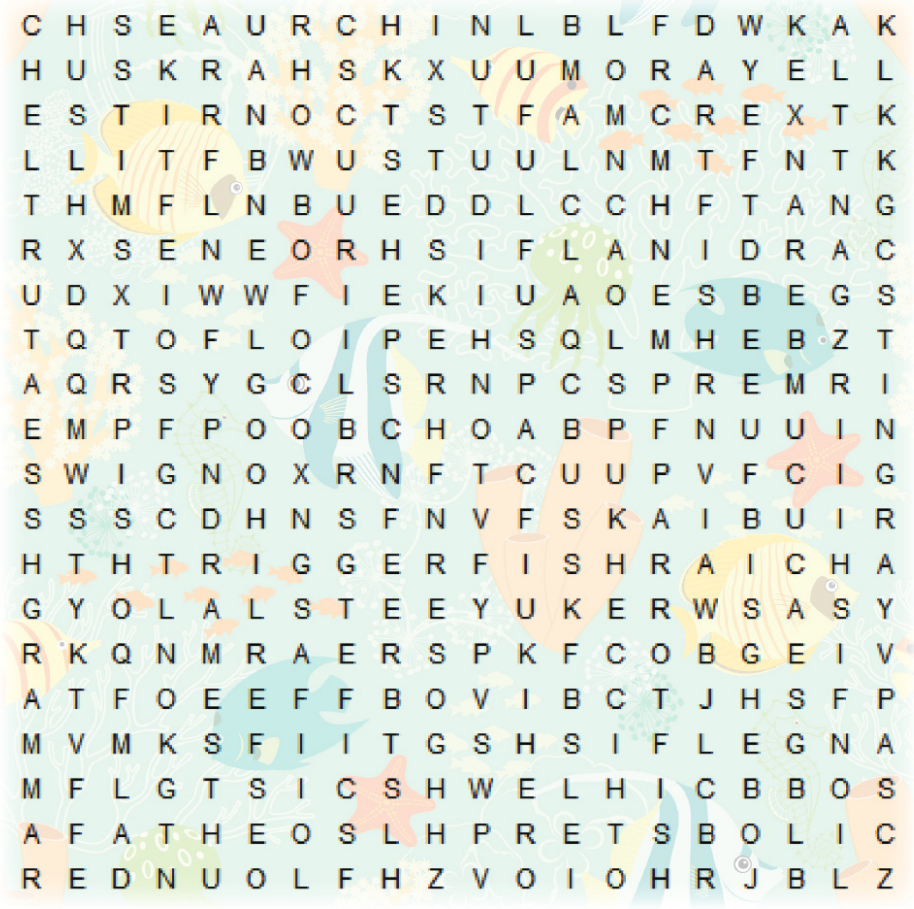
A direct benefit of this Class 1 rating is the likely significant reduction in fire insurance premiums, particularly for businesses and commercial properties.

ISO is the leading supplier of data and analytics for the property/casualty insurance industry. Most U.S. insurers use the Public Protection Classification information as a part of their decision making on offering coverage and the fees charged for the coverage of personal or commercial property insurance.

* Article content/photo courtesy of Denise Barrett-Miller, Director of Communications - City of Weston

BREAKTIME FUN -N- GAMES

CORAL REEF HABITAT WORD SEARCH



SOURCE WORDS:

- ANGELFISH
- BUTTERFLYFISH
- CARDINALFISH
- CLAM
- CLOWNFISH
- CONCH
- CRAB
- CUTTLEFISH
- DARTFISH
- FIREFISH
- FLOUNDER
- FROGFISH
- GRAMMA
- LIONFISH
- LOBSTER
- MOLLUSK
- MORAY EEL
- OCTOPUS
- PARROTFISH
- PUFFERFISH
- SCORPIONFISH
- SEA CUCUMBER
- SEA TENTACLE
- SEA TURTLE
- SEA URCHIN
- SHARK
- SPONGES
- SQUID
- STARFISH
- STINGRAY
- STONEFISH
- TANG
- TRIGGERFISH
- TUBE WORM

CORAL REEF HABITAT TRIVIA:

One of the fish listed in the Source Words is considered to be an invasive species not native to Florida coastal waters that is having a notably negative impact on native species and habitat. Can you name that fish?

Please visit [www.pgic.org/Resources/Preferred News 2015 - Summer 2015/Article Index](http://www.pgic.org/Resources/Preferred%20News%202015%20-%20Summer%202015/Article%20Index) for word search and trivia answer keys

KEY STAFF CONTACTS:

As a member of Preferred your first call should always be to your agent, if however you need help beyond your agent please feel free to contact us as indicated below:

Marketing:
 marketing@publicrisk.com
 321-832-1455
 Kurt Heyman

Operations:
 ahansen@publicrisk.com
 321-832-1510
 Ann Hansen

Loss Control:
 mstephens@publicrisk.com
 321-832-1658
 Mike Stephens

Claims:
 liability.claims@pgcs-tpa.com
 866-683-7710
 Julius Hajas



Standard
Presort
U.S. Postage
PAID
Permit 1979
Orlando, FL

P. O. BOX 958455 - Lake Mary, FL 32795-8455



City of Key West
RFP #07-015 – Property & Casualty Insurance Coverage



Preferred

HR RISK MANAGEMENT HELPLINE

The Preferred HR Risk Management HELPLINE is available to those members that have their POL/EPLI or ELL/EPLI coverage with the Trust. The HELPLINE is an employment law focused resource designed to control costs, save time, and complement the valuable services that Preferred provides. The resources provided by the HELPLINE allows members to save thousands of dollars annually.

HR RISK MANAGEMENT HELPLINE BENEFITS INCLUDE:

- Confidential, documented responses to specific employment law questions from real attorneys who are experts in HR Risk Management and employment law issues
- Online Unlawful Harassment Training for all supervisors and employees
- A state-specific employee handbook building tool
- HR Express Updates including popular Questions of the Month and HR Alerts
- Customizable HR risk management resources including Federal and State-specific forms and posters
- Plus more...

This is just a sample of the topics that members will be able to obtain valuable assistance with...

- Americans with Disabilities Act (ADA)
- Affirmative Action Plans
- Age Discrimination (ADEA)
- Background & Employment Screening
- Benefit Continuation (COBRA)
- Compensation
- Disability Claims & Issues
- Discrimination Payroll
- Drug Testing
- Employee Turnover
- Exempt/Non-Exempt Issues (Overtime)
- Facility Closure
- Family and Medical Leave laws (FMLA)
- Fraud/Theft/Shrinkage
- Continued...



- Gender Issues
- General Harassment
- Hiring Practices
- Immigration Laws and Issues
- Interviewing
- Layoffs
- Management & Employee Development
- Marital Status
- Military Leave (USERRA)
- National Origin & Language Issues
- Payroll
- Performance Management
- Personnel Files (Content & Handling)
- Physical Appearance Issues
- Pre-Employment Behavioral & Skill Testing
- Pregnancy
- Privacy of Documentation (HIPAA Issues)

- Progressive Discipline Situations
- Racial Issues
- Recognition Programs
- Regulatory Compliance (State & Federal)
- Religious Issues
- Retaliation
- Safety Procedures & Practices
- Sexual Harassment
- Sexual Preference & Orientation Issues
- Termination & Discharge
- Training
- Unemployment Compensation
- Union Relations – General Inquiries
- Wage/Hour (Federal) – (FLSA)
- Wage/Hour (State)
- Workers Compensation
- Workplace Violence

Member comments on this valuable benefit...

“The HELPLINE is so useful to me as the only HR person here. It seems that any question I have, they always have an answer that is easy to understand and applicable for me. I like and use it so much that I no longer have my membership in the SHRM. It is a cost saver for the City and helpful to me. I would have no problem referring others to this site and hope that Preferred never “lets it go”

“I’m finding the Preferred HR Management HELPLINE through Preferred a really neat tool. I thought the online Sexual Harassment training was great; it was nice that we could track progress and see who completed it and who did not. We managed to get everyone completed on time due to this feature. We thought the training was very informative overall. I think it’s great that a Relationship Manager reached out to me and gave me a tour of the website. Through that I was able to learn new features about the service. It’s a great thing to have access to attorneys in case we ever run into a situation”

“I think the HELPLINE is a very good tool for managers; I am so glad to have it! My first impression of the website was that it is professional and easy to use. My favorite part of the service is the ability to ask questions specific to my needs. I generally use the service once or twice a month. When I log on, I am usually looking for a specific topic or case related to my needs at the time. The Questions of the Month are my favorite. I would ABSOLUTELY recommend this service to other employers! I am SO glad to have the HELPLINE; I am grateful that it is included as part of our membership with Preferred!”

Please contact your regional Loss Control representative should you need additional information on this valuable service...



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Claims Services – We recognize Ascension as the City’s Third Party Claims administrator. For excess claim adjusting, Preferred utilizes Preferred Governmental Claims Solutions (PGCS). (PGCS) is the premier governmental third party claims administrator in the state of Florida and also administers the claims for Preferred Governmental Insurance Trust (Preferred). Since its founding in 1956, PGCS has provided claims administration services exclusively to over 450 governmental entities including schools, cities, towns, counties, community development districts, and fire districts. Therefore, PGCS’s adjusters are extremely qualified to handle governmental tort liability and public sector workers’ compensation claims. They are experts at investigating and handling police and firefighters presumption claims. PGCS is sensitive to the politics involved in the handling of public entity claims.

Their claims staff has over 630 years of combined insurance experience and each has been with PGCS an average of 8 years. Claims are handled under strict supervision in accordance with the PGCS workers’ compensation and liability claim handling procedure manuals and the PGCS claim best practices manual. A random sampling of each adjuster’s claim files are audited on a monthly basis by a Quality Assurance Manager to ensure compliance.

PGCS provides their clients with a dedicated Subrogation Unit to pursue reimbursements from at-fault third parties. Their current recovery rate is fifty-nine (59) percent of the claim costs expended. PGCS also has a dedicated excess reporting and recovery unit for communication to and securing reimbursement from the excess and/or reinsurance carriers. In addition, PGCS provides a state-approved Special Investigation Unit (SIU) to prevent and pursue fraudulent claims. PGCS offers rewards up to \$10,000.00 for the arrest and conviction of persons committing workers’ compensation fraud. This service is provided via a twenty-four hour seven day a week hotline.

PGCS utilizes the RiskMaster system for claims processing. This system captures a wide variety of data, and allows the adjuster to enter an unlimited number of claim notes, process reserve changes, and issue claim payments. Customized reports can be obtained from PGCS’s on-line system containing a multitude of data parameters that a client may choose to analyze. The system can be accessed by clients via their website at www.pgcs-tpa.com.

Communication with PGCS’s clients is the cornerstone of their claims administration program. Professional adjusters, nurses, management, quarterly in-depth claim review meetings, 24/7 claim reporting, utilization of attorneys specializing in public entity defense, litigation management, and return to work programs are just a sample of how PGCS has set the standard for the industry.

Property Claims RESPONSE – A specialized property claims adjusting program to assist public entities in assessing damage, efficiently managing repairs, and maximizing proceeds following a catastrophic loss (such as Hurricane).



THE PREFERRED RESPONSE

Pre-disaster planning begins with asset identification, coordinated by your local retail agent, utilizing Preferred's property appraisal services. Our agent partners and loss control/safety consultants are available to review and refine your Continuity of Operations (COOP) strategy.

Read time alert notifications are provided on the Preferred APP via smart phone or tablet. Our local agents and claim staff follow up with emails to members within the expected landfall cone.

Emergency response by a panel of approved vendors who specialize in construction, water extraction, and mold remediation. Resources, including manpower and equipment, can be dispatched.

FEMA recovery coordination starts with confirmation of insurance coverage and claim payments. Preferred reports are tailored to meet FEMA standards and are made available electronically to FEMA representatives. Preferred partners with FEMA consultants to help members navigate FEMA project management.

Expedited payments for repairs can be made directly to service providers/contractors or to the member. The Preferred claims service provides the member flexibility in deciding how to structure their disaster recovery plan.

Reporting claims has never been easier. A member may report a claim via the website (PGCS-tpa.com), Preferred APP, fax, phone, or e-mail.

Recovery is tailored for each member based on how much of the recovery process the member wants to manage. Preferred adjusters can recommend contractors to mitigate the disaster damage or you may use contractors already appointed with your entity.

Education is provided via webinars and seminars. Individual consultation is provided by the Preferred loss control representatives, local retail agents and contracted FEMA specialist.

Dedicated in-house staff are available in person, by telephone and email to meet all of your pre and post disaster needs.

For one step Disaster Recovery, we are clearly PREFERRED

Please contact us should you need additional information on this valuable service...



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BADGE PROGRAM

A SPECIALIZED LEGAL AND MEDICAL APPROACH IN ADDRESSING CLAIMS

In 2003, Florida Legislature expanded the fire fighters' "Heart and Lung Bill" to include police, deputies and correction officers. This change in law presented the Worker's Compensation claims and medical management community with increased challenges.

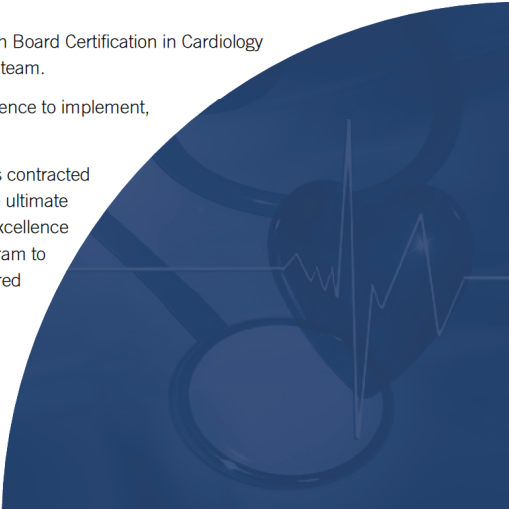
Amerysis developed a specialized legal and medical program approach in addressing the uniqueness and special needs of handling claims. This was appropriately named **B.A.D.G.E.** (Better Administration Dedication Guaranteeing Excellence).

This team recognizes the importance of "quality of life" and therefore will exert every effort to educate every employee with a potential for heart disease regarding healthy diet, weight loss and proper medication usage. The program consists of an interdisciplinary approach to manage and provide quality services to our employees and clients.

The combination of disease state management and workers' compensation case management, allows the employee to benefit from the latest in quality cardiac healthcare providing a constant source of support and education. It improves/enhances return to work outcomes, reduces disability duration, prevents unnecessary, dangerous and costly consequences of inappropriate use of cardiac medications while reducing the cost of handling presumption claims.

The BADGE Program Features Include:

- Medical Director and/or Physician Advisor with Board Certification in Cardiology to assist and direct the medical management team.
- Registered Nurses with cardiac patient experience to implement, monitor and assess all presumption claims.
- Speciality Facilities and/or Speciality Providers contracted for Workers' Compensation to best impact the ultimate outcomes. We recruit and train providers of excellence within their specialty and/or modify their program to meet the unique needs of the claimants covered by the Florida Heart and Lung Bill.
- Most current quality of Cardiac Care while maintaining compliance with the Heart and Lung Bill 112.18 and WC Statute 440.



THE CARDIAC REGISTERED NURSE WORKS DIRECTLY WITH THE ADJUSTER, EMPLOYER AND EMPLOYEE ASSISTING IN THE FOLLOWING:

- Gathering medical data required to properly determine the compensability by the adjuster.
- Manage the initial diagnostics and treatment to most effectively diagnose condition.
- Works with the employee through diagnostics and moving them toward a stable position.
- Provide education and establish goals with the employee in making lifestyle changes in order to reduce or eliminate future costly events associated with their work-related illness.
- Conference with the treating physician regarding the job description, and assist in the determination of when the claimant can safely return to work.
- During the maintenance phase of the program, the cardiac nurse case manager monitors the physician's findings, diagnostics, lab values and medications. Coordinates care and provides education. The goal is to maintain the claimant at this stable state, acting proactively when necessary.
- Facilitates communication with employees, physicians, employers and adjusters, keeping them apprised of any changes.



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As demonstrated throughout this response, PRIA are specialists at achieving risk management goals for public entity clients. The City can reduce its Total Cost of Risk (TCOR) via the program proposed, which is always our and the City's ultimate goal.



Section 5

PRIA Coverage Proposal / Summary

PROPERTY – INLAND MARINE

Term: October 1, 2015 to October 1, 2016

Company: Preferred Governmental Insurance Trust (*Preferred*)

Limits of Liability (Per Schedules Provided):

Covered Property	
\$71,344,215	Blanket Buildings and Contents
\$50,000	Business Income
\$1,000,000	Additional Expense
Special Property Coverages	
\$5,000,000	Flood
\$13,004,364	Vehicle Property Coverage
Inland Marine	
\$1,696,065	Unscheduled Blanket Inland Marine***
\$1,428,315	Scheduled Contractor’s / Mobile Equipment***
\$431,369	Scheduled Electronic Data Processing Equipment***

Deductibles: \$25,000 per Occurrence – Buildings and Contents

5% of TIV per Occurrence / Per Location for “Named Storm”*** subject to minimum of \$35,000 Per Occurrence. Location is defined by each itemized listing on the applicable schedule

\$25,000 any one occurrence for Flood, except:
Excess of maximum NFIP available whether purchased or not or 5% of the TIV at each affected location whichever is greater for Zones A & V

\$25,000 per Occurrence – Inland Marine

***“Named Storm” Definition: “...the direct action of wind, including wind driven water and storm surge when associated with or occurring in conjunction with a storm or weather disturbance which is named...” Wind driven water and storm surge loss are NOT subject to Flood Sublimit and are included to the blanket limits.

