



FY19 Risk Management Program Lines of Coverage Summary

Exhibit “B”

The following provides a summary of the various lines of coverage purchased within the Town’s hybrid Risk Management program, showing both FY18 and FY19 premium costs. The program utilizes premium plans and a budgeted loss fund that is determined by an underwriter’s evaluation of the projected claim exposure to cover the claims and expenses incurred in the various liability coverages outlined herein.

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Property

Property insurance coverage is purchased as a traditional/first dollar policy. The property insurance covers the Town's buildings and contents for fire, theft, wind, and flood. Florida Municipal Insurance Trust, FMIT, provides this coverage.

The property coverage premium is \$327,890 with a \$25,000 per occurrence deductible. The Named Storm deductible is 5% and calculated separately and applied individually to each building, personal property and other property per occurrence. The program also includes a \$5,000,000 limit of liability for flood coverage which is in excess of the National Flood Insurance Program (NFIP) policies for Flood zones A or V. A \$5,000 or All Other Perils deductible, whichever is greater, per occurrence applies for other Flood zones.

The Property coverage includes various extensions of coverage including valuable papers and records at a limit of \$500,000, extra expense at a limit of \$1,000,000, business income \$500,000, electronic data processing software at \$250,000, fine arts up to \$250,000 with a maximum of \$15,000 any one item.

New this year, FMIT has included Property Damage Mitigation Coverage. This coverage will provide the Town with immediate stabilization services (such as water extraction and remediation services), through FMIT's disaster recovery partnership and vendor network with a \$500,000 per occurrence limit and no deductible. This coverage is in addition to the extra expense coverage and limits already in place.

Finally, as FMIT serves the public sector, the FMIT Board of Trustees approved a return of surplus funds for insured renewing members. Based on this decision of the FMIT Board, the Town can expect to receive approximately \$47,097 in FY19.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY19</u>	<u>FY18</u>
Premium:	\$327,890	\$346,185
Deductible:	\$25,000	\$5,000
	<i>5% per scheduled item for Named Storm</i>	
Limit of Liability:	\$42,738,370	\$42,620,210

Boiler and Machinery

Boiler and Machinery is for equipment breakdown which is covered under the heading of property coverage. The Boiler and Machinery coverage includes equipment within the Town's Water Resources Division such as storm water and sewer pumps, generators and air conditioning equipment as outlined in the Town's equipment schedule.



Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY19</u>	<u>FY18</u>
Premium:	Included in Property Premium	Included in Property Premium
Deductible:	\$25,000	\$5,000
Limit of Liability:	Same as Property	Same as Property

Equipment Rental Coverage

This coverage, purchased after Hurricane Irma in October 2017, allows the Town to lease/rent large equipment such as generators and meet the equipment rental insurance requirements of outside vendors. The Town compared costs for purchasing the coverage through the rental company versus purchasing an annual stand-alone policy. It was determined to be a cost savings to purchase a stand-alone annual policy. Based upon urgent post-storm needs by Public Works and Purchasing to rent equipment, it is recommended that this coverage continues.

Carrier: Scottsdale Insurance Company

	<u>FY19</u>	<u>FY18</u>
Premium:	\$6,285	\$6,285
Deductible:	\$5,000	\$5,000
Limit of Liability:	\$500,000	\$500,000

NIFP Flood

The Stafford Act requires the Town to purchase coverages such as flood and property when possible in order to qualify for FEMA reimbursement. The primary flood coverage under NFIP is purchased directly through American Bankers Ins. Co. of Florida. The estimated renewal premium for the flood policies is \$24,214. The cost savings from in FY19 are a result of removing coverage for the Seaview Recreation Center which has been demolished. These funds have been included in the FY19 budget, but this coverage is not part of this renewal as these policies have different renewal dates throughout the year.

Carrier: American Bankers Insurance Co. of Florida

	<u>FY19</u>	<u>FY18</u>
Premium (estimated):	\$24,214	\$41,625
Deductible:	\$1,250	\$1,250
Limit of Liability:	\$500,000 building /\$500,000 contents	\$500,000 building /\$500,000 contents

Commercial Crime/Employee Dishonesty

Crime and Employee Dishonesty protects employers from actions of employees that may cause harm as a result of Forgery and Alteration, Funds Transfer Fraud, Employee Theft, Robbery or Burglary in Transit, Computer Fraud, Money Orders/Counterfeit Paper Currency, Faithful Performance and Social Engineering. This is a three-year policy with Travelers Insurance



Company 10/1/2017 – 9/30/2020 at an annual premium of \$5,251 with a \$1,000,000 limit of liability and \$100,000 deductible.

Carrier: Travelers Insurance Co.

	<u>FY19</u>	<u>FY18</u>
Premium:	\$5,251	\$5,251
Deductible:	\$100,000 All other coverages	\$100,000 All other coverages
Deductible:	\$25,000 Social Engineering	\$25,000 Social Engineering
Limit of Liability:	\$1,000,000	\$1,000,000

Storage Tank Pollution Liability

Storage Tank Pollution Liability responds to claims and associated litigation from above and below ground storage tanks that cause spills/leaks, bodily injury or property damage. Commerce & Industry has provided the Town with a quote to insure 11 underground tanks and 16 above ground tanks at an annual premium of \$6,021 with a \$1,000,000 aggregate limit of liability to include legal defense expenses and \$4,000,000 aggregate limit of liability for storage tank incidents for both above and underground storage tanks with a \$5,000 deductible.

