

Executive Summary



To: Patti McLauchlin, City Manager

CC: Todd Stoughton, Assistant City Manager

Christina Bernaldi, Director of Finance

From: Laura Estevez, Risk Manager/Safety Officer

Date: 9/1/2022

RE: Renewal of Property and Casualty Insurance Program for FY 2022-2023

Action:

Pursuant to City of Key West Code of Ordinances, Section 2-797 (4) b, Exempt Contractual Services, respectfully request the City Commission to approve the placement of the City's property and casualty insurance program for policy year 2022-2023 proposed by Public Risk Management of Florida (PRM), as submitted by World Risk Management (WRM), in the amount of \$2,531,389.00, as well as recognize WRM as the City's agent/broker for the City's property and casualty insurance program for policy year 2022-2023.

Further, request the City Commission approve the placement of the City's Ancillary Policies in the amount of \$108,091.96. City Ancillary Policies include Westchester Fire Insurance for Aircraft Drone Coverage (\$3,452.00) and Florida Fire Fighter Cancer coverage (\$18,616.00) provided by WRM. Marine Operators Legal Liability Coverage (\$33,426.00), Outer Mole Excess Liability Coverage (\$8,435.00), Wharfingers Liability Coverage (\$5,000.00), Hull and Machinery Coverage (\$16,551.00), Vessel Pollution Coverage (\$6,823.00), AD&D Coverage (\$8,190.00), Storage Tank Liability (\$7,598.96) provided by Brown & Brown. Authorizing acceptance of Brown & Brown (formally PRIA) as the agent/broker for the City's Ancillary Policies with the exception of Drone Coverage and Florida Fire Fighter Cancer Coverage (WRM); Authorizing the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.

Background:

On September 15th, 2021, the City Commission adopted Resolution No. 21-190 authorizing the acceptance of the renewal proposal for FY 2021-2022 from Public Risk Management of Florida (PRM), submitted by World Risk Management, in the amount of \$2,125,675.00, and approved the acceptance of the City's Ancillary policies in the amount of \$107,351.00 from Public Risk Insurance Agency (PRIA) and World Risk Management. 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 five years the City has used several approaches to obtain the best rates; traditional Request for Proposals, contracting an Insurance Broker, and a Direct Solicitation approach. This year, 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 last year's renewal process, the Assistant City Manager spoke with representatives from Florida Municipal Insurance Trust (FMIT) and Preferred Governmental Insurance Trust (PGIT), who both stated that they are prohibited from writing wind coverage for Public Entities in Monroe County. This presents two options. Separate property insurance from Workers Comp and General Liability which is not in the best interest of the City due to the fact that by separating programs will increase overall costs. It was also mentioned that shopping the program, even in a Direct Solicitation Request, would hurt the City's insurance program due to the thought that 'loyalty' equates to reduced rates.

Financial Impact:

If the City Commission approves the recommendation of Staff as submitted, then the City will carry comprehensive coverage for the policy year 2022-2023. The proposed 2022-2023 budget contains sufficient funding for all coverages in the City's 502-1952 and 502-1953 accounts.

Recommendation:

Request the City Commission approve the placement of the City's property and casualty insurance program for policy year 2022-2023, proposed by Public Risk Management of Florida (PRM) in the amount of \$2,531,389.00, 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 2022-2023.

Further, staff recommends the City Commission approve the placement of ancillary policies in the amount of \$108,091.96, as proposed by World Risk Management and Brown & Brown, as well as recognize Brown & Brown as the agent/broker for the City's ancillary policies, apart from Drone Coverage and Florida Fire Fighter Cancer Coverage, for policy year 2022-2023. Authorizing the City Manager to execute all documents consistent therewith with the consent and advice of the City Attorney.