*** Unscheduled items are subject to a maximum value of \$25,000 or less per item. Items valued above this amount must be scheduled.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

PROPERTY – INLAND MARINE

Flood coverage in zones A or V, or within a 100 Year Flood Plain as designated by the United States Army Corps of Engineers, will have a special flood deductible equal to all flood insurance available for such property under the NFIP, whether purchased or not or 5% of the Total Insured Value at each affected location whichever is greater. If such property is not eligible for the National Flood Insurance Program because the community in which the property is located does not participate in the NFIP, the Special Flood Deductible will be \$1,000,000 per insured location damaged in the flood occurrence or 5% of the Total Insured Value at each affected location whichever is greater.

Flood zones A will include, but not be limited to all of the sub-classifications of AO, AH, AE, AR, A1 through A99, or any other sub-classification with the A prefix or designation. Flood zones V will include, but not be limited to all of the sub-classifications of VO, VH, VE, VR V1 through V99, or any other sub-classification with the V prefix or designation. See policy form for special deductible restrictions.

Coverage:

1. Special form (formerly “All Risk”), subject to policy exclusions.
2. Replacement Cost applies to Buildings, Contents and EDP is subject to all terms and conditions of the coverage agreement the most we will pay for all loss, damage or costs in any one occurrence is the applicable limits of liability shown in the property declaration. **The blanket limit of coverage shown in the property declaration applies to all covered property unless a separate limit, lower limit or reduced amount of coverage is indicated elsewhere in the coverage agreement or in the property declaration.**
3. Unscheduled limits for Inland Marine coverage paid at Actual Cash Value or 110% of the value reported on the schedule, whichever is less. See policy for complete details.
4. Scheduled limits for Inland Marine coverage are paid at Agreed Amount per the Schedule.
5. *Preferred* will pay for covered loss to your real property, inland marine or personal property:
 - a. At the location shown on the Schedule of the Declarations,
 - b. Property in the open within 1,000 feet of locations described in a. above,**
 - c. With respects to Inland Marine, at or away from your covered location.
6. No Coinsurance Clause.
7. Certain coverages subject to sub-limits stated in policy.
8. During the current coverage agreement period, *Preferred* **will not charge an additional premium** for new locations if the location is acquired after the inception date of the coverage agreement. If the newly added location was owned or acquired prior to the inception date of the coverage agreement then premium is due at the time the location is added.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

PROPERTY – INLAND MARINE

Extensions of Coverage	
\$250,000	Accounts Receivable
\$1,000, Any one \$5,000, Aggregate	Animals
\$250,000	Debris Removal
\$500,000	Demolition Cost, Ordinance and Increased Cost of Construction
\$250,000	Errors and Omissions
\$5,000	Expediting Expense
\$25,000	Fire Department Charges
\$10,000 Per Occurrence \$20,000 Aggregate	Fungus Cleanup Expense
\$25,000 \$1,000 Max per Tree	Lawns, Plants, Trees and Shrubs, Excludes Wind (see policy form for additional restrictions)
\$2,000,000	New Locations – 60 days from the date new location(s) is first purchased, rented or occupied, whichever is earlier. See policy for complete details.
\$25,000 Per Employee \$50,000 Per Occurrence	Personal Property of Employees
\$25,000 Per Occurrence \$50,000 Aggregate	Pollution Cleanup Expense
\$250,000	Preservation of Property
\$10,000	Professional Fees
\$10,000	Recertification
\$100,000	Service Interruption Coverage
\$250,000	Transit

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

**PROPERTY – INLAND MARINE
MAJOR EXCLUSIONS**

Property **Not** Covered includes but not limited to:

1. Animals, water, land including land on which the property is located, shrubs, trees, lawns, growing crops, or standing timber, except under conditions described in the “Extensions of Coverage” section of the policy.
2. Aircraft.
3. Property you sold under conditional sale, trust agreement, installment payment, or other deferred payment plan after such property has been delivered to the customer.
4. Caves, caverns, mines or any type, or any property contained within them.
5. Currency, money, notes or securities.
6. Dams, dikes or levees.
7. Contraband or property in the course of illegal transportation or trade.
8. Property covered under import or export ocean cargo policies.
9. Property you transport as a common carrier.
10. Property shipped by mail, unless sent registered or certified.
11. Watercraft unless loss is from a specified peril and scheduled on the inland marine schedule.
12. Vehicles licensed or designed for highway use, unless shown on the Property Declaration, Extensions of Coverage item U, and then no coverage for any **over the road coverage**, or collision with another vehicle or object. The AOP deductible applies per occurrence and in the event of a Named Storm the Named Storm deductible applies per vehicle rather than per location. This coverage is paid at actual cash value at time of loss.
13. Bulkheads, docks, piers, wharves, retaining walls, boardwalks or underwater conduits from: freezing and thawing; impact of watercraft; waves, or debris driven by waves; pressure or weight of ice or water, whether driven by wind or not; or sinking or settling.
14. Electrical or communication lines, towers, and poles you own that are not located on a “covered location” insured under this policy.
15. Personal property of volunteers.

Excluded Risks of Direct Physical Loss include but not limited to:

1. War, invasion, acts of foreign enemies, hostilities or war like operations, civil war, rebellion, revolution, insurrection, civil commotion, military, usurped power, or any act of terrorism
2. Biological or Chemical Materials
3. Electronic Data or Electronic Data Recognition Exclusion
4. Asbestos
5. Damage caused by electronic currents artificially generated.
6. Pollution, except as provided under “Extensions of Coverage”
7. Building ordinance enforcement or Government action
8. Nuclear reaction
9. Utility failure
10. Fungus, except as provided under “Extensions of Coverage”
11. Any offshore oil well or oil shipping/tanker incident and the ensuing oil spill
12. Earth movement, whether sudden or gradual

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

EQUIPMENT BREAKDOWN

Term: October 1, 2015 to October 1, 2016

Company: Preferred Governmental Insurance Trust (*Preferred*)

Covered Equipment: Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

Coverages:

Limit:	Coverage:
\$50,000,000	Property Damage / Loss of Business Income / Additional Expense per accident
\$500,000	Water Damage
\$500,000	Ammonia Contamination
\$500,000	Hazardous Substance Coverage
\$2,000,000	Utility Interruption (24 Hour Waiting Period)
\$250,000	Spoilage Damage
\$500,000	Ordinance or Law
\$1,000,000	Expediting Expenses

Deductibles: Same as Property – Building and Contents
24 Hours – Utility Interruption

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

GENERAL LIABILITY

Term: October 1, 2015 to October 1, 2016
Company: Preferred Governmental Insurance Trust (*Preferred*)
Form: Occurrence

Limits of Liability:

General Liability

Bodily Injury and Property Damage \$1,000,000 per Occurrence
Personal Injury and Advertising Injury Included per Person or Organization
Products / Completed Operation Agg Included
Fire Damage Included

Employee Benefits Liability \$1,000,000 per Occurrence

Self-Insured Retention: \$100,000 per Occurrence

Coverage:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. EMT/Paramedic Professional Services 2. Premises Operations 3. "Insured" Contracts 4. Host Liquor Liability 5. Broad Form Property Damage Subject to \$2,500 Personal Property of Others Sublimit 6. Watercraft Liability (under 52 feet). See policy form for limitations 7. Limited Worldwide Coverage 8. Additional Covered Party 9. Failure to Supply Water | <ol style="list-style-type: none"> 10. Principle of Eminent Domain Including Inverse Condemnation, claims brought under the "Bert J. Harris, Jr., Private Property Rights Protection Act" \$100,000 per Occurrence / Annual Aggregate. 11. Sewer Backup and Water Damage with a sublimit of \$10,000/\$200,000 for non-negligent claims and \$200,000/\$200,000 for negligent claims. 12. Herbicide and Pesticide Sublimit of \$1,000,000 or GL Limit, whichever is less. |
|---|--|

Notes of Importance:

1. Premium is not audited.
2. Defense Costs are paid in addition to policy limits.
3. In the event that an occurrence, accident or offense continues beyond the policy period, the applicable deductible would apply separately to each policy period in which the occurrence, accident or offense was committed or was alleged to have been committed.
4. Limits of Liability are subject to Florida Statute 768.28.
5. SIR applied to money damages and claims expenses (including investigation, adjustment and defense costs).

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

GENERAL LIABILITY

Exclusions, but not limited to:

- Expected or intended injury
- Contractual Liability
- Liquor Liability
- Workers' Compensation and similar laws
- Employer's Liability
- Pollution
- Aircraft, Auto or Watercraft
- Mobile Equipment
- War
- Damage to Your Property, Product or Work
- Damage to Impaired Property or Property Not Physically Injured
- Recall of Products, Work or Impaired Property
- Racketeering
- Law Enforcement, except for vicarious liability arising out of an act or omission by a law enforcement agency that is not owned, operated or controlled by the "Covered party" if there is a contract with an outside agency to provide law enforcement for your entity.
- Asbestos, Mold, Fungi, or Bacteria
- Liability arising out of or caused or contributed to by any ownership, maintenance, operation, use, loading, unloading or control of or responsibility for any airfield, airport, aircraft, runway, hangar, building or other property or facility designed for, used, connected, associated or affiliated with or in any way related to aviation or aviation activities; this exclusion does not apply to premises exposure for those common areas open to the public including but not limited to parking areas, sidewalks, and terminal buildings.
- Failure or inability to supply or any interruption of any adequate quantity of power, steam, pressure, or fuel
- Subsidence, erosion or earth movement.
- Hospital / Clinic Medical Malpractice or Health Care Facilities
- Professional Health Care Services, but not including emergency medical services for first aid performed by emergency medical technicians, paramedics or Medical Director while in the course and scope of their duties.
- ERISA
- Actual or alleged illegal discrimination
- Injunctive, declaratory or equitable relief
- Actual or alleged deterioration, bursting breaking, leaking, inadequacy, design of, control of, maintenance of, or any other alleged responsibility for any structure device, or water course, natural or man-made, including, but not limited to: dams, reservoirs, levees, banks, embankments, gates, canals, ditches, gutters, sewers, aqueducts, channels, culvert, retaining walls, drains, tanks, watershed, or drains, a purpose of which is the containing, carrying, impeding, channeling, diverting, or draining of water or other liquid. Does not apply only as to the bursting or failure of man-made sewer, storm water, grey water or potable water supply pipes owned and maintained by Covered Party.
- Sexual abuse after initial discover

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

LAW ENFORCEMENT LIABILITY

<u>Term:</u>	October 1, 2015 to October 1, 2016
<u>Company:</u>	Preferred Governmental Insurance Trust (<i>Preferred</i>)
<u>Form:</u>	Occurrence
<u>Limits of Liability:</u>	\$1,000,000 per Person \$1,000,000 per Occurrence
<u>Coverage:</u>	
Group A:	False arrest, detention or imprisonment, or malicious prosecution
Group B:	The publication or utterance of a libel or slander or of other defamatory or disparaging material, or a publication or utterance in violation of an individual's right or privacy; except publications or utterances in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the named covered party
Group C:	Wrongful entry or eviction, or other invasion of the right of private occupancy
Group D:	Erroneous service of civil papers, false imprisonment, or assault and battery
<u>Self-Insured Retention:</u>	\$100,000 per Occurrence

Notes of Importance:

1. Defense Costs are paid in addition to policy limits.
2. Premium is not auditable.
3. SIR applied to money damages and claims expenses (including investigation, adjustment and defense costs).
4. Limits of Liability are subject to Florida Statute 768.28.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

MAJOR EXCLUSIONS

Exclusions, but not limited to:

- Contractual Liability (except mutual aid or reciprocal law enforcement contracts or agreements)
- Willful violation of penal statute or ordinance or failure to follow statutory procedures for seizing property under the Florida Contraband Forfeiture Act
- Workers Compensation, Employer's Liability and similar laws
- War
- Criminal Acts
- Aircraft, Auto or Watercraft
- Employment Injury
- Non-monetary Damages
- Federal Acts (Jones Act, General Maritime Law, the Federal Employers Liability Act, the Federal Employees Compensation Act, the Defense Base Act or the U.S. Longshore and Harbor Workers' Compensation Act)
- **Applies to General Liability, Coverage B. Personal and Advertising Injury Liability Only** - Arising out of any actual or alleged rape, sexual assault, sexual battery, sexual molestations, sexual discrimination, sexual harassment, sexual relations, sexual intimacy, sexual act, sexual activity, sexual handling, sexual exploitation, sexual exhibition, sexual exposure, undue familiarity, alienation of affections, or any behavior with sexual connotation or purpose, both direct and indirect, including the negligent employment, investigation, supervision, reporting to authorities, or retention of any "police/peace officer" for whom any insured is or ever was legally responsible.
- Personal Property in insured's care, custody or control (except for property on persons at time of arrest)

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

**PUBLIC OFFICIALS LIABILITY
EMPLOYMENT PRACTICES LIABILITY**

Term: October 1, 2015 to October 1, 2016

Company: Preferred Governmental Insurance Trust (*Preferred*)

Form: Claims Made – Duty to Defend

Retroactive Date: Full Prior Acts

Coverage: Pays damages the insured becomes legally obligated to pay because of a “wrongful act” arising out of the discharge of duties

Limits of Liability:

Public Officials Liability	\$1,000,000 per Claim \$1,000,000 Annual Aggregate
Employment Practices Liability	\$1,000,000 per Claim \$1,000,000 Annual Aggregate
Media Content Services, Network Security & Privacy Liability	\$500,000 each claim \$500,000 Aggregate for all Notification Costs \$500,000 Aggregate for all Regulatory Fines & Expenses

Self-Insured Retention:

Public Officials Liability	\$100,000 per Claim
Employment Practices Liability	\$100,000 per Claim
Media Content, Services, Network Security & Privacy Liability	Same as Public Officials Liability Deductible

Supplementary Payments:

1. Employee pre-termination legal consultation services - \$2,500 per employee/\$5,000 aggregate.
2. Non-Monetary claims defense costs subject to a \$100,000 aggregate limit and the terms and conditions of the policy.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

PUBLIC OFFICIALS LIABILITY EMPLOYMENT PRACTICES LIABILITY

Notes of Importance:

1. Defense Costs are paid in addition to policy limits.
2. SIR applied to money damages and claims expenses (including investigation, adjustment and defense costs).
3. Broadened definition of “Who is an Insured.”
4. Limits of Liability are subject to Florida Statute 768.28.

Exclusions, but not limited to:

- Criminal Acts
- Non-Monetary relief except as provided in the Supplementary Payments
- Bodily Injury, Personal Injury, Property Damage, Advertising Injury
- Damages arising out of Inverse Condemnation, Eminent Domain, Temporary or Permanent taking, Adverse Possession, Dedication by adverse Use, Condemnation Proceedings, or claims brought under Florida Statute 70.001 the “Bert J. Harris Jr., Private Property Rights Protection Act” or any similar claim by whatever named called.
- War, Invasion, Acts of foreign enemies, hostiles or warlike operations, strike, lock-out, riot, civil war, rebellion, revolution, insurrection or civil commotion
- Failure to effect and maintain insurance
- Fiduciary Liability
- Pollution
- Workers’ Compensation, Employers Liability and similar laws
- Nuclear
- ERISA of 1974, any similar state or local laws, and any rules and regulations promulgated thereunder and amendments thereto.
- Infringement of copyright, trademark, plagiarism, piracy or misappropriation of any ideas or other intellectual property
- Contractual Liability
- Health Care Professional or Health Care Facilities
- Prior and Pending claims
- Workers’ Adjustment and Retraining Notification Act, OSHA, RICO, or ADA
- Law Enforcement Activities
- Insured vs. Insured
- Bonds, Taxes or Construction contracts
- Collective Bargaining Agreements
- Capital Improvement to make property more accessible or accommodating to disabled persons
- Punitive Damages
- Return or improper assessment of taxes, assessments, penalties, fines, fees

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

**PUBLIC OFFICIALS LIABILITY
EMPLOYMENT PRACTICES LIABILITY**

Claims Made Policy:

When a policy is on a claims-made basis, coverage triggers based on the actual filing date or receipt of the claim, in addition to the date of loss or injury. It handles any insured loss or claim filed during the policy period, regardless of when the actual loss or injury occurred, subject to the retroactive date on the declarations. Claims-made coverage applies only to covered losses that occur after the retroactive date.

Extended Reporting Periods:

Preferred provides the following Extended Reporting Periods options in the event coverage is cancelled or non-renewed:

Automatic Extended Reporting Period – continued coverage granted for a period of 60 days following the effective date of termination or nonrenewal, but only for Claims first made during the 60 days and arising from Wrongful Acts taking place prior to the effective date of the termination or nonrenewal.

