

# Executive Summary



**To: Greg Veliz, City Manager**

**From: Todd Stoughton, Risk Manager**

**Date: 9/1/2018**

**RE: Renewal of Property, Casualty, Workers Compensation and Ancillary Coverages**

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## **Action:**

Pursuant to City of Key West Code of Ordinances, Section 2-797 (4) b., Exempt Contractual Services, and in the best interest of the City, respectfully request the City Commission approve the placement of the City's property and casualty insurance program for policy year 2019-2020 proposed by Public Risk Management of Florida (PRM) as submitted by World Risk Management (WRM) in the amount up to \$1,258,508.00 as well as recognize WRM as the City's agent/broker for the City's property and casualty insurance program for policy year 2019-2020.

Finally, request the City Commission approve the placement of the City's Ancillary Policies in the amount of \$80,654.00 to include; Westchester Fire Insurance for Aircraft (Drone) Coverage provided by WRM (\$1,732.00); Great American for Marine Operators Legal Liability Coverage (\$24,016.00), Outer Mole Excess Liability Coverage (\$9,500.00), Wharfingers Liability Coverage (\$17,757.00), Hull Coverage (\$10,027.00), Vessel Pollution Coverage (\$4,061.00); AIG for AD&D Coverage (\$7,204.00); Commerce & Industry for Storage Tank Liability (\$6,357.00); Authorizing acceptance of Public Risk Insurance Agency (PRIA) as the agent/broker for the City's Ancillary Policies with the exception of Drone Coverage (WRM); Authorizing the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.

## **Background:**

On September 5, 2019, the City Commission adopted Resolution No. 18-269 authorizing the acceptance of the renewal proposal for FY 2018-2019 from Public Risk Management of Florida (PRM) submitted by World Risk Management in the amount of \$1,038,485.00 and approved the acceptance of the City's Ancillary policies in the amount of \$71,947.00 from Public Risk Insurance Agency (PRIA). It has been established that the City of Key West insurance program is too small to obtain insurance through traditional open markets and similar to several public entities within the State of Florida, Pooled Insurance Programs are the best option for the City. Over the last three years the City has used several approaches to obtain the best rates; traditional Request for Proposals, contracting an Insurance Broker, and last year the City used a Direct Solicitation approach. The Direct Solicitation was sent to the three Pooled Insurance Programs within the State of

Florida of which only Public Risk Management of Florida replied. In preparation of this year's renewal a request was sent to Florida Municipal Insurance Trust (FMIT), and Preferred Governmental Insurance Trust (PGIT), to gauge their interest in providing a proposal on the City's Insurance Program. Both FMIT and PGIT authorized servicing agents replied. PRIA on behalf of PGIT left a voicemail stating they would not bid on the City's Insurance program, and FMIT called me stating their property rates were not competitive with PRM's and would not be submitting a bid. In Resolution 18-269, the City's consultants warned the City that continuing to shop our program on the open market would be detrimental to our rates, which was the determining factor in choosing the direct solicitation method for proposals. Due to this history, the recommendation of the City's insurance consultants, and in the best interest to the City, I recommend the City enter into an agreement with Public Risk Management of Florida to provide insurance coverage for the City's Property and Casualty Insurance Program. Furthermore, I recommend the City accept the two-year coverage agreement option with rates to stay the same for the City's Liability and Workers Compensation portion of the City's insurance.

**Financial Impact:**

If the City Commission approves the recommendation of Staff as submitted, then the City will carry comprehensive property and casualty, as well as ancillary coverages for policy year 2019-2020. The proposed 2019-2020 budget contains sufficient funding for all coverages in the City's 502-1952 and 502-1953 accounts. Additionally, in approving the resolution the City will commit to PRM for policy year 2020-2021 for casualty coverage (liability and workers compensation) at the same rates as proposed for 2019-2020 from PRM. The City will need to market property coverage and ancillary coverage for policy period 2020-2021.

**Recommendation:**

Request the City Commission approve the placement of the City's property and casualty insurance program for policy year 2019-2021 proposed by Public Risk Management of Florida (PRM) in the amount up to \$1,258,508.00, as well as recognize World Risk Management (WRM) as the City's agent/broker for the City's property and casualty insurance program for policy year 2019-2021.

Further, staff recommends the City Commission approve the placement of ancillary policies totaling \$80,654.00 as proposed by World Risk Management and Public Risk Insurance Agency (PRIA) as well as recognize PRIA as the agent/broker for the City's ancillary policies, apart from Drone Coverage, for policy year 2019-2020. Authorizing the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.