

# *risk managers*

**BEN FEW & COMPANY, LLC**

August 9, 2019

Todd Stoughton  
Risk Manager/Safety Officer  
City of Key West  
1300 White Street  
Key West, FL 33040

Re: Property and Casualty Insurance Renewal Strategy for 2019-20

Todd:

In response to your email from Thursday, August 8, this letter will outline the City of Key West's prospects for its upcoming property and casualty insurance renewal. To reiterate, Ben Few & Company is an independent consulting firm and has no ties or affiliations with any agent, broker, or insurance carrier. We do not sell insurance products of any kind and will not accept remuneration from any entity other than our clients.

Since the City has decided to forego the market solicitation process and directly negotiate with the incumbent property and casualty insurance carrier/provider, PRM, you have asked for our opinion on renewal strategy given the terms of PRM's renewal proposal. Speaking briefly, we believe it is to the City's advantage to renew the insurance program as expiring/proposed by PRM. To reiterate my comments from last year's renewal recommendation, this office feels essentially the same regarding where the City of Key West sits as far as market access and trends in the insurance arena: it is a 'middle market' target for which any of the well-known Florida self-insurance trusts would be able to provide good value. Indeed, PRM has now written the account for a number of years.

Compounding the market availability discussion, is Key West's insurance solicitation history. As the City has been out to market several times over the last few years, again, we believe it is to the City's advantage to renew with PRM as expiring/proposed, rather than soliciting the open market at this time. Currently, for the reasons you mentioned in your email, I do not believe the City would be successful in procuring bids from either Preferred or the Florida Municipal Insurance Trust, let alone acquiring something that would be more competitive than what PRM has proposed for the 2019-20 renewal. I'll also mention the caveat that having not been involved on a day-to-day basis with the City, I cannot necessarily speak to any of the optional coverage items that PRM has proposed (pollution, aviation), although it is unclear whether they've actually proposed these as is there is no renewal pricing.

Speaking to pricing, between the increase in the underlying exposures and the general market trends at this time, PRM's renewal proposal fits right in with what this office has been seeing for the 2019-20 renewal season. The storm season of 2018 and last year's wildfires have continued

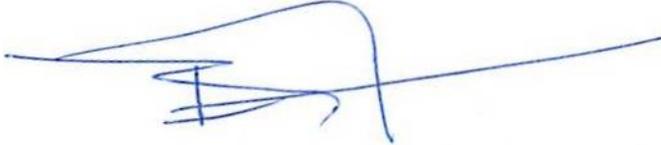
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City of Key West  
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to impact the property insurance industry's surplus, resulting in rate increases and certain carriers pulling out of the market altogether. Again, we recommend renewing as proposed. Furthermore, this office would also recommend taking advantage of the two-year rate guarantee for consistency in the budgeting process.

We certainly appreciate being of service to the City and invite you to contact us with any questions you may have. Please do not hesitate to reach out to discuss further.

Best regards,

BEN FEW & COMPANY, LLC

A handwritten signature in blue ink, appearing to read 'Ben Few IV', with a long horizontal line extending to the right.

Ben Few IV, CRM, CIC, AAI  
President