Optional Extended Reporting Period – The Public Entity shall have the right, upon payment of up to 200% of the expiring premium, to purchase an Optional Extended Reporting Period, for the period of 12 months following the effective date of the cancellation or nonrenewal, but only for Claims first made during the Optional Extended Reporting Period and arising from Wrongful Acts taking place prior to the effective date of the termination or nonrenewal.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE

Term: October 1, 2015 to October 1, 2016

Company: Preferred Governmental Insurance Trust (*Preferred*)

Limits of Liability:
(Based on 319 Vehicles)

Primary Bodily Injury and Property Damage Liability – Combined	\$1,000,000 Any One Accident – Symbol 1
Personal Injury Protection	\$10,000 – Statutory – Symbol 5
Uninsured Motorist	Rejected

Liability Self-Insured Retention: \$100,000 Each Accident

Coverage and Notes of Importance:

1. Defense Costs are paid in addition to policy limits.
2. Hired and non-owned liability is included.
3. Premium is based on number of vehicles and subject to adjustment if schedule is changed.
4. Physical Damage coverage paid at Actual Cash Value or 110% of the value reported on the schedule, whichever is less. Please see policy for complete details. **Stated value coverage may be available and we encourage a review of this coverage.**
5. Limits of Liability are subject to Florida Statute 768.28.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE

Description of Covered Auto Designation Symbols:

SYMBOL	DESCRIPTION
1	= ANY “AUTO”
2	= ALL OWNED “AUTOS” ONLY. Only those “autos” you own and or lease (and for Liability Coverage any “trailers” you don’t own while attached to power units you own). This also includes all those “autos” you acquire ownership of after the coverage agreement begins.
3	= OWNED PRIVATE PASSENGER “AUTOS” ONLY. Only the private passenger “autos” you own. This includes those private passenger “autos” you acquire ownership of after the coverage agreement begins.
4	= OWNED “AUTOS” OTHER THAN PRIVATE PASSENGER “AUTOS” ONLY. Only those “autos” you own that are not of the private passenger type (and for Liability Coverage any “trailers” you don’t own while attached to power units you own). This includes those “autos” not of the private passenger type you acquire ownership of after the coverage agreement begins.
5	= OWNED “AUTOS” SUBJECT TO NO-FAULT. Only those “autos” you own and or lease that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those “autos” you acquire ownership of after the coverage agreement begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
6	= OWNED “AUTOS” SUBJECT TO A COMPULSORY UNINSURED MOTORIST LAW. Only those “autos” you own and or lease that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those “autos” you acquire ownership of after the coverage agreement begins provided they are subject to the same state uninsured motorists requirement.
7	= SPECIFICALLY DESCRIBED “AUTOS”. Only those “autos” described in ITEM THREE of the Declarations for which a premium charge is shown (and for Liability Coverage any “trailers” you don’t own while attached to any power unit described in ITEM THREE).
8	= HIRED “AUTOS” ONLY. Only those “autos” you hire rent or borrow. This does not include any “auto” you lease, hire, rent, or borrow from any of your employees or partners or members of their households.
9	= NONOWNED “AUTOS” ONLY. Only those “autos” you do not own, hire, rent or borrow that are used in connection with your business. This includes “autos” owned by your employees or partners or members of their households but only while used in your business or your personal affairs.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

EXCESS WORKERS' COMPENSATION

Term: October 1, 2015 to October 1, 2016

Insurer: Preferred Governmental Insurance Trust (*Preferred*)

Contract Terms	Option 1:
Liability Period	10/1/2015 – 10/1/2016
Payroll Reporting Period	10/1/2015 – 10/1/2016
Payroll	\$26,924,247
Self-Insured Retention	\$325,000
Specific Limit	Statutory
Employers Liability Limit	\$2,000,000/\$2,000,000/\$2,000,000

Notes of Importance:

1. TPA Fees are not included in this proposal.
2. State taxes and assessments are not included in the premium and are the responsibility of the insured.
3. **If TPA is other than PGCS, first dollar TPA losses required on a quarterly basis.**
4. **Certification of Servicing for Self Insurers form filed with the State of Florida (SI-19) must be received PRIOR to binding excess WC**
5. Final premium subject to payroll audit.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

STOP LOSS AGGREGATE

Term: October 1, 2015 to October 1, 2016

Insurer: Preferred Governmental Insurance Trust (PGIT)

Stop Loss Aggregate Limit: \$2,000,000

When the amounts under the SIR reach \$2,000,000 the SIR will be reduced to \$0 for all subsequent claims.

The lines that are under and contribute to the Basket Aggregate are:

Line of Coverage:	Self-Insured Retention
General Liability	\$100,000
Public Officials Liability/Employment Practices Liability	\$100,000
Law Enforcement Liability	\$100,000
Auto Liability	\$100,000
Excess Workers' Compensation	\$325,000

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations

CRIME

Term: October 1, 2015 to October 1, 2016

Company: Travelers Casualty and Surety Company of America
(Rated A++ XV by A.M. Best)

Limits of Liability and Coverage:

Coverage:	Limit:	Deductible:
Employee Dishonesty	\$975,000	\$25,000
Forgery or Alteration Coverage	\$75,000	\$25,000
Theft, Disappearance and Destruction Coverage Inside	\$250,000	\$25,000
Outside	\$250,000	\$25,000
Computer Fraud Coverage (Including Funds Transfer	\$975,000	\$25,000
Funds Transfer Fund	\$975,000	\$25,000
Money Orders and Counterfeit Money	\$50,000	\$25,000

Notes of Importance:

1. Employee dishonesty coverage is excluded for those employees required by law to be individually bonded.
2. Includes Faithful Performance.

Subject to:

1. App to be signed and dated
2. If the Housing Authority of the City of Key West Florida is seeking coverage under this policy, further underwriting will be required.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

STORAGE TANK LIABILITY

Term: October 1, 2015 to October 1, 2016

Company: Commerce & Industry
(Rated A, XI by A.M. Best)

Limit of Liability:
Each Incident \$1,000,000
Aggregate \$4,000,000

Retention: \$10,000 each Incident

Retroactive Date: Various – See Attached Tank Schedule

Notes of Importance:

1. **Premium is due upon binding coverage.**
2. All premiums are fully earned upon tank removal. There will be no credit for midterm removal.
3. Subject to signed application and confirmation of storage tanks to be covered.

Covered Locations:	UST/ AST	Capacity:	Install Year	Retro Date
Pump Station E Government Rd.	AST	550	1997	1/1/97
Pump Station D Thompson & Seminary St	AST	550	1997	1/1/97
WWTP Trumbo Point annex Flemming Key	AST	10,000	1997	1/1/97
Lift Station 250 Amelia St	AST	450	1987	3/25/94
Fire Station 1600 N Roosevelt Blvd	UST	5,000	2002	10/1/03
Transfer station 141 Overseas Highway	AST	2,000	2009	5/22/09
	AST	250	2009	5/22/09
	AST	875	2009	7/20/09

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

ACCIDENTAL DEATH AND DISMEMBERMENT

***PENDING RENEWAL QUOTATION
AT TIME OF RFP RESPONSE SUBMITTAL DATE***

Term: October 1, 2015 to October 1, 2016

Company: National Union Fire Insurance Company of Pittsburgh, PA
(Rated A, XV by A.M. Best)

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

City of Key West
RFP #07-015 – Property & Casualty Insurance Coverage



MARINA OPERATOR’S LEGAL LIABILITY

<u>Term:</u>	October 1, 2015 to October 1, 2016
<u>Company:</u>	Great American Insurance Company (Rated A +, XIII by A.M. Best)
<u>MOLL Coverage Limit:</u>	\$1,000,000
<u>Covered Location:</u>	Garrison Bight Marina 1800 N Roosevelt, Key West, FL Key West Bight Marina 201 William St, Key West, FL
<u>Deductible:</u>	\$2,500 per occurrence
<u>Additional Coverage:</u>	Limited Pollution Extension w/\$1,000,000 Sublimit Marina Operators Pollution Liability w/ \$1,000,000 Sublimit

Warranted: Any contractor or sub-contractor performing repair or maintenance on the premises or on vessels or equipment on the premises, including docks and moorings, shall be required to provide a Certificate of Insurance with General Liability limits of at least \$1,000,000 and name the City of Key West as an additional insured.

Conditions / Exclusions:

- Chemical, Biochemical, Electromagnetic Exclusion Clause
- Pollution Exclusion
- AIMU Extended Radioactive Contamination Exclusion
- Radioactive Contamination Exclusive Clause (USA Endorsement)
- Any and all liability in connection with or arising out of the existence of houseboats located in any covered Marina, including but not limited to the houseboats themselves, as well as any damage to third party vessels or property arising directly or indirectly from the existence of any houseboat in the covered marinas.
- Strikes, Riots, Etc.
- Sue & Labor Clause

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

HULL AND MACHINERY COVERAGE

Term: October 1, 2015 to October 1, 2016

Company: Great American Insurance Company
(Rated A +, XIII by A.M. Best)

Total Hull Values: \$964,256 per schedule:
2010 26' USA Pumpout Boat - \$86,670
2011 26' USA Pumpout Boat - \$86,670
2014 29' Safe Boat - \$284,922
2003 27' Marine Full Cabin Safe Boat - \$141,036
2005 32' Donzi - \$117,575
2003 24'7" Boston Whaler Guardian Fire Boat - \$82,084
2004 21' Carolina Skiff - \$16,299
1990 Sea Ark Utility Oil Response Boat - \$67,500
1990 Sea Ark Utility Oil Response Boat - \$67,500
1997 Carolina Skiff - \$10,000
18' Mako Flats Boat - \$4,000

Form: Taylor Hull Clauses
Including Strikes, Riots and Civil Commotions
AIMU Chemical, Biological, Bio-Chemical and
Electromagnetic Exclusion
AIMU Extended Radioactive Contamination Exclusion

Navigation: Inland and coastal waters of the Island of Key West not to
exceed within 2 miles of the shore.

Hull Deductible: \$5,000 per Occurrence

This deductible structure applies for all covered peril except losses arising out of a Windstorm, in which case a deductible of 5% of value per damaged vessel, subject to a maximum per occurrence aggregate deductible of \$35,000.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

VESSEL POLLUTION COVERAGE

Term: October 1, 2015 to October 1, 2016

Company: Great American Insurance Company
(Rated A +, XIII by A.M. Best)

Covered Vessels:
18' Mako Flats Boat w/ Evinrude OB
2014 29' Safe Boat WAC
2003 27' Marine Full Cabin Safe Boat
2005 32' Donzi w/ twin Merc O/B
2003 24'7" Boston Whaler Guardian Fire Boat
1985 20' Aquasport
2004 21' Carolina Skill
2010 26' USA Pumpout Boat
1990 Sea Ark Utility Oil response boat
1990 Sea Ark Utility Oil response boat
2010 26' USA Pumpout Boat
1997 16' Carolina Skiff

OPA Limit: \$1,000,000

CERCLA Limit: \$1,000,000

Including Non-OPA / Non-CERCLA

THIS QUOTE DOES NOT PROVIDE ANY GENERAL LIABILITY OR PROTECTION & INDEMNITY. (General Liability coverage is provided under the Preferred Package coverage and P&I available on request.)

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

WHARFINGERS / LANDING DOCK / BAILEE LIABILITY

Term: October 1, 2015 to October 1, 2016

Company: Great American Insurance Company
(Rated A +, XIII by A.M. Best)

Covered Locations:

1. 100 Grinnell Street, Key West, Florida (Ferry Landing)
2. 1 Whitehead Street, Key West, Florida (Cruise Landing)
3. Truman Annex @ Thomas Street, Key West, Florida
(Commercial Landing)

Coverage: Wharfinger's Liability Form

Limit of Liability: \$2,000,000 CSL

Deductible: \$10,000 Wharfinger's Liability

Exclusions include but not limited to:

- Pollution Liability
- Nuclear
- RACE
- Economic Trade Sanction Clause
- Chemical, Biological, Bio-Chemical, Electromagnetic Exclusion

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

EXCESS GENERAL LIABILITY

Term: October 1, 2015 to October 1, 2016

Company: Great American Insurance Company
(Rated A +, XIII by A.M. Best)

Limit: \$4,000,000 excess of \$1,000,000

Underlying primary limits: \$1,000,000 Excess General Liability for Outer Mole Location Only

Self-Insured Retention: None

Underlying Coverages:

General Liability coverage under PGIT policy number (TBA) but only as it applies to the Outer Mole location. The policy does not apply to any other liability of the City of Key West.

This proposal is intended to give a brief overview. Higher limits may be available. Please refer to coverage forms for complete details regarding definition of terms, exclusions and limitations.

PREMIUM RECAPITULATION

Page 1 of 2

	<u>Annual Premium</u>	<u>Check Option</u>	
		<u>Accept</u>	<u>Reject</u>
<i>Preferred Governmental Insurance Trust Package</i>			
policy coverages:			
Property / Inland Marine / Equipment Breakdown/ Vehicles	\$621,301	<input type="checkbox"/>	<input type="checkbox"/>
General & Law Enforcement Liability	\$77,722	<input type="checkbox"/>	<input type="checkbox"/>
Public Officials / Employment Practices Liability	\$53,455	<input type="checkbox"/>	<input type="checkbox"/>
Automobile Liability	\$31,241	<input type="checkbox"/>	<input type="checkbox"/>
Excess Workers Compensation	\$125,567	<input type="checkbox"/>	<input type="checkbox"/>
Stop Loss Aggregate	\$16,000	<input type="checkbox"/>	<input type="checkbox"/>
<i>Preferred Package Two-Year Coverage Agreement*</i>		<input type="checkbox"/>	<input type="checkbox"/>
<i>*Please refer to the next page for details on the Two-Year Offer</i>			
Crime	\$3,465	<input type="checkbox"/>	<input type="checkbox"/>
Storage Tank Liability	\$2,423	<input type="checkbox"/>	<input type="checkbox"/>
AD&D	TBD	<input type="checkbox"/>	<input type="checkbox"/>

PREMIUM RECAPITULATION

Page 2 of 2

	<u>Annual Premium</u>	<u>Check Option</u>	
		<u>Accept</u>	<u>Reject</u>
Marina Operator’s Legal Liability	\$14,861	<input type="checkbox"/>	<input type="checkbox"/>
Wharfinger/Landing Dock Bailee Liability	\$24,208	<input type="checkbox"/>	<input type="checkbox"/>
Hull & Machinery – All Vessels	\$11,475	<input type="checkbox"/>	<input type="checkbox"/>
Vessel Pollution Liability	\$4,425	<input type="checkbox"/>	<input type="checkbox"/>
Excess General Liability – Outer Mole	\$10,000	<input type="checkbox"/>	<input type="checkbox"/>

I authorize PRIA to request the underwriters to bind coverage on the items indicated above and acknowledge receipt of the Compensation and Financial Condition Disclosure(s) provided in this proposal.

(Signature)

(Name & Title)

(Date)

IMPORTANT NOTE:

Preferred's Package quote covers two (2) annual twelve month periods, from 10/01/2015 12:00:00 AM to 10/01/2016 12:00:00 AM and from 10/01/2016 12:00:00 AM to 10/01/2017 12:00:00 AM. The following conditions apply in addition to all other conditions of this quote:

- A. All Aggregate limits reset for the period 10/01/2016 12:00:00 AM to 10/01/2017 12:00:00 AM. Losses applying to one annual coverage period will not erode the aggregate limits of another annual coverage period.
- B. The premium for the period 10/01/2016 12:00:00 AM to 10/01/2017 12:00:00 AM will be determined based on updated exposure values for the period.
- C. Rates for the period 10/01/2016 12:00:00 AM to 10/01/2017 12:00:00 AM will be identical to those for the period commencing 10/01/2015 12:00:00 AM, with premiums subject to the following:
 - 1. Changes to Schedules: Property, Inland Marine, and Automobile symbol 7 only
 - 2. Payroll
 - 3. Number of Employees
- D. In the event of cancellation of any line of business prior to 10/01/2017 12:00:00 AM, a penalty equal to 60 days premium of such line(s) of business shall become earned, any provision of the agreement to the contrary notwithstanding.
 - 1. This penalty is earned and payable regardless of when notice of such cancellation is given, or the effective date of such cancellation.

Notes of Importance:

1. Quotes provided in the proposal are valid until 10/1/2015. After this date terms and conditions are subject to change by the underwriters.
2. *Preferred* is not subject to the Florida Insurance Guaranty Act, in the event it becomes unable to meet its claims payment obligations. However, insured is named on excess of loss policies.
3. Some of the Carriers of the *Preferred* excess of loss policies are issued pursuant to the FL Surplus Lines laws. Entities insured by surplus lines carriers do not have the protection of the FL Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent, unlicensed insurer.
4. *Preferred* proposal is subject to review and acceptance by *Preferred* Board of Trustees.
5. Premiums are subject to change if all lines of coverage quoted are not bound. **Premiums are subject to 25% minimum premium upon binding.**
6. Not all coverages requested may be provided in this proposal.
7. Flood quotes from NFIP may be available. Please advise your agent if you have property located in zones A or V and would like to have separate NFIP quotes.
8. Property values are based on information supplied by you. You should have reviewed your property schedule and as you deem necessary have appraisals done to verify your reported values are accurate based on current market conditions.
9. The Trust requires all Members to maintain valid and current certificates of workers' compensation insurance for all work performed by persons other than its employees.
10. **With the exception of Workers' Compensation, the total premium is due within 30 days of inception. Premium financing can be arranged if needed.**
11. Quote is not bound until written orders to bind are received from the insured and the Trust/Company subsequently accepts the risk.
12. Should signed application reveal differing details/data than original application received, the entire quote/binder is subject to revision and possible retraction.
13. Higher limits of liability may be available. Please consult with your agent.
14. This proposal is based upon exposures to loss made known to the Public Risk Insurance Agency. Any changes in exposures (i.e. new operations, new acquisitions of property or change in liability exposure) need to be promptly reported to us in order that proper coverage may be put into place.
15. **This proposal is intended to give a brief overview. Please refer to coverage agreements for complete information regarding definition of terms, deductibles, sub-limits, restrictions and exclusions that may apply. In the event of any differences, the policy will prevail.**

Retail Compensation Disclosure

In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or “pooled”) with the premium dollars of other insured’s that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

Questions and Information Requests: Should you have any questions or require additional information, please contact this office at 386-252-6176 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry.shtml>.

PREFERRED Compensation Disclosure

We appreciate the opportunity to assist with your insurance needs. Information concerning additional compensation paid to other entities for this placement and related services appears below. Please do not hesitate to contact us if any additional information is required.

Our office is owned by Brown & Brown, Inc. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so.

For the 2015 – 2016 policy year, your insurance was placed with Preferred Governmental Insurance Trust (*Preferred*). *Preferred* is an insurance trust formed by Florida public entities through an Interlocal Agreement for the purpose of providing its members with an array of insurance coverages and services. *Preferred* has contracted with entities owned by Brown & Brown, Inc. to perform various services. As explained below, those Brown & Brown entities are compensated for their services.

Preferred has contracted with Public Risk Underwriters (PRU), a company owned by Brown & Brown, Inc., to administer *Preferred's* operations. The administrative services provided by PRU to *Preferred* include:

- Underwriting
- Coverage review
- Marketing
- Policy Review
- Accounting
- Issuance of *Preferred* Coverage Agreements
- *Preferred* Member Liaison
- Risk Assessment and Control

Pursuant to its contract with *Preferred*, PRU receives an administration fee, based on the size and complexity of the account, of up to 12.5% of the premium you pay to *Preferred*. PRU may also receive commissions from insurance companies with whom it places your coverage, which commissions are derived from the premium you pay to *Preferred*. Multiple underwriters may be involved in the placement of your coverage. If so, they also may be compensated for their services from the premium you pay to *Preferred*.

Preferred has also contracted with Preferred Governmental Claims Solutions (PGCS), a company owned by Brown & Brown, Inc., for purposes of administering the claims of *Preferred* members. The services provided by PGCS to *Preferred* may include:

- Claims Liaison with Insurance Company
- Claims Liaison with *Preferred* Members
- Claims Adjustment

PREFERRED Compensation Disclosure (continued)

Pursuant to its contract with *Preferred*, PGCS receives a claims administration fee for those accounts which PGCS services of up to 5% of the non-property portion of the premiums you pay to *Preferred*.

Preferred also utilizes wholesale insurance brokers, some of which (such as Peachtree Special Risk Brokers and MacDuff Underwriters) are owned by Brown & Brown, Inc., for the placement of *Preferred's* insurance policies, and for individual risk placements for some *Preferred* members (excess and surplus lines, professional liability coverage, etc.). The wholesale insurance broker may provide the following services:

- Risk Placement
- Coverage review
- Claims Liaison with Insurance Company
- Policy Review
- Current Market Intelligence

The wholesale insurance broker's compensation is derived from your premium, and is largely dictated by the insurance company. It typically ranges between 10% and 17% of the premiums you pay to *Preferred* for your coverage. Some wholesale brokers used by Brown & Brown to place your coverage may also act as Managing General Agents for various insurance companies, and may be compensated directly by those insurance companies for their services in placing and maintaining coverage with those particular companies.

The wholesale insurance brokerage utilized in the placement of property insurance was Peachtree Special Risk Brokers, which is a company owned by Brown & Brown Inc. Furthermore, any professional liability coverage afforded by the package of insurance you purchased was acquired through Apex Insurance Services, which is also a company affiliated with Brown & Brown Inc.

Wholesale Business Compensation Disclosure

Wholesale Broker/Managing General Agent: Hull & Company

This intermediary is owned in whole or part by Brown & Brown, Inc., the parent company of Public Risk Insurance Agency. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services may be up to 15% of the premium you pay for coverage, and any compensation paid for those services is derived from your premium payment.

NOTICE OF CARRIER FINANCIAL STATUS

Risk Management Associates, Inc. dba Public Risk Insurance Agency, and its parent company, Brown & Brown, Inc. (collectively “Brown & Brown”) do not certify, warrant or guarantee the financial soundness or stability of any insurance carrier or alternative risk transfer or pooling entity. We endeavored to place your coverage with an insurance carrier with an A.M. Best Company financial rating of “A-” or better.* While Brown & Brown cannot certify, warrant or guarantee the financial soundness or stability of any insurance carrier or alternative risk transfer or pooling entity or otherwise predict whether the financial condition of any such entity might improve or deteriorate, we are hereby providing you with notice and disclosure of financial condition so that you can make an informed decision regarding the placement of coverage. Accordingly, with receipt of this notice you acknowledge the following with regard to the placement and any subsequent renewal of the coverage indicated below:

- Brown & Brown attempted to present other options for your insurance placement, including quotations with insurance carriers holding an “A-” or better rating from A.M. Best Company, but we were unable to secure such a quote.
- Coverage is being placed through **Preferred Governmental Insurance Trust (“Preferred”)**, which is as a Florida local government self-insurance fund established pursuant to Section 624.4622, Florida Statutes, as such **Preferred** is not rated by the A.M. Best Company.
- **Preferred** is not subject to the protections afforded by any state guaranty fund or association.
- The financial condition of insurance companies and other coverage providers including local government self-insurance funds like **Preferred** may change rapidly and those such changes are beyond the control of Brown & Brown.
- You should review the financial and membership information from **Preferred** and agree to abide by the conditions of membership established by **Preferred**.
- You should consider the information provided, including the **Preferred** coverage quote and coverage placement and review it with your accountants, legal counsel and advisors.

Named Insured: City of Key West
Policy Number: PX FL1 0442001 15-07
Policy Period: 10/1/15 – 10/1/16
Date of Notice: 6/29/15

* **A.M. Best Rating Guide: Rating for Stability: A++ to D = Highest to lowest rating**
Rating for Assets/ Surplus: 15 to 1 - Largest to smallest rating

PRIA COVERAGE PROPOSAL/SUMMARY

Guide to Best's Ratings		
Best Category	Rating	Description
Secure	A++	Superior
Secure	A+	Superior
Secure	A	Excellent
Secure	A-	Excellent
Secure	B++	Very Good
Secure	B+	Very Good
Vulnerable	B	Fair
Vulnerable	B-	Fair
Vulnerable	C++	Marginal
Vulnerable	C+	Marginal
Vulnerable	C	Weak
Vulnerable	C-	Weak
Vulnerable	D	Poor
Vulnerable	E	Under Regulatory Supervision
Vulnerable	F	In Liquidation
Vulnerable	S	Rating Suspended
Not Rated	NR-1	Insufficient Data
Not Rated	NR-2	Insufficient Size and/or operating experience
Not Rated	NR-3	Rating Procedure Inapplicable
Not Rated	NR-4	Company Request
Not Rated	NR-5	Not Formally Followed
Rating Modifier	u	Under Review
Rating Modifier	q	Qualified
Affiliation Code	g	Group
Affiliation Code	p	Pooled
Affiliation Code	r	Reinsured

Guide to Best's Financial Size Categories		
Reflects size of insurance company based on their capital, surplus and conditional reserve funds in U.S. dollars.	I	Less than \$1,000,000
	II	\$1,000,000 - \$2,000,000
	III	\$2,000,000 - \$5,000,000
	IV	\$5,000,000 - \$10,000,000
	V	\$10,000,000 - \$25,000,000
	VI	\$25,000,000 - \$50,000,000
	VII	\$50,000,000 - \$100,000,000
	VIII	\$100,000,000 - \$250,000,000
	IX	\$250,000,000 - \$500,000,000
	X	\$500,000,000 - \$750,000,000
	XI	\$750,000,000 - \$1,000,000,000
	XII	\$1,000,000,000 - \$1,250,000,000
	XIII	\$1,250,000,000 - \$1,500,000,000
	XIV	\$1,500,000,000 - \$2,000,000,000
	XV	Greater than \$2,000,000,000

Public Risk Insurance Agency always strives to place your coverage with highly secure insurance companies. We cannot, however, guarantee the financial stability of any carrier.

Section 6

Preferred Governmental Insurance Trust

PREFERRED GOVERNMENTAL INSURANCE TRUST (*Preferred*) OVERVIEW

Several hundred members and millions in premiums prove that the *Preferred* Governmental Insurance Trust® fulfills what Florida needs: an insurance program exclusively customized and dedicated to the public sector. *Preferred* stays on the forefront of specialized insurance for property, casualty and workers’ compensation because it is non-profit and self-governed with a membership comprised solely of Florida public entities.

Preferred’s history dates back to 1999. Its robust membership and financial strength, including consistent growth of surplus, stem from its conservative platform of managed risk. *Preferred* is just that: ***preferred*** for unmatched public entity experience, innovation, stability and personalized service.

Preferred’s Member Types

Municipalities	Counties	Special Districts
Public Schools	Charter Schools	Sheriff Departments
Housing Authorities	Aviation Authorities	Transit, Port & Utility Authorities

Preferred’s Comprehensive Coverages

Property	Workers’ Compensation	General Liability
Automobile Liability	Automobile Physical Damage	Law Enforcement Liability
Public Officials Liability	Employment Practices Liability	Educators’ Legal Liability

The Power of Groups and People

What does a specialized insurance trust do for you? In the case of *Preferred*, it gives you the purchasing power of a very large trust with billions of covered property values—far more financial negotiating power than a single public entity can muster. As a *Preferred* member, you are part of a formidable Florida insurance trust.

The trust also transfers risks from any one public entity to the larger group. This provides all members of the trust better rating structures with less volatility. *Preferred*’s sole focus on government ensures that members’ unique needs are met.

Underwriting and Administration

Behind *Preferred's* underwriting platform are decades of success built on integrity and market relationships. Our team of underwriters' vast insurance expertise enhances the actuarial and scientific data used to underwrite individual risks within the trust. Services delivered are both broad and precise. Reliability is assured. The administrator for *Preferred* is Public Risk Underwriters of Florida, Inc.® (PRU), Florida's premier public entity specialist of its kind. Preferred's claims administrator is PGCS Claim Services. With more than 25 years in claims experience, PGCS is Florida's foremost governmental third-party administration company.



Underwriting Highlights

- **Diverse risk financing options:** guaranteed cost, deductible, self-insured retention, all lines aggregate
- **Competitive premium discounts** based on favorable experience and sound safety practices
- **Flexibility of coverage design**, including mono-line or package basis
- **Dynamic financial analysis** conducted periodically to validate the trust's superior financial standing

Administration

- **General counsel, defense counsel and litigation services** by specialists in governmental law
- **Membership relations** for networking and professional development
- **Legislative Pulse newsletter** from Tallahassee-based law firm
- **Professional marketing** that guarantees local agent support, governmental knowledge and an ever-growing group of members
- **Preferred News**—a quarterly publication covering the spectrum of government insurance issues
- **State filing, accounting and independent CPA audited financials** as needed

Preferred's Expert Boards Know Your Business

Preferred is governed and guided by people working daily in all segments of Florida's public sector – from municipalities to counties to schools to special taxing districts.

The Board of Trustees is comprised of elected public officials who work wisely and diligently to set policy, keeping Preferred as the premier public entity insurer of its kind.

The Risk Advisory Board increases this special advantage. Composed of full-time risk managers from the membership, the board is uniquely equipped to monitor and help improve products and services—it serves as a voice of the membership. This board works in synergy with the administrator for maximum efficiency.

Preferred Governmental Insurance Trust

Board of Trustees

Dwight E. “Ed” Wolf, II	Chair	City of Wildwood <i>Mayor</i>
Charles Walsey	Vice Chair	Cypress Grove CDD <i>Chair</i>
Warren Yeager	Secretary	Gulf County <i>Commissioner</i>
Welton Cadwell	Trustee	Lake Emergency Medical Services <i>Commissioner</i>
Thomas Rice, Sr.	Trustee	South Indian River WCD <i>Vice President</i>
Fred Hawkins, Jr.	Trustee	Osceola County <i>Commissioner</i>
Chris Hoffman	Trustee	City of Jacksonville Beach <i>Commissioner</i>
Kathryn Bryant	Alternate Trustee	Marion County <i>Commissioner</i>

Risk Advisory Board

Renee Hudson	Chair	City of Bradenton <i>Risk/Safety Supervisor</i>
Lori P. McCullers	Vice Chair	City of Naples <i>Risk Manager</i>
Christina Maguire	Board Member	City of Ormond Beach <i>Risk Manager</i>
Deborah L. Franklin, MA	Board Member	The Villages CDD <i>HR Director</i>
Keri Martin	Board Member	City of Winter Park <i>Risk Manager</i>
Gerald Visco	Board Member	Brevard County BOCC <i>Risk Manager</i>
Jennifer Poirrier	Board Member	City of Treasure Island <i>HR Director</i>
Rickey Kendall	Board Member	HART <i>Safety & Risk Director</i>
Kim Pilcher	Board Member	City of Panama City <i>Director of Human Resources</i>
Maureen Gochee	Board Member	City of Titusville <i>Risk Manager</i>
Denise Manual	Board Member	Gulf County BOCC <i>HR/Risk Management Director</i>

PREFERRED CLAIMS ADMINISTRATION

Preferred Governmental Claim Solutions, Inc. ® (PGCS) is the premier governmental third party claims administrator in the state of Florida and also administers the claims for Preferred Governmental Insurance Trust (*Preferred*). Since its founding in 1956, PGCS has provided claims administration services exclusively to over 450 governmental entities including schools, cities, towns, counties, community development districts, and fire districts. Therefore, PGCS's adjusters are extremely qualified to handle governmental tort liability and public sector workers' compensation claims. They are experts at investigating and handling police and firefighters presumption claims. PGCS is sensitive to the politics involved in the handling of public entity claims.

PGCS's claims administration program consists of workers' compensation, general liability, bodily injury, personal injury, property, auto liability, auto physical damage, employment practices liability, school leaders/educators liability and public officials liability. Their claims staff has over 630 years of combined insurance experience and each has been with PGCS an average of 8 years. Claims are handled under strict supervision in accordance with the PGCS workers' compensation and liability claim handling procedure manuals and the PGCS claim best practices manual. A random sampling of each adjuster's claim files are audited on a monthly basis by a Quality Assurance Manager to ensure compliance.

PGCS provides their clients with a dedicated Subrogation Unit to pursue reimbursements from at-fault third parties. Their current recovery rate is fifty-nine (59) percent of the claim costs expended. PGCS also has a dedicated excess reporting and recovery unit for communication to and securing reimbursement from the excess and/or reinsurance carriers. In addition, PGCS provides a state-approved Special Investigation Unit (SIU) to prevent and pursue fraudulent claims. PGCS offers rewards up to \$10,000.00 for the arrest and conviction of persons committing workers' compensation fraud. This service is provided via a twenty-four hour seven day a week hotline.

PGCS utilizes the RiskMaster system for claims processing. This system captures a wide variety of data, and allows the adjuster to enter an unlimited number of claim notes, process reserve changes, and issue claim payments. Customized reports can be obtained from PGCS's on-line system containing a multitude of data parameters that a client may choose to analyze. The system can be accessed by clients via their website at www.pgcs-tpa.com.

Communication with PGCS's clients is the cornerstone of their claims administration program. Professional adjusters, nurses, management, quarterly in-depth claim review meetings, 24/7 claim reporting, utilization of attorneys specializing in public entity defense, litigation management, and return to work programs are just a sample of how PGCS has set the standard for the industry.

PGCS is committed to partnering with their clients to provide professional and aggressive claim management programs. While they are recognized as the leader in the industry, PGCS is always striving to improve the quality of their programs and expand the services that they offer.

PREFERRED SAFETY AND RISK MANAGEMENT SERVICES

The success of any public sector community is clearly tied to its ability to protect and preserve its human physical assets. This basic premise serves as the cornerstone of an effective Safety Management program and underscores the importance of Risk Control to the community. *Preferred's* Safety and Risk Management Department is very aware of the valuable contribution a comprehensive risk control program makes to the bottom-line of any organization.

At *Preferred*, Safety consultations originate with one basic thought—Specific measures can be recommended to minimize or eliminate the exposures that cause accidents. This does not mean that the workplace become no-risk utopias, but we expect our consultants to recommend measures to control/minimize all types of accidents, injuries and illnesses to our *Preferred* clients' operations and premises.

Stressing our problem solving skills... *Preferred* is dedicated to meeting the challenge of the complex problems facing public sector organizations...disarming these problems and converting them into factors, which work to the advantage of our clients. Our emphasis approach to risk control incorporates the following elements:

- **Exposure Identification** – Assist management in determining areas where a chance of loss might exist.
- **Exposure Measurement and Analysis** – Loss analysis and a review of the consequences of the exposures will be considered to develop alternative methods of control.
- **Determination and Selection of Appropriate Risk Control Methods** – Based on measurement and analysis and after considering alternative approaches, specific recommendations and/or a custom design Risk Control plan will be formulated.
- **Training and Safety Management Consulting** – After considering client needs specific training will be formulated and initiated to fit that need. Key personnel will be provided with the basic knowledge and skills they need to meet those identified needs. Program monitoring is accomplished through follow-up surveys with adjustments to the action plan made as needed. Specialty consulting services are available if necessary.

Preferred's Safety and Risk Management Department evaluates the unique needs to each client, ultimately designing a program that is capable of being integrated into the overall risk control efforts of each client. Our management system's direction to the problem solving approach is the foundation of our Safety and Risk Management Service.

Preferred Governmental Insurance Trust
Municipality Excess Insurance Structure 15-16

Statutory Limits	All Property Insured by Trust		Higher Limits Available			Higher Limits Available
	\$225,000,000 Total Limit		\$1,000,000 Per Occurrence Limit			
Colony Insurance Company	Arch Specialty Aspen Specialty AXIS Specialty Endurance UK		Princeton Excess & Surplus Lines Insurance Company	Princeton Excess & Surplus Lines Insurance Company	Princeton Excess & Surplus Lines Insurance Company	\$1,000,000 Limit
\$2,000,000 Retention	Everest Ironshore Liberty Lloyds Montpelier Bermuda RSUI Westport Insurance					\$200,000 Retention
	\$75,000,000 (Excess over Tower 1 & Tower 2)		\$200,000 Retention	\$200,000 Retention	\$150,000 Retention	
	AWAC Arch Specialty Colony Ins. Co. Endurance UK Endurance US Ironshore Lexington Lloyds RSUI Westchester (Tower 1)	AWAC Arch Specialty Aspen Specialty Brit (USA) Colony Ins. Co. Endurance UK Endurance US Ironshore Lexington Lloyds Markel US RSUI Starr Surplus Westport Ins (Tower 2)				
	\$25,000 Retention					
Workers' Compensation	Property Inland Marine and Automobile PD		Automobile Liability	General Liability	Law Enforcement Liability	Public Officials & Employment Practices

Preferred Governmental Insurance Trust
Municipality Excess Insurance Structure 15-16

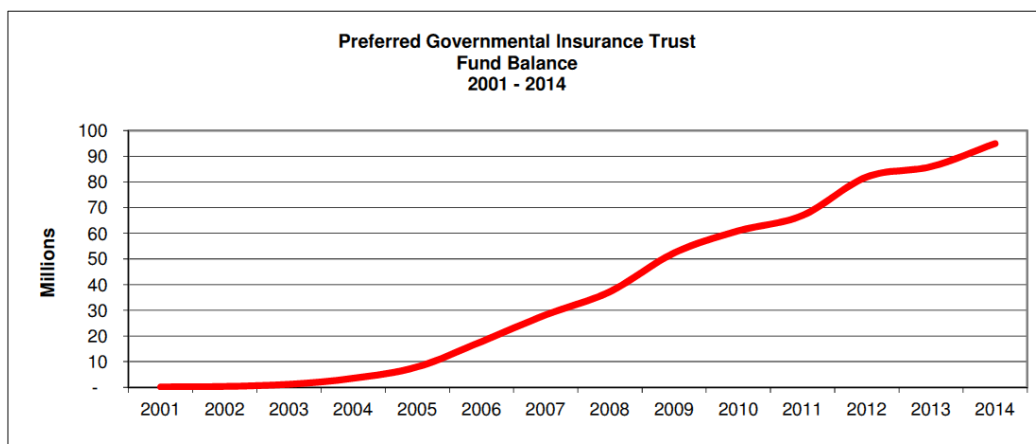
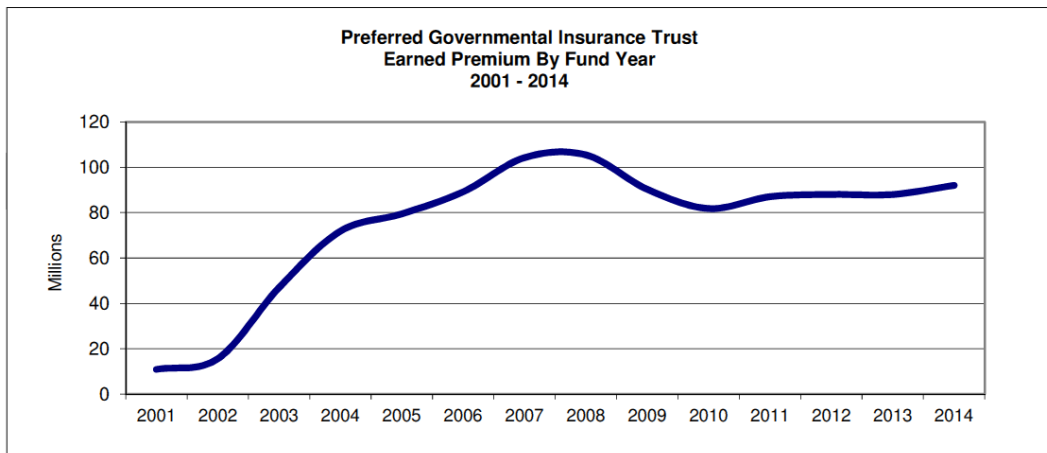
Carrier	A.M. Best Rating	Status
Allied World Assurance Company (AWAC)	A XV	Non-admitted
Arch Specialty Insurance Company	A+ IX	Non-admitted
Aspen Specialty Insurance Company	A XV	Non-admitted
AXIS Specialty Europe Limited	A XV	Non-admitted
Colony Specialty	A XII	Non-admitted
Colony Insurance Company	A XII	Non-admitted
Endurance UK	A XII	Non-admitted
Endurance US	A XII	Non-admitted
Everest Indemnity Insurance Co	A+ XV	Non-admitted
Ironshore Insurance Ltd.	A- XIV	Non-admitted
Liberty Surplus Insurance Co	A XV	Non-admitted
Lexington Insurance Company	A XV	Non-admitted
Lloyds	A XV	Non-admitted
Markel Insurance Company	A XIV	Non-admitted
Montpelier Bermuda	A XV	Non-admitted
Princeton Excess & Surplus Lines Insurance Company	A+ XV	Non-admitted
RSUI Indemnity Company	A+ XII	Non-admitted
Starr Surplus Lines Insurance Company	A XV	Non-Admitted
State National Insurance Company	A VII	Non-Admitted
Westchester Surplus Lines Insurance Company	A++ XV	Non-admitted
Westport Insurance Corporation	A+ XV	Non-admitted

This is a summary of the excess structure and is for illustrative purposes only. It is not intended to provide full details regarding retentions, limits and aggregates. Please refer to your coverage agreement for details of applicable coverage.

Coverage placed with carriers that are non-admitted does not have the protection of the Florida Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent insurer

**Preferred Governmental Insurance Trust
Selected Financial Information
At and for the year ending September 30, 2014**

Assets		
Total Assets		\$ 177,202,287
Liabilities & Surplus		
Unpaid Losses and Loss Adjustment Expenses		\$ 70,502,000
Total Liabilities		\$ 82,472,335
Fund Balance		\$ 94,729,952
Premiums		
Earned Premiums		\$ 92,197,374
Excess Premiums		\$ 38,869,012
Expenses		
Losses and Loss Adjustment Expenses		\$ 31,641,385
Net Income (Loss)		
Net Income		\$ 8,633,117



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
PREFERRED GOVERNMENTAL INSURANCE TRUST
SEPTEMBER 30, 2014 AND 2013**

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Shores, Tagman, Butler & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Preferred Governmental Insurance Trust
Lake Mary, Florida

We have audited the accompanying financial statements of Preferred Governmental Insurance Trust (the "Trust"), which comprise the Statements of Net Position as of September 30, 2014 and 2013, and the related Statements of Revenue, Expenses and Changes in Fund Net Position, and of Cash Flows for the years then ended, and the related Notes to the Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Preferred Governmental Insurance Trust as of September 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Emphasis of Matter

As discussed in the Notes to the Financial Statements, the terms of the Trust's service contract provide for claims adjusting services on claims that arose during the contract period provided that the contract remains in effect. In the event the contract is terminated, the Trust will be liable for the additional expenses related to adjusting these claims until all such claims are concluded. The amount of this liability, if any, cannot be presently determined. Accordingly, the accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in the Notes to the Financial Statements, the reserves for unpaid losses and loss adjustment expenses in the accompanying financial statements are based upon evaluations by the Trust's independent actuary. Management believes that these estimates are reasonable. However, these estimates are subject to change and the change can be material in relation to the financial statements taken as a whole. No assurance can be given that the actual losses will not be more or less than the current estimates.

January 20, 2015

Jon, Tague, Butler; Company, P.A.

Preferred Governmental Insurance Trust

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Preferred Governmental Insurance Trust (the Trust) has prepared the following narrative overview and analysis of the financial activities of the Trust for the fiscal year ending September 30, 2014 and 2013 using other comparative years as appropriate. We encourage readers to consider the information presented here in conjunction with the Trust's financial statements and notes to the financial statements to enhance their understanding of the Trust's financial performance.

Financial Highlights

Unless otherwise indicated, financial performance throughout this analysis is expressed in thousands.

- The Trust's overall financial condition has consistently improved in each of the last two years. Total net position (surplus) increased by \$8,633 from 2013 to 2014, or 10%, to a total of \$94,730. In the prior year, total net position increased by \$3,681 from 2012 to 2013, or 5%, to a total of \$86,097. Increases in net position have come in response to strong operating results created by consistent investment returns and actuarially determined reductions to the Trust's liability for unpaid losses and loss adjustment expenses.
- Total assets have steadily increased in each of the last two years. Total assets increased by \$17,661 from 2013 to 2014, or 11%, to a total of \$177,202. In the prior year, total assets increased by \$2,318 from 2012 to 2013, or 2%, to a total of \$159,541. Improvements each year are attributable to investment earnings and the growth in cash and investment accounts.
- Investment earnings have consistently tracked with internally adopted benchmarks. Investment earnings of \$7,531 represent returns of 5.6% on average investment balances in 2014. Current year earnings benefitted from changes in asset allocation that increased the Trust's opportunities in bond and equity markets. The Trust increased its allocation to intermediate term bonds, magnifying the positive impact of declining interest rates on the portfolio, and doubled its investment allocation to stocks in this year's high performing equity markets. By contrast, earnings in 2013 were \$1,848 as the Trust's investments posted a 1.4% return on average investment balances. Internal benchmarks for 2013 were 1.5%. Prior year returns suffered from deterioration of bond values resulting from the gradual increase in rates over the course of that year.
- The ratio of our premium to our net position, a common measure of solvency has consistently improved each year. The ratio shows the degree to which the Trust's premium exceeds or is covered by net position. The lower the ratio, the more solvent the Trust. Stable premium revenues from 2012 to 2014 in comparison to growing net position produce a ratio of premium to net position of 97% in 2014 in comparison to 102% in 2013 and 107% in 2012.
- Routine recoveries from the Trust's excess program increased over the prior year. As claims mature and costs invade excess layers, timely and effective collections of claims of un-retained risk have become increasingly important to the Trust. Routine excess recoveries exceeded \$14,000 for the first time in the history of the Trust in 2014. Recoveries are up from the approximate \$12,000 and \$10,000 in collections achieved in 2013 and 2012 respectively.

Preferred Governmental Insurance Trust

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Trust's financial statements. Typically, government financial statements would be presented as three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

However, as the Trust uses only one proprietary fund, which presents financial statement information in the same manner as government-wide financial statements, only with more detail, we do not present government-wide financial statements as the information would be repetitive.

The financial statements are comprised of the statement of net position, the statement of revenues, expenses and changes in fund net position and the statement of cash flows and the notes to the financial statements. The financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles applicable to governmental enterprise funds.

The statement of net position presents the Trust's financial position as of the end of its fiscal year. Information is displayed on assets and liabilities with the difference between the two amounts as net position. The net position of the Trust reflects the present value of resources available to its members at the end of the fiscal year after satisfaction of all loss reserves.

The statement of revenues, expenses and changes in fund net position presents information detailing the revenues and expenses that resulted in a change in net position during the current fiscal year. All revenues and expenses are reported on an accrual basis. This means that the revenue or expense is recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash associated with the event is received or paid. Thus revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. For example, premiums collected from a public entity might not be reflected as revenue until fully earned by the passage of time. Likewise, claims that occurred during the fiscal year will be reflected as an expense whether or not they have been paid as of the end of the fiscal year.

The statement of cash flows represents the cash provided and used by the Trust categorized by operating activities and investing activities. It reconciles the beginning and end of year cash balances contained in the balance sheet. The effects of accrual accounting and not cash activities, such as premium and discount amortization are adjusted to supplement the presentation in the statement of revenues, expenses and changes in fund net position.

The notes to the financial statements follow the basic financial statements and provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the financial statements and accompanying notes, required supplementary information is presented illustrating the Trust's past ten years of earned revenues and investment

Preferred Governmental Insurance Trust

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

income compared to related costs of losses and other expenses incurred by the Trust, including historic developed losses.

Financial Analysis

The Preferred Governmental Insurance Trust measures its performance using three basic financial statements: Statements of Net Position, Statements of Revenues, Expenses and Changes in Fund Net Position and Statements of Cash Flows.

Statements of Net Position. The Trust's Statements of Net Position display the assets, liabilities and net position of the Trust as of the Trust's year end, September 30. A comparison of audited balances as of September 30, 2014, 2013 and 2012 display continued increases in both assets and net position. The growth in assets is a function of strong underwriting discipline to write insurance at an underwriting profit, vigorous control of losses and responsible investment.

Current year liabilities increased in response to increased retentions, however, accrued reserves were partially offset by reduced cash outlays for excess insurance contributing to improved net position.

	2014	% Change	2013	% Change	2012
ASSETS					
Cash and cash equivalents	\$ 20,444	4.9%	\$ 19,486	26.3%	\$ 15,434
Investment securities available for sale	133,746	16.3%	115,037	0.2%	114,852
Accrued interest receivable	725	7.6%	674	0.9%	668
Premiums receivable	337	560.8%	51	-86.4%	376
Excess recoverables on paid losses	5,518	-0.1%	5,522	43.3%	3,854
Prepaid expenses and other assets	16,432	-12.5%	18,771	-14.8%	22,039
TOTAL ASSETS	\$ 177,202	11.1%	\$ 159,541	1.5%	\$ 157,223
LIABILITIES AND NET POSITION					
Unpaid losses and loss adjustment expenses	\$ 70,502	13.8%	\$ 61,938	-2.3%	\$ 63,409
Unearned premium	11,037	2.7%	10,752	8.6%	9,902
Claims service fees payable	381	197.7%	128	-78.9%	608
Advances by excess insurers	84	-17.6%	102	-1.9%	104
State of Florida assessments payable	157	-5.4%	166	5.1%	158
Accounts payable and other liabilities	51	24.4%	41	-68.0%	128
Member prepayment	260	-18.0%	317	-36.3%	498
TOTAL LIABILITIES	82,472	12.3%	73,444	-1.8%	74,807
NET POSITION – UNRESTRICTED	94,730	10.0%	86,097	4.5%	82,416
TOTAL LIABILITIES AND NET POSITION	\$ 177,202		\$ 159,541		\$ 157,223

Preferred Governmental Insurance Trust

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

A significant component of our costs has been our excess insurance program. The ability to appropriately negotiate excess coverage in a manner that economically and effectively mitigates risks with a variety of business partners both in the United States and abroad has been essential to the ongoing success of the Trust.

Indeed, maturing claims make the excess program even more important as cash flows become dependent not only on our premium collections but also upon the timeliness of recoveries from excess insurance carriers.

The following schedule summarizes the collections from excess insurance carriers over the last five fiscal years by line. Both the importance of excess insurance recoveries and the consistency in collection efficiency for routine (non catastrophic/non hurricane) claims is shown below.

Year	Workers Compensation	Package			Total
		Non Catastrophic	Catastrophic	Subtotal	
2014	\$11,341	\$3,265	\$ -	\$3,265	\$14,606
2013	\$ 9,671	\$2,422	\$ -	\$2,422	\$12,093
2012	\$ 7,539	\$2,280	\$ 143	\$2,423	\$ 9,962
2011	\$ 7,885	\$2,096	\$ 183	\$2,279	\$10,164
2010	\$ 5,127	\$4,922	\$ 427	\$5,349	\$10,476

Routine collections from the excess program for combined workers compensation and non-catastrophic coverage increased to \$14.6 million in the current year after hovering around \$10 million during the years prior to 2013. The share of these recoveries from worker’s compensation excess, however, has increased from about half the recoveries to over three quarters of recoveries. Collections generally represent claims initially paid by the Trust and then reimbursed by excess carriers. Maturing claims in years in which the Trust assumed lower risks for workers compensation exposures creates this collection pattern. Timely billing and collection of these amounts ensures cash flow for the Trust and maintenance of investment balances. Uniform collections of about \$15 million throughout the current year has preserved average investment balances and helped to produce about \$410,000 (not in thousands) in investment earnings at 5.6% in 2014 and \$84,000 (not in thousands) in 2013 earnings based on that year’s 1.4% investment returns.

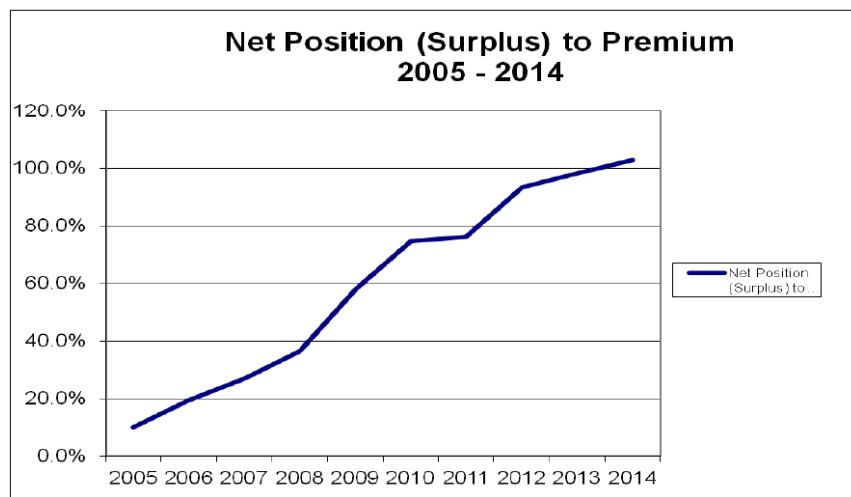
Statements of Revenues, Expenses and Changes in Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position display the Trust revenues and expenses and the manner in which they account for the change in net position. The following schedule shows a comparison of that activity for the years ended September 30, 2014, 2013, and 2012 and a number of key relationships.

Preferred Governmental Insurance Trust

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

	2014	% Change	2013	% Change	2012
REVENUES					
Premiums	\$ 92,197	5.1%	\$ 87,702	-0.6%	\$ 88,232
Net investment income	4,417	39.0%	3,178	-7.0%	3,416
Net increase (decrease) in fair value of investments	3,114	N/A	(1,330)	-144.9%	2,961
TOTAL REVENUES	99,728	11.4%	89,550	-5.3%	94,609
EXPENSES					
Losses and loss adjustment expenses	31,642	58.0%	20,024	63.8%	12,223
Excess insurance expense	38,869	-13.5%	44,940	-0.8%	45,307
Administrative fees	9,100	0.7%	9,034	-6.5%	9,662
Agent commissions	6,373	-5.1%	6,719	2.2%	6,572
Claims service fees	3,596	8.9%	3,302	-5.9%	3,508
State of Florida assessments	629	-4.7%	660	15.0%	574
Other expenses	886	-25.5%	1,190	33.0%	895
TOTAL EXPENSES	91,095	6.1%	85,869	9.1%	78,741
CHANGE IN NET POSITION	8,633	134.5%	3,681	-76.8%	15,868
NET POSITION – Beginning	86,097	4.5%	82,416	23.8%	66,548
NET POSITION – Ending	\$ 94,730	10.0%	\$ 86,097	4.5%	\$ 82,416

The current year results for the Trust benefited from consistent premiums, strong investment income and reduced excess insurance expense. Investment earnings reflect strong market performance while excess insurance expense fell in response to increased retentions. Declining amounts paid for excess insurance partially offset the increased amounts accrued for losses and loss adjustment expenses.



Preferred Governmental Insurance Trust

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The capitalization of the Trust continued to improve with net position continuing to grow as a percentage of premiums. Over the last ten years, net position has increased from less than 10% of earned premium to over 100% of earned premium. Results reflect the consistent conservative underwriting of the Trust as confirmed by regular actuarially determined reductions to unpaid claims liability and related expense.

Statements of Cash Flows. The Statements of Cash Flows display the sources and uses of the Trust's cash generated from operating and investing activities.

The \$10,000 increase in the Trust's cash flows from continuing operations show the impact of increased retentions and reduced excess insurance (ceded reinsurance) payments.

Although operating cash is used in response to the consistent demands from maturing claims classified as losses and loss adjustment expenses paid, diligent collections of excess recoverable described above serve to offset those amounts and stabilize operating cash outflows. Current year cash flows from operations largely improved in response to declining excess insurance costs (ceded reinsurance). Improved net premiums were an important change in the current year source of funds.

	2014	2013	2012
CASH FLOWS FROM CONTINUING OPERATIONS			
Premiums collected from policyholders, net of ceded reinsurance	\$ 53,327	\$ 42,284	\$ 39,232
Losses and loss adjustment expenses paid	(23,073)	(21,495)	(22,988)
Other underwriting expenses paid	(18,088)	(18,394)	(16,650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,166	2,395	(406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds (purchases) of debt and equity securities	(15,557)	(1,515)	7,143
Investment income collected	4,349	3,172	3,523
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(11,208)	1,657	10,666
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	958	4,052	10,260
Cash and short term investments – beginning of year	19,486	15,434	5,174
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ 20,444	\$ 19,486	\$ 15,434

The Trust increased the amount in its investment portfolio by \$10 million as a result of improvements to cash provided by operations during the 2014 fiscal year. The increased investments are displayed as a use of cash from investing activities. No additions or deletions were made to the Trust's investments in 2013, however the asset allocation prescribed by the Trust's investment policy changed to include more equities and less short term bonds in anticipation of changing market conditions and willingness to accept greater risk. Net cash flows from investing activities were modest in 2013. In 2012, the Trust decreased its investment base to defray the cost of increasing excess insurance premiums resulting in cash provided by investing activities.

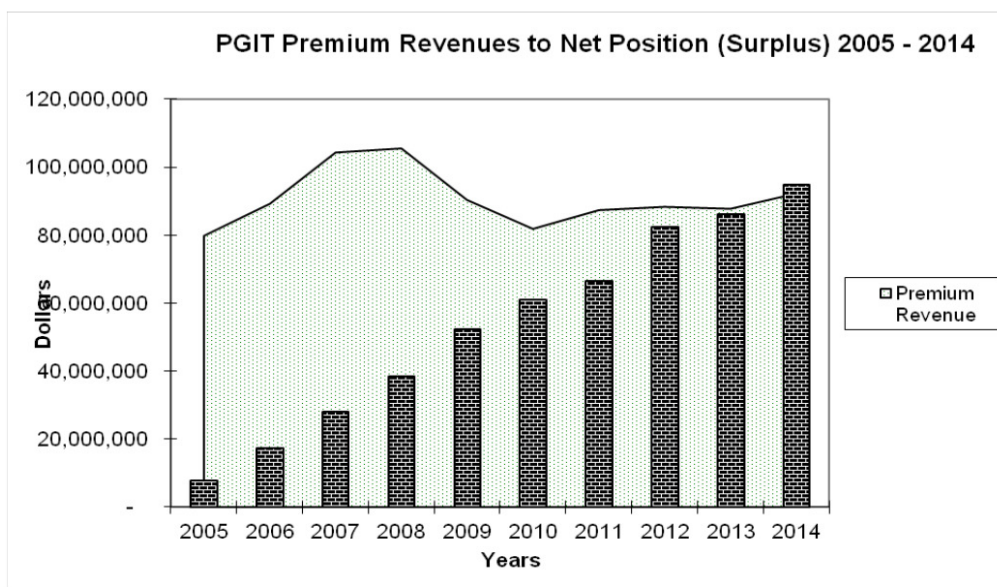
Preferred Governmental Insurance Trust

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Economic Factors and Major Initiatives

Higher premium revenues in 2014 came in response to hardening workers compensation and casualty excess insurance markets and an increase of insurable units in our property line. Revenue performance in 2013 had been generally flat in comparison to 2012. Financial results each year are impacted by the Trust’s tempered response to meeting aggressive pricing challenges in the highly competitive market for public insurance programs.

Net position increased as a percentage of revenue and helped poise the Trust for the growth that will occur when the economy rebounds. The following graph shows the comparison of premium revenue to growth in fund surplus (net position) for the last ten years.



Through its administrator, the Trust continues to offer and invest in online services to its membership through its Preferred Academy including learning and training opportunities through webinars, Target Solutions, My Community Workplace, and Enquiron Workplace Helpline related to both coverage and legal issues.

The Trust also provides on-line loss runs, claim notes and other analytics for claims management as it remains responsive in the highly competitive public entity insurance market.

The Trust’s administrator dedicated a leadership position to loss control to assist members and to help the Trust contain losses.

Preferred Governmental Insurance Trust

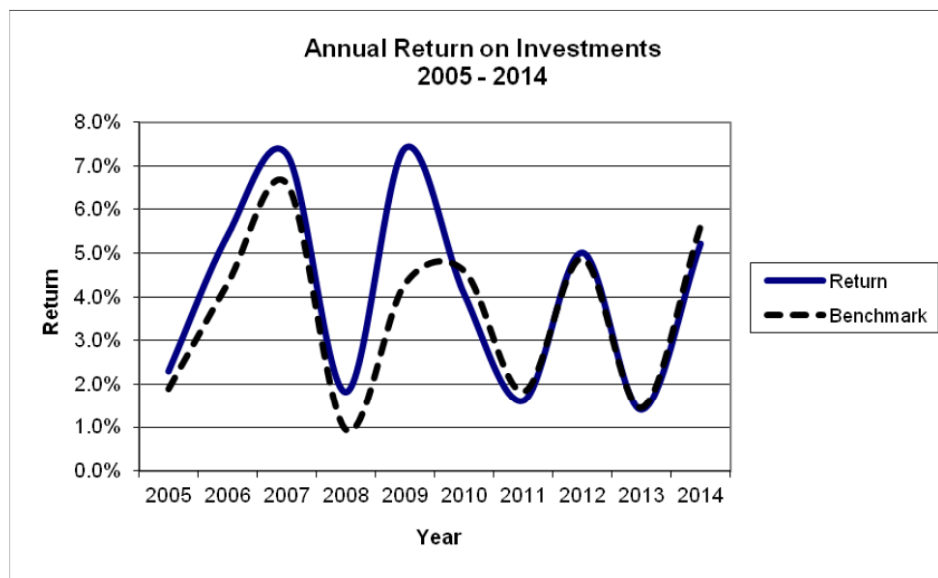
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

As the Federal Reserve Open Market Committee strives to keep interest rates low, fixed income results are likely to remain below long term averages. Even modest changes in effective market interest rates can cause significant changes in portfolio value. Current year earnings on fixed income securities were modest and benefitted from unrealized gains associated with slight declines in market interest rates.

Revisions to the Trust’s investment policy at the beginning of the current fiscal year shifted a greater percentage of its portfolio to equity securities. Outstanding returns in equity markets coupled with the Trust’s increased participation in those markets produced a near record of investment earnings for the Trust.

As always, investment returns are uncertain but asset allocations have steadily produced results consistent with internally established benchmarks and the Trust’s risk tolerance.

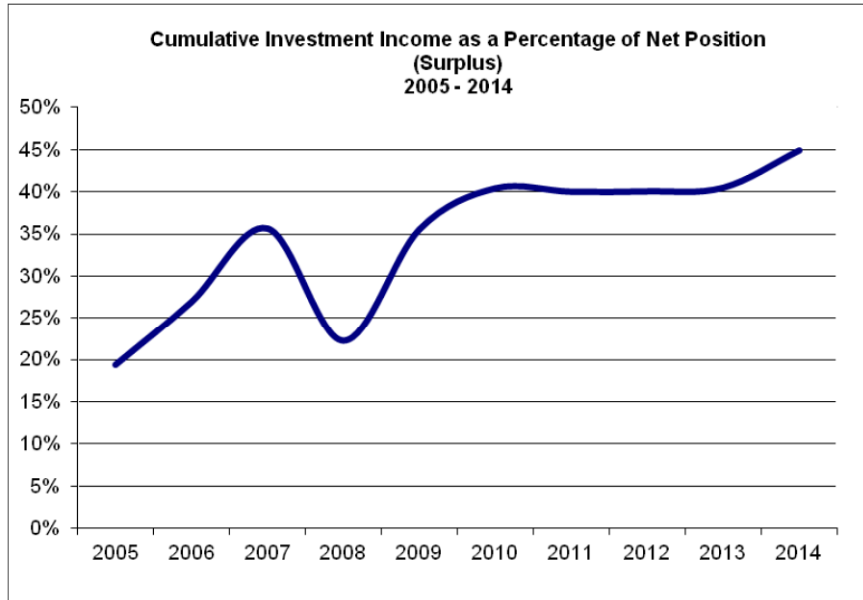
The following graph shows the investment performance of the Trust in comparison to those adopted benchmarks. Investment earnings track with market volatility and have followed the behavior of benchmark measures. The portfolio historically outperforms the market as it improves and either matches or underperforms the market as it deteriorates.



As Trust assets grow, investment income becomes an increasingly important and consistent element of operating results and net position (surplus). Over the fifteen year period ending September 30, 2014, the Trust has earned \$42 million in investment income which represents 45% of accumulated surplus. Even as the net position of the Trust has increased by 15% over the last two years, cumulative investment earnings have remained a consistent and growing contributor to that surplus. The following chart shows the growth of cumulative investment income as a percentage of surpluses in the ten years since the 2005 fiscal year.

Preferred Governmental Insurance Trust

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED



Contacting the Trust’s Financial Management

This financial report is designed to provide our members and the public with a general overview of the Trust’s finances and to demonstrate the Trust’s operational and fiscal accountability for the premiums it receives. The Trust contracts its financial administration to Public Risk Underwriters of Florida, Inc. Questions concerning the information provided in this report or requests for additional financial information should be addressed to William A. Zimmer, CIC, CPA, Senior Executive Vice President, Public Risk Underwriters of Florida, P.O. Box 958455, Lake Mary, Florida 32795-8455.

**FINANCIAL STATEMENTS &
NOTES TO THE FINANCIAL STATEMENTS**

Preferred Governmental Insurance Trust

STATEMENTS OF NET POSITION

ASSETS

	September 30,	
	2014	2013
Cash and cash equivalents	\$ 20,443,673	\$ 19,486,071
Investment securities	133,746,588	115,037,241
Total cash and investments	<u>154,190,261</u>	<u>134,523,312</u>
Accrued interest receivable	725,349	674,097
Premiums receivable	336,559	50,411
Excess recoverables on paid losses	5,517,886	5,521,898
Prepaid expenses and other assets	<u>16,432,232</u>	<u>18,771,093</u>
Total assets	<u>\$ 177,202,287</u>	<u>\$ 159,540,811</u>

LIABILITIES AND NET POSITION

Unpaid losses and loss adjustment expenses	\$ 70,502,000	\$ 61,938,071
Unearned premium	11,036,970	10,752,419
Claims service fee payable	380,555	127,592
Advances by excess insurers	83,957	101,869
State of Florida assessments payable	157,117	165,890
Accounts payable and other liabilities	51,482	41,295
Member prepayments	260,254	316,840
Total liabilities	<u>82,472,335</u>	<u>73,443,976</u>
Net position - unrestricted	<u>94,729,952</u>	<u>86,096,835</u>
Total liabilities and net position	<u>\$ 177,202,287</u>	<u>\$ 159,540,811</u>

The accompanying notes are an integral part of these statements.

Preferred Governmental Insurance Trust

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

	For the Years Ended September 30,	
	2014	2013
REVENUES		
Premiums	\$ 92,197,372	\$ 87,701,784
Net investment income	4,416,884	3,178,293
Net increase (decrease) in fair value of investments	3,113,705	(1,330,000)
Total revenues	<u>99,727,961</u>	<u>89,550,077</u>
EXPENSES		
Losses and loss adjustment expenses	31,641,385	20,024,337
Excess insurance expense	38,869,012	44,940,383
Administrative services	9,100,298	9,033,574
Agent commissions	6,373,169	6,718,526
Claims service fees	3,595,687	3,302,309
State of Florida assessments	629,317	660,229
Other expenses	885,976	1,190,246
Total expenses	<u>91,094,844</u>	<u>85,869,604</u>
CHANGE IN NET POSITION	8,633,117	3,680,473
Net position - beginning of year	<u>86,096,835</u>	<u>82,416,362</u>
NET POSITION - END OF YEAR	<u>\$ 94,729,952</u>	<u>\$ 86,096,835</u>

The accompanying notes are an integral part of these statements.

Preferred Governmental Insurance Trust

STATEMENTS OF CASH FLOWS

	For the Years Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums collected from policyholders, net of ceded reinsurance	\$ 53,326,763	\$ 42,283,955
Losses and loss adjustment expenses paid	(23,073,442)	(21,495,414)
Net other underwriting expenses paid	(18,087,041)	(18,393,696)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>12,166,280</u>	<u>2,394,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt securities	(31,519,041)	(31,720,592)
Proceeds from sales and maturities of debt securities	17,229,491	40,711,246
Purchase of equity securities	(9,519,826)	(17,314,893)
Proceeds from sales of equity securities	8,213,734	6,808,701
Investment income collected	<u>4,386,964</u>	<u>3,172,469</u>
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	<u>(11,208,678)</u>	<u>1,656,931</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	957,602	4,051,776
Cash and cash equivalents - beginning of year	<u>19,486,071</u>	<u>15,434,295</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,443,673</u>	<u>\$ 19,486,071</u>

The accompanying notes are an integral part of these statements.

Preferred Governmental Insurance Trust
STATEMENTS OF CASH FLOWS - CONTINUED

	For the Years Ended September 30,	
	2014	2013
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES		
Change in net position	\$ 8,633,117	\$ 3,680,473
Change in fair value of investments	(3,113,705)	1,330,000
Investment income collected	(4,386,964)	(3,172,469)
CHANGES IN ASSETS AND LIABILITIES		
(Increase) decrease in:		
Accrued interest receivable	(51,252)	(5,824)
Premiums receivable	(286,148)	326,053
Excess recoverables on paid losses	4,012	(1,668,240)
Prepaid expenses and other assets	2,338,861	3,267,681
Increase (decrease) in:		
Unpaid losses and loss adjustment expenses	8,563,931	(1,471,077)
Unearned premium	284,551	850,023
Claims service fee payable	252,963	(479,526)
Advances by excess insurers	(17,912)	(2,947)
State of Florida assessments payable	(8,773)	8,011
Accounts payable and other liabilities	10,185	(86,645)
Member prepayments	(56,586)	(180,668)
 Net cash provided by operating activities	 \$ <u>12,166,280</u>	 \$ <u>2,394,845</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes	\$ _____	\$ _____
Interest	\$ _____	\$ _____
Non-cash increase (decrease) in investment securities available-for-sale and fund balances as a result of change in the basis of investment securities available-for-sale to their their estimated fair value, net of taxes of \$-0-		
	\$ <u>3,113,705</u>	\$ (<u>1,330,000</u>)

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Preferred Governmental Insurance Trust (the "Trust") significant policies consistently applied in preparation of the accompanying financial statements follows. Other significant accounting policies are disclosed elsewhere in the financial statements and the notes thereto.

Reporting Entity

The Trust was created in 1999 to provide a program of property and casualty coverage as a governmental self insurance fund under the provisions of Section 624.462, Florida Statutes. The Trust is governed under the terms and conditions of an interlocal agreement amongst the governments that participate in the program (known as Members) adopted pursuant to Section 163.01, Florida Statutes.

Chapter 624 allows for any two or more local governments to enter into an interlocal agreement for the purpose of insuring those governments against loss or damage from any hazard or cause provided the self insurance fund has annual premiums in excess of \$5 million, maintains a program of self insurance evaluated by an independent actuary, submits audited financial statements to the State of Florida Office of Insurance Regulation on an annual basis and has a governing body comprised entirely of local elected officials.

The Trust meets the statutory requirements and is comprised of local government entities that execute a Participation Agreement and thereby become members of the Trust. Generally members are those governments that purchase insurance from the Trust. The governing body of the Trust (Trustees) consists of between five and nine local elected officials representing members of the Trust. Trustees are elected to staggered terms by a majority vote of the members or the Board of Trustees.

For financial reporting purposes, the Trust is a stand-alone entity: there are no component units included in the accompanying financial statements and the Trust is not considered a component unit of another entity.

Basis of Accounting

The Trust prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private business enterprise, and the prevailing practices within the insurance industry. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The assets, liabilities and nets assets of the Trust are reported in a self-balancing set of accounts representing funds available for support of the Trust's operations.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses

The Trust defines operating revenues and expenses as all periodic non-investment activities that contribute to the measurement of its risk financing objectives. The Trust's operating revenues and expenses are deemed to consist of all non-investment revenues earned and all expenses incurred. All of the Trust's revenues and expenses relate to the operating and maintenance of the self insurance fund. There are no non-investment revenues or expenses deemed to be non-operating. Premiums are direct charges for services while investment earnings serve to add to long term earnings which offset discounts applied in the valuation of the unpaid claims liability. Expenses are entirely operating and represent losses, ceded premiums, acquisition costs, taxes and administration.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, demand deposit accounts with commercial banks and cash invested in commercial money market funds are considered cash equivalents. Investments that are held separately from the investment accounts and are highly liquid with an original maturity of ninety days or less when purchased or so near their maturity that they present an insignificant risk of change in value because of changes in interest rates are considered to be cash equivalents.

Investments

The investments are stated at their estimated fair value in accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Any change in unrealized gains and losses on investments are reported in the Statement of Revenues, Expenses and Changes in Fund Net Position.

Fair Value Measurements

The Trust applies the Financial Accounting Standards Board framework as a method of applying the definition of fair value in Governmental Accounting Standards Board Statement No. 31. That framework provides a fair value hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 - Inputs are unobservable and based on management estimate.

Excess Recoverables on Paid Losses

Recoverables from excess insurers on paid losses, if any, are reported as assets in the statements of net position.

Recoverables from excess insurers on unpaid losses, if any are recorded as a reduction to the liability for unpaid losses and loss adjustment expenses in the Statements of Net Position.

Excess Insurance

The Trust uses excess insurance agreements to reduce its exposure to large losses on all types of insured events. Excess insurance permits recovery of a portion of losses from excess insurance carriers, although it does not discharge the primary liability of the Trust as direct insurer of the risk subject to those agreements. The Trust does not report risks that invade the excess layers as liabilities unless it is probable that those risks will not be covered by the excess insurer. Settled claims have not exceeded excess coverage in any of the past three fiscal years.

Policy Acquisition Costs

Policy acquisition costs, which consist of agent commissions, are primarily related to the issuance of new insurance policies. For the years ended September 30, 2012 and prior these costs were deferred and amortized on a straight-line basis over the life of the insurance contract. Changes in accounting standards as defined in Governmental Accounting Standards Board Statement No. 65 now require that these cost be expensed as when policy is written. The amount of additional expense in the year ended September 30, 2013 is approximately \$560,000.

A change in an accounting principle for comparative financial statements requires a restatement of the prior amounts if the change is material. The change in the income for the year ended September 30, 2013 would have been approximately \$560,000. This amount

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Policy Acquisition Costs - Continued

is not material to the financial statements and accordingly, no change was made to the beginning net position for the year ended September 30, 2013.

Prepaid Expenses and Other Assets

Ceded unearned premium is accounted for as prepaid expenses and other assets. These costs are deferred and amortized on a straight-line basis over the life of the insurance contract. Excess insurance premiums are generally paid in July and in October of each year and expire ratably each month.

Unpaid losses and loss adjustment expenses

The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Unearned premium

Premiums are billed based upon the estimated annual premiums due and are recognized on a uniform basis throughout the year. Amounts due are initially recorded as unearned premium. Amounts due or paid that have not been recognized as revenues are displayed as unearned premium.

At year end, certain members that purchase workers' compensation from the Trust report actual payrolls to the administrator and the other members have a payroll audit. Any additional premiums due are billed at that time. Premiums for workers' compensation coverage as recorded herein are based upon actual payrolls as reported by the members for applicable accounts, and audited payrolls for the other members.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Trust is exempt from Income taxes under provisions of Section 115 of the Internal Revenue Code.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts may have been reclassified to conform to current period classifications.

NOTE 2 - FAIR VALUE MEASUREMENTS

The following table sets forth, by level within the fair value hierarchy, the Trust’s assets at estimated fair value:

	As of September 30, 2014			
	Level 1	Level 2	Level 3	Total
Debt securities	\$ --	\$ 104,815,725	\$ --	\$ 104,815,725
Equity securities	28,930,863	--	--	28,930,863
Total securities	\$ 28,930,863	\$ 104,815,725	\$ --	\$ 133,746,588

	As of September 30, 2013			
	Level 1	Level 2	Level 3	Total
Debt securities	\$ --	\$ 90,911,676	\$ --	\$ 90,911,676
Equity securities	24,125,565	--	--	24,125,565
Total securities	\$ 24,125,565	\$ 90,911,676	\$ --	\$ 115,037,241

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 2 - FAIR VALUE MEASUREMENTS - CONTINUED

The Trust did not have any Level 3 assets at any point during the years ended September 30, 2014 and September 30, 2013. There were no significant transfers between Level 1 and Level 2 during the years ended September 30, 2014 and September 30, 2013.

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Trust uses three cash accounts to transact its ongoing business and three types of investment portfolios to handle investment activities. Cash accounts are generally classified as operating, premium trust, and claims. The Trust has two investment portfolios for debt securities. One investment portfolio has shorter and one investment portfolio has longer scheduled maturities. The Trust also has an investment portfolio devoted to equities.

Cash and Cash Equivalents

The three cash accounts divide administration of the transactional requirements of the Trust into separate bank accounts. The operating account is used to pay for the general administrative costs of the Trust. The premium trust account is the depository for premiums of members and is the source used to pay all premium related charges other than claims and general administrative costs. Claims payment accounts are used to pay claims and claims adjustment expenses. The claims accounts are the depositories for subrogation, deductible and excess reimbursements.

All bank deposit amounts are covered by either federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act (Chapter 280, Florida Statutes).

The Florida Security for Public Deposits Act (the Act) established guidelines for qualifications and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Trust deposits in qualified public depositories are totally insured. The qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

Investment Accounts

The Board of Trustees formally adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that establishes permitted investments, asset allocation

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Investment Accounts - Continued

limits, credit rating requirements and maturity limits to protect the Trust’s cash and invested assets. The investments of the Trust comply with the limitations of its policy. The primary investment objective of the investment accounts is to provide a market return over the long term. To achieve this result, the investment portfolio consists of short and intermediate debt securities and equity securities. Additionally, the entire portfolio is diversified across economic sectors, geographic locations, and industries.

Investment balances in each portfolio for the years ended September 30, 2014 and 2013 were as follows:

	September 30, 2014		September 30, 2013	
	Fair Value	Percent Asset Allocation	Fair Value	Percent Asset Allocation
Intermediate portfolio	\$ 81,285,266	60.8%	\$ 65,872,740	57.3%
Short term portfolio	23,530,459	17.6%	25,038,936	21.7%
Total debt portfolio	104,815,725	78.4%	90,911,676	79.0%
Equities securities	28,930,863	21.6%	24,125,565	21.0%
Total	\$ 133,746,588	100.0%	\$ 115,037,241	100.0%

Authorized investments must, by policy, meet specific quality standards based upon ratings issued by a nationally recognized statistical rating organization (NRSRO) and are benchmarked against appropriate indices for purposes of quarterly reporting to the Board of Trustees. Investments allowed under the Trust’s investment policy include:

Direct obligations of the United States Treasury including bills, notes, bonds and various forms of Treasury zero-coupon securities.

Obligations of the agencies or instrumentalities of the Federal Government including but not limited to the Federal Home Loan Mortgage Corp, Federal National Mortgage Association, Federal Home Loan Banks, Federal Farm Credit Banks, and the Student Loan Marketing Association.

Mortgage obligations guaranteed by the United States Government or sponsored agencies or instrumentalities. This includes mortgage pass-through securities as well as collateralized mortgage obligations.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investment Accounts - Continued

Asset-based securities issued in the United States as long as they are rated AAA by at least one NRSRO.

Corporate fixed-income securities issued by any corporation in the United States as long as they are rated A or better at the time of purchase by any NRSRO.

U.S. dollar denominated and issued obligations and securities of foreign states or non-U.S. corporations which are rated A or better by at least one NRSRO.

Money market mutual funds as defined and regulated by the SEC.

Repurchase agreements.

Commercial paper issued in the United States by any corporation with a rating of at least A1 by at least one NRSRO.

Certificates of deposit.

Securities of state, municipal and county governments or their public agencies as long as they are rated at least A or better by an NRSRO.

Guaranteed investment contracts issued by insurance companies rated at least A or better by one NRSRO.

Commingled investment funds, including but not limited to exchange traded funds investment trusts, limited partnerships and listed no-load mutual funds.

Equity securities including common stock, preferred stock, American depository receipts and interest bearing obligations having an option to convert into common stock.

Investments - Debt Securities

The following disclosures have been prepared relative to the debt securities included in the short-term and intermediate-term debt securities portfolios of the Trust.

Interest rate risk. The risk that the market value of securities in a portfolio may fall due to changes in general interest rates is referred to as interest rate risk. The Trust mitigates that risk by structuring its portfolio such that securities mature to meet cash requirements for ongoing operations or otherwise are available to meet possible temporary cash flow

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investments - Debt Securities - Continued

requirements that might be associated with increased losses. The Trust's strategy is designed to avoid the need to sell securities on the open market prior to maturity.

The Trust uses effective duration as a measurement of interest rate risk. Duration, as distinct from maturity, determines the amount of price volatility the portfolio would experience given a shift in interest rates. For example, a portfolio with a duration of 3.5 years would incur a price decrease (increase) of 3.5% in the event of a 1% increase (decrease) in interest rates. Maturity is the contractual end date of a debt security. Average life is used in the place of maturity for all debt securities such as mortgages that are subject to both amortization and prepayment. Mortgage backed securities included in the portfolios are assigned an expected average life as a proxy for their maturity and to provide a reasonable basis for assessing compliance with the investment policy of the Trust. Expected average life anticipates the period a security will be outstanding based on both the contracted or scheduled maturity of the instrument and the likelihood of prepayments.

As of September 30, 2014 and 2013, the Trust's debt securities portfolios were segregated into two distinct portfolios defined in the Trust's investment policy by the maximum maturity of their individual securities.

The short-term debt securities portfolio limits the maximum maturity of securities to three years. The typical effective duration of the short-term debt securities portfolio is around one year and within a range of six to eighteen months. As of September 30, 2014 and 2013, the average maturity of the short-term debt securities portfolio was 1.20 years and 1.36 years, respectively; and the effective duration was 1.04 years and 1.14 years, respectively.

The intermediate-term debt securities portfolio limits maximum maturity of securities to ten years. The typical effective duration of the intermediate-debt security portfolio is between 2.5 and 5.5 years. As of September 30, 2014 and 2013, the average maturity of the intermediate-term debt securities portfolio was 4.32 years and 4.91 years, respectively; and the effective duration was 3.8 years and 4.29 years, respectively.

The combined investment portfolios had a weighted average duration of 3.16 years and 3.42 years as of September 30, 2014 and 2013, respectively.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investment - Debt Securities - Continued

The schedule below shows the Trust's debt securities at September 30, 2014 and 2013.

Investment in debt securities are stated at their estimated fair value and consist of the following:

	September 30, 2014			
	Amortized Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
U.S. Treasury securities	\$ 8,757,134	\$ 8,809,821	\$ 52,690	\$ (3)
Other government agencies	2,600,951	2,605,402	4,451	--
Corporate notes	67,037,704	67,899,095	1,338,875	(477,484)
Mortgage-backed paydown securities	24,745,028	25,501,407	868,480	(112,101)
Total debt securities	\$ 103,140,817	\$ 104,815,725	\$ 2,264,496	\$ (589,588)
	September 30, 2013			
	Amortized Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
U.S. Treasury Securities	\$ 6,362,626	\$ 6,472,374	\$ 109,748	\$ --
Other government agencies	2,804,243	2,804,900	1,712	(1,055)
Corporate notes	59,860,618	60,516,742	1,494,816	(838,692)
Mortgage-backed paydown securities	20,596,150	21,117,660	665,903	(144,393)
Total debt securities	\$ 89,623,637	\$ 90,911,676	\$ 2,272,179	\$ (984,140)

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investment - Debt Securities - Continued

The amortized cost and estimated fair value of debt securities as of September 30, 2014 and 2013 by contractual maturity are shown below. In some instances, actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	September 30, 2014			
	Amortized Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
Due in one year or less	\$ 20,119,472	\$ 20,192,331	\$ 74,923	\$ (2,064)
Due after one year through five years	39,256,081	40,120,652	967,085	(102,514)
Due after five years through ten years	19,020,236	19,001,335	354,008	(372,909)
Mortgage-backed paydown securities	24,745,028	25,501,407	868,480	(112,101)
Total debt securities	\$ 103,140,817	\$ 104,815,725	\$ 2,264,496	\$ (589,588)
	September 30, 2013			
	Amortized Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
Due in one year or less	\$ 11,762,215	\$ 11,829,564	\$ 67,349	\$ --
Due after one year through five years	35,023,876	35,730,158	823,368	(117,086)
Due after five years through ten years	22,241,396	22,234,294	715,559	(722,661)
Mortgage-backed paydown securities	20,596,150	21,117,660	665,903	(144,393)
Total debt securities	\$ 89,623,637	\$ 90,911,676	\$ 2,272,179	\$ (984,140)

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investment - Debt Securities - Continued

Proceeds from sales and maturities of investment securities were approximately \$25,400,000 and \$47,500,000 during the years ended September 30, 2014 and 2013, respectively. Realized gains and losses of approximately \$1,740,000 and \$207,000, respectively, were realized on the sales of investment securities during the year ended September 30, 2014. Realized gains and losses of approximately \$1,116,000 and \$226,000, respectively, were realized on the sales of investment securities during the year ended September 30, 2013.

The following is a weighted average duration by security type as of September 30, 2014 and 2013:

	September 30, 2014		September 30, 2013	
	Fair Value	Weighted Average Duration	Fair Value	Weighted Average Duration
U.S. Treasury Note	\$ 8,809,821	1.02	\$ 6,472,374	1.20
Other government agencies	2,605,402	.78	2,804,900	1.21
Corporate notes	67,899,095	3.27	60,516,742	3.69
Mortgage-backed paydown securities	25,501,407	3.92	21,117,660	3.82
Total debt securities	\$ 104,815,725		\$ 90,911,676	

The weighted average maturity of mortgage-backed paydown securities is approximately 23.3 years and 22.3 years at September 30, 2014 and 2013, respectively, based upon the contractual due dates of the individual securities. The effective duration for these securities, however is approximately 3.92 years and 3.82 years at September 30, 2014 and 2013, respectively, based upon the estimated times these securities will be outstanding.

Credit risk. The risk that losses might occur a result of the failure of a security issuer or backer is referred to as credit risk. The Trust's investments policy attempts to mitigate credit risk by limiting investments to the safest types of securities and by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The Trust had the following investments and credit ratings with the percent asset allocations at September 30, 2014 and 2013. The credit ratings are those of only one NRSRO.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investment - Debt Securities - Continued

	Credit Rating	Portfolio Asset Allocation	
		9/30/14	9/30/13
U.S. Treasury notes	TSY	8.4 %	7.1 %
Other government agencies	AGY	26.9	16.1
Corporate notes	AAA	3.3	14.0
Corporate notes	AA1	2.5	3.3
Corporate notes	AA2	3.3	5.4
Corporate notes	AA3	4.1	4.7
Corporate notes	A1	9.4	11.4
Corporate notes	A2	17.2	17.6
Corporate notes	A3	9.0	8.5
Corporate notes	BAA1	8.5	6.8
Corporate notes	BAA2	7.4	5.1

All debt securities purchased by the Trust must meet minimum credit rating requirements at the time of their acquisition. In the event of subsequent ratings downgrades, a security may continue to be held if it is believed that the ultimate repayment of principal and interest is still highly certain. The Trust's investment policy allows for corporate notes that fall outside investment guidelines to be held if management considers repayment to be highly certain.

Custodial credit risk. The Trust's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities to be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Trust should be properly designated as an asset of the Trust. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida.

Concentration of credit risk. Investment policy guidelines are specific to investment types maintained by the Trust. Additionally, within each account type, the Trust limits the amount held in any one investment.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Intermediate-Term Debt Securities Portfolio

The intermediate-term debt securities portfolio is limited by the Trust's investment policy to debt securities with an effective maturity of any individual holding not to exceed ten years. Except for U.S. Treasury securities and money market funds, not more than 10% of the assets of the portfolio may be invested in the securities of any single issuer.

As of September 30, 2014 and 2013, the Trust had the following issuer concentrations based on fair value of the five largest individual issuers in the intermediate-term debt securities portfolio aside from direct obligations of the United States government:

	September 30, 2014	
	Fair Value	Percent Asset Allocation
U.S. Treasury securities	\$ 2,053,360	2.5 %
Other government agencies	24,917,600	30.6
Royal Bank of Canada	1,997,270	2.5
AFLAC	1,265,640	1.6
Microsoft	1,967,570	2.4
Goldman Sachs	1,445,740	1.8
Caterpillar	1,227,940	1.5
Other (combined)	46,410,146	57.1
Total intermediate-debt securities	\$ 81,285,266	100 %

	September 30, 2013	
	Fair Value	Percent Asset Allocation
U.S. Treasury securities	\$ 2,133,320	3.2 %
Other government agencies	20,429,220	31.1
Royal Bank of Canada	1,996,690	3.1
AFLAC	1,292,510	2.0
Microsoft	1,933,030	2.9
Goldman Sachs	1,471,235	2.2
Wachovia	1,409,648	2.1
Other (combined)	35,207,087	53.4
Total intermediate-debt securities	\$ 65,872,740	100 %

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Short-Term Debt Securities Portfolio

The short-term debt securities portfolio is limited by the Trust's investment policy to debt securities with an effective maturity of any individual holding not to exceed three years. Except for U.S. Treasury securities and money market funds, not more than 10% of the assets of the portfolio may be invested in the securities of any single issuer.

As of September 30, 2014 and 2013, the Trust had the following issuer concentrations based on fair value of the five largest individual issuers in the short-term debt securities portfolio aside from direct obligations of the United States government:

	September 30, 2014	
	Fair Value	Percent Asset Allocation
U.S. Treasury securities	\$ 6,756,461	28.7 %
Other government agencies	3,189,210	13.6
Apple	648,642	2.8
American Express	605,376	2.6
BHP Billiton	601,620	2.6
Pfizer	613,248	2.6
Ontario	602,790	2.6
Other (combined)	10,513,112	44.5
Total short-term debt securities	\$ 23,530,459	100 %
	September 30, 2013	
	Fair Value	Percent Asset Allocation
U.S. Treasury securities	\$ 4,339,054	17.3 %
Other government agencies	3,493,301	14.0
Apple	645,450	2.6
Citi Group	1,213,020	4.8
Credit Suisse	1,132,494	4.5
Pfizer	640,950	2.6
Verizon	1,001,990	4.0
Other (combined)	12,572,677	50.2
Total short-term debt securities	\$ 25,038,936	100 %

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investments – Equity Securities Portfolio

The following disclosures have been prepared relative to the equity securities included in the equities portfolios of the Trust. While equity securities have a greater volatility than debt securities, the Trust attempts to mitigate the risk assumed by this asset allocation by investing in a well diversified mix of equity securities.

The equity portfolio is limited to publically traded U.S. common or preferred equity securities listed on major U.S. exchanges, American Depository Receipts of foreign corporations traded on major U.S. exchanges, open ended mutual funds that have a three year track record and a market value of at least \$250 million, exchange traded funds and money market funds.

Since the Trust allocates a maximum of 20% (plus or minus five percent) of its investment portfolio to equities and holds approximately fifty equity securities with balanced weightings of two percent of the equity securities portfolio, the Trust limits its exposure to the volatility of any individual equity security.

The cost and estimated fair value of equity securities as of September 30, 2014 and 2013 are shown below:

September 30, 2014				
	Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
Equity securities	\$ 23,236,919	\$ 28,930,863	\$ 5,913,650	\$ (219,706)

September 30, 2013				
	Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
Equity securities	\$ 21,115,638	\$ 24,125,565	\$ 3,108,589	\$ (98,662)

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Foreign Currency Risk

Although the investment policy of the Trust allows for investment in foreign securities, the Trust held no such investments at September 30, 2014 and 2013. The Trust has no exposure to foreign currency risk.

NOTE 4 - PREMIUMS RECEIVABLE/OVERPAYMENT BY MEMBERS

Premiums receivable consist primarily of billed installments of policies written as well as additional premium amounts determined due to the Trust as a result of payroll audits. Based upon an analysis of past due receivables, it is management's opinion that no allowance for uncollectible accounts is necessary.

NOTE 5 - EXCESS INSURANCE RECOVERABLES ON PAID AND UNPAID LOSSES

The Trust purchased specific excess insurance to protect against large individual losses. This insurance indemnifies the Trust when paid losses on an individual occurrence exceed the retention level specified in the appropriate contract. The limits and retentions vary by line of business and by policy year.

There are excess insurance recoverables on paid losses of approximately \$5,518,000 and \$5,520,000 as of September 30, 2014 and 2013, respectively. The largest amount due from a single carrier at September 30, 2014 and 2013 is approximately \$3,722,000 and \$2,500,000, respectively.

There are excess insurance recoverables on unpaid losses of approximately \$90,404,000 (discounted) and \$98,735,000 (discounted) as of September 30, 2014 and 2013, respectively. Approximately \$90,000,000 of the amounts due were owed by the four carriers at both September 30, 2014 and 2013.

The failure of the excess insurers to honor their obligations could result in losses to the Trust. The Trust evaluates the financial condition of its excess insurers to minimize its exposure to significant losses from excess insurer insolvency. To the extent that excess insurance coverage of the Trust is deemed to be excess insurance under applicable Florida Statutes, any recoverables from an insolvent carrier would likely be paid by the applicable state operated guaranty fund.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 6 - PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following at September 30:

	2014	2013
Excess premiums	\$ 15,291,355	\$ 17,886,613
Administrative fees	1,140,877	884,480
TOTAL	\$ 16,432,232	\$ 18,771,093

These items will be charged to expenses during the succeeding year.

NOTE 7 - LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

The reserves for unpaid losses and loss adjustment expenses are based upon evaluations of the Trust's losses as prepared by the Trust's independent actuary. These evaluations are significant estimates which are subject to change. The change can be material in relation to the financial statements taken as a whole. These evaluations include an estimated provision for incurred but not reported losses (IBNR) as well as reported losses. The IBNR provision totals approximately \$48,300,000 and \$37,200,000 as of September 30, 2014 and 2013, respectively.

The reserve for unpaid losses and loss adjustment expenses has been discounted for the time value of money. These reserves have been discounted over the estimated payout period of the losses based upon data provided by the independent actuary and utilizing an interest rate of 2.0% as of September 30, 2014 and 2013, which represents the anticipated investment earnings while the losses are being paid out. The discount totals approximately \$4,391,000 and \$3,363,000 at September 30, 2014 and 2013, respectively.

Any change in the estimate of ultimate incurred losses and loss adjustment expenses as compared to the prior year will result in an increase (favorable development) or decrease (unfavorable development) in the current year's net income. During the years ended September 30, 2014 and 2013, the Trust experienced decreases in previous year's estimates of ultimate incurred losses and loss adjustment expenses attributable to prior years which have been recorded as a decrease to losses and loss adjustment expenses in the respective years.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 7 - LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES - CONTINUED

The schedule below presents the changes in claims liabilities for the past two years of the Trust.

	September 30,	
	2014	2013
Unpaid losses and loss adjustment expenses at the beginning of the year	\$ 61,938,071	\$ 63,409,148
Incurred losses and losses adjustment expenses:		
Provision for insured events of the current fiscal year	37,847,085	28,954,259
Provision for insured events of prior fiscal years	(6,205,700)	(8,929,922)
Total incurred losses and loss adjustment expenses	31,641,385	20,024,337
Payments:		
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	6,733,811	5,983,384
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	16,343,645	15,512,030
Total payments	23,077,456	21,495,414
Unpaid losses and loss adjustment expenses at the end of the year	\$ 70,502,000	\$ 61,938,071

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 7 - LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES –
CONTINUED

As noted in Note 1 and Note 5, the Trust has purchased specific excess insurance to protect itself against large losses. The incurred losses of the Trust are net of the effects of recoveries recognized under the excess insurance contracts referred to above. During the years ended September 30, 2014 and 2013, the Trust experienced an increase in the anticipated recoveries recognized from these contracts which has been recorded as a decrease to losses and loss adjustments expenses in the respective years.

The unpaid loss and loss adjustment expenses as of September 30, 2014 will be paid over many years due to the types of coverage's written by the Trust. The exact timing of payment of these payments is unknown and subject to many variables, however the net amount estimated to be paid during 2014 is approximately \$21.5 million, consistent with the \$23.1 million paid in the prior year.

NOTE 8 - CONTINGENCIES

The Trust has contingencies related to claims services and other contingencies at September 30, 2014 and 2013.

A. *Claims Services*

Preferred Governmental Claim Services (herein after referred to as PGCS) is responsible for providing adjusting services for claims arising during the term of the contract. This includes adjusting services applicable to claims incurred in prior years provided that the contract is still in effect. In the event that the Trust becomes insolvent, PGCS would be required to provide claims adjusting services with respect to all open claims files until such files are closed.

However, in the event that the contract is terminated or not renewed, PGCS has no further obligation to adjust these claims beyond the contract period. Accordingly, the Trust would be liable for costs of adjusting the claims during the runoff period.

The amount of the obligation would be dependent upon a number of factors, including but not limited to the number of open claims upon termination, the severity of open claims, the laws in effect at the time of contract termination, as well as any subsequent changes to the law and the date of contract termination.

As the contract with PGCS has not been terminated as of September 30, 2014 or 2013 and due to the number of variables discussed above, it is not possible to determine the amount of this liability, if any. Accordingly, the accompanying financial statements make no provision for any such costs.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 8 - CONTINGENCIES - CONTINUED

B. Other

Various lawsuits against the Trust have arisen in the course of the Trust's business. Contingent liabilities arising from litigation and other matters, not previously detailed, are not considered material in relation to the financial position of the Trust.

NOTE 9 - ADMINISTRATIVE SERVICES AND CLAIM SERVICES AND CERTAIN
BROKER AND AGENT COMMISSIONS

The Trust contracts with Public Risk Underwriters (PRU) to provide certain administrative services to the Trust. The Trust incurred expenses under the above referenced contract of approximately \$9,100,000 and \$9,034,000 for the years ended September 30, 2014 and 2013, respectively, of which approximately \$1,140,000 and \$885,000 were prepaid as of September 30, 2014 and 2013, respectively.

The Trust also contracts with Preferred Governmental Claim Solutions (PGCS), an affiliate of PRU, to provide claims adjustment services. The Trust incurred expenses under the above referenced contract of approximately \$3,600,000 and \$3,300,000 for the years ended September 30, 2014 and 2013, respectively, of which approximately \$380,000 and \$128,000 is payable as of September 30, 2014 and 2013, respectively.

In conjunction with adjusting claims, PGCS utilizes affiliates for certain claims procedures. These amounts are included in the claims expense in the accompanying financial statements. The Trust incurred expenses for these services of approximately \$1,154,000 and \$1,074,000 for the years ended September 30, 2014 and 2013.

There are various insurance agents that are affiliated with PRU that produce business for the Trust. The Trust incurred commission expenses with these agents of approximately \$5,008,000 and \$4,755,000 for the years ended September 30, 2014 and 2013, respectively. Substantially all of the amounts referenced above were paid as of September 30, 2014 and 2013, respectively.

The Trust utilizes certain affiliates of PRU to place excess contracts and other insurance products purchased by the Trust. These affiliates receive a commission for the placement of the coverage. The commission attributable to these contracts totaled approximately \$2,968,000 and \$3,466,000 for the years ended September 30, 2014 and 2013, respectively. These commissions are included as part of the cost of excess insurance in the accompanying financial statements.

Preferred Governmental Insurance Trust

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE 10 - CONCENTRATIONS

The Trust writes select lines of insurance coverage for public entities within the State of Florida only. Approximately 5% of the members represented 25% of member premium for the year ended September 30, 2014 and 4% of the members represented 30% of member premium for the year ended September 30, 2013.

The Trust maintains cash in demand deposit accounts with federally insured banks that are also designated by the State of Florida as qualified public depositories. At times, the balances in these accounts may be in excess of federally insured limits and benefit from the collateral protection afforded by Chapter 280 of the Florida statutes.

NOTE 11 - RISK MANAGEMENT

The Trust is exposed to various risks of loss. The Trust participates in the property liability and workers compensation pools offered by the Trust and carries other commercial insurance.

NOTE 12 - SUBSEQUENT EVENTS

Management considered subsequent events through January 20, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



Shores, Tagman, Butler & Company, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Preferred Governmental Insurance Trust

The Reconciliations of Claims Liabilities and the Comparative Schedules of Claims Development and Earned Assessments are not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. As a result of such limited procedures, we believe that the Reconciliations of Claims Liabilities and the Comparative Schedules of Claims Development and Earned Assessments is in conformity with guidelines established by the Governmental Accounting Standards Board.

January 20, 2015

Shores, Tagman, Butler & Company, P.A.

Preferred Governmental Insurance Trust

Reconciliation of Claims Liabilities by Line of Business

The schedule below presents the changes in claims liabilities for the past two years by major line of businesses (in thousands).

	Year Ended 9/30/2014			Year Ended 9/30/2013		
	Workers Comp	Other Property & Casualty	Total	Workers Comp	Other Property & Casualty	Total
Unpaid losses and loss adjustment expenses at the beginning of the year	\$ 15,790	\$ 46,148	\$ 61,938	\$ 17,416	\$ 45,993	\$ 63,409
Incurring losses and loss adjustment expenses:						
Provision for insured events of the current fiscal year	18,558	19,289	37,847	10,902	19,655	30,557
Provision for insured events of prior fiscal years	(741)	(5,465)	(6,206)	(2,775)	(7,758)	(10,533)
Total incurred losses and loss adjustment expenses	17,817	13,824	31,641	8,127	11,897	20,024
Payments:						
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	4,602	2,132	6,734	4,851	1,132	5,983
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	5,779	10,564	16,343	4,902	10,610	15,512
Total payments	10,381	12,696	23,077	9,753	11,742	21,495
Unpaid losses and loss adjustment expenses at the end of the year	\$ 23,226	\$ 47,276	\$ 70,502	\$ 15,790	\$ 46,148	\$ 61,938

Preferred Governmental Insurance Trust
 COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT AND EARNED ASSESSMENTS
 For the Period October 1, 2004 through September 30, 2014

	Year ending September 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Premiums and investment revenue:										
Earned	\$ 92,197,372	\$ 87,701,784	\$ 88,231,625	\$ 87,299,705	\$ 81,794,374	\$ 93,637,322	\$ 109,676,431	\$ 108,548,839	\$ 92,424,069	\$ 80,494,465
Ceded	(38,869,012)	(44,940,383)	(45,306,504)	(41,565,671)	(37,970,228)	(36,926,617)	(44,171,860)	(42,983,626)	(33,461,952)	(23,069,335)
Net earned	53,328,360	42,761,401	42,925,121	45,734,034	43,824,146	56,710,705	65,504,571	65,565,213	58,962,117	57,425,130
Net investment income	4,416,884	3,178,293	3,416,155	3,933,269	3,520,422	3,367,572	4,232,628	4,310,898	2,677,765	1,350,566
Unallocated expenses	20,584,448	20,904,884	21,211,849	20,712,210	19,625,149	22,072,593	24,032,508	26,291,905	23,107,404	20,944,445
Estimated incurred losses and expenses, end of policy year (1):										
Incurred	42,393,299	50,364,530	48,245,026	55,233,820	47,003,739	47,325,568	49,601,169	52,702,217	55,669,300	36,874,801
Ceded	(5,718,106)	(21,124,297)	(17,606,292)	(19,016,323)	(14,784,116)	(13,170,406)	(14,456,287)	(14,588,651)	(24,155,858)	(2,870,309)
Net incurred	36,675,193	29,240,233	30,638,734	36,217,497	32,219,623	34,155,162	35,144,882	38,113,566	31,513,442	34,004,492
Paid (cumulative) as of:										
End of policy year	6,873,787	7,506,242	7,059,976	7,210,710	5,896,796	6,343,321	5,906,899	8,241,359	7,611,558	5,840,789
One year later		14,706,425	13,535,656	15,820,204	13,001,877	12,282,940	13,378,936	15,077,474	11,212,887	8,512,798
Two years later			16,837,776	19,958,802	15,033,640	15,697,732	17,201,184	17,730,760	14,514,302	14,674,526
Three years later				22,593,493	16,270,880	17,606,992	19,371,635	19,563,609	16,828,362	17,561,349
Four years later					17,062,578	18,487,765	20,910,183	21,067,254	18,402,462	19,895,811
Five years later						19,033,165	21,523,963	21,711,052	19,096,675	21,243,074
Six years later							21,926,311	21,875,931	19,389,010	21,597,715
Seven years later								22,278,626	19,439,148	21,950,651
Eight years later									19,302,887	22,149,023
Nine years later										21,982,409
Re-estimated ceded losses and expenses (1)		17,254,966	17,012,134	19,345,358	16,563,278	23,250,724	18,214,376	19,756,510	22,806,413	10,623,476
Re-estimated net incurred losses: (1)										
End of policy year	36,675,193	29,240,233	30,638,734	36,217,497	32,219,623	34,155,162	35,144,882	38,113,566	31,513,442	34,004,492
One year later		28,504,518	28,005,958	30,249,675	26,508,001	28,303,595	31,818,646	33,726,611	29,979,414	27,910,573
Two years later			25,707,277	29,297,909	22,523,669	24,984,531	28,830,230	28,144,837	24,526,903	31,495,860
Three years later				28,332,831	20,723,373	22,723,474	26,799,763	26,630,079	22,965,549	26,639,296
Four years later					20,206,002	21,902,413	24,924,772	25,531,501	22,715,118	26,206,375
Five years later						21,595,305	24,097,101	24,301,057	21,868,966	26,027,331
Six years later							23,761,136	23,438,139	20,948,583	25,113,636
Seven years later								23,612,242	20,430,397	24,098,616
Eight years later									20,095,811	23,685,004
Nine years later										23,249,389
Increase (decrease) in estimated incurred losses and expenses from end of policy year		(735,715)	(4,931,457)	(7,884,666)	(12,013,621)	(12,559,857)	(11,383,746)	(14,501,324)	(11,417,631)	(10,755,103)

(1) These amounts have been discounted over the estimated payout period of the claims