Carrier: Commerce & Industry

	<u>FY19</u>	<u>FY18</u>
Premium:	\$6,021	\$5,982
Deductible:	\$5,000	\$5,000
Limit of Liability:	\$1,000,000/\$4,000,000	\$1,000,000/\$4,000,000

General Liability

General Liability insurance is premises, operations liability coverage, products, completed operations and personal injury coverage. The original FY19 renewal for this coverage was \$37,000; however, excluding the stop loss for this line of coverage provided a reduced premium. The coverage limit of liability is \$5,000,000 per occurrence with a \$10,000,000 annual aggregate with a \$200,000 self-insured retention for an annual premium of \$33,400. General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are currently bundled with one carrier, BRIT, for the most competitive pricing



Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY18</u>
Premium:	\$33,400*	\$32,000
SIR ¹ :	\$200,000	\$200,000
Limit of Liability:	\$5,000,000 per occurrence /\$10,000,000 annual aggregate	\$5,000,000 per occurrence /\$10,000,000 annual aggregate
	*(less than \$37,000 renewal quote)	

Law Enforcement Liability

Law Enforcement Liability insurance protects against the inherent risks associated with the operation of a law enforcement agency such as false arrest, detention or imprisonment, malicious prosecution, etc. The original FY19 renewal for this coverage was \$50,000; however, excluding the stop loss for this line of coverage provided a reduced premium. The limit of liability is \$5,000,000 per occurrence/\$10,000,000 aggregate with a \$100,000 per occurrence self-insured retention for an annual premium of \$45,980. General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are currently bundled with one carrier, BRIT, for the most competitive pricing.

Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY18</u>
Premium:	\$45,980	\$44,000
SIR:	\$100,000	\$100,000
Limit of Liability:	\$5,000,000 per occurrence/\$10,000,000 aggregate	

Public Officials Liability and Employment Practices Liability

Public Official Liability insurance provides elected officials protection for actions that may be deemed as wrongful or for failure to perform while acting in an official capacity. The original FY19 renewal for this coverage was \$100,000; however, excluding the stop loss for this line of coverage provided a reduced premium of \$104,060. The Public Officials Liability has a limit of liability of \$5,000,000 per occurrence/\$5,000,000 aggregate with a \$100,000 per occurrence self-insured retention. Employment Practices Liability insurance provides protection for the insured employer against claims by employees, former employees or prospective employees resulting from negligent acts or omissions involving hiring, firing, EEOC, retaliation, discrimination, etc. The Employment Practices Liability has a limit of liability of \$5,000,000 per occurrence/\$5,000,000 aggregate with a \$200,000 per occurrence self-insured retention. General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are currently bundled with one carrier, BRIT, for the most competitive pricing.

¹ Self-Insured Retention (SIR) is the amount that the Town self-insures beneath the excess coverage, which is not to be confused with a deductible on a traditional policy. Excess coverage amount, based on actuarial determined evaluation, above the SIR can be purchased or self-funded.



Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY18</u>
Premium:	\$104,060	\$109,000
SIR:	\$100,000 POL/\$200,000 EPLI	\$100,000 POL/\$200,000 EPLI
Limit of Liability:	\$5,000,000 per occurrence/\$5,000,000 aggregate	

Note: The Public Officials & Employment Practices Liability are subject to a combined annual aggregate limit of \$5,000,000

Automobile Liability

Automobile Liability insurance is for claims involving bodily injury or property damage as a result of an accident involving licensed vehicles which are owned, leased or hired by the Town. The Town's fleet consists of 184 vehicles. The original FY19 renewal for this coverage was \$45,000; however, excluding the stop loss for this line of coverage provided a reduced premium. The Automobile Liability has a \$5,000,000 limit of liability per occurrence with no aggregate and a \$100,000 per occurrence self-insured retention for an annual premium of \$43,560. General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are currently bundled with one carrier, BRIT, for the most competitive pricing

Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY18</u>
Liability Premium:	\$43,560	\$45,000
SIR:	\$100,000	\$100,000
Limit of Liability:	\$5,000,000 per occurrence/no aggregate	

Automobile Physical Damage

Automobile Physical Damage provides comprehensive and collision protection to scheduled vehicles in the event of an accident. Physical Damage coverage is offered at an annual premium of \$15,085 with a \$10,000 deductible per occurrence.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY19</u>	<u>FY18</u>
Physical Damage Premium:	\$15,085	\$13,565
Deductible:	\$10,000	\$5,000
Limit:	Actual Cash Value	

Cyber Liability

Cyber-attacks and data breaches have increased significantly in recent years and public entities are not exempt. The cyber events include, but are not limited to, theft or release of personally identifiable information such as social security numbers, personal medical and health information,



bank account numbers, credit card information, driver's license number and the transmission of malware from a computer to a third party. These incidents can result in a financial impact on a public entity, including the cost of lawsuits, crisis management and notification of the affected parties. Even when services are contracted to third parties, liability remains with the Town as owner of the information. Other coverages such as Business Income & Extra Expense, Media Liability and System Failure are included resulting from a cyberattack, release of electronic media, or network failure. Further the Town's bond rating agency evaluates the Town's cyber exposure and seeks validation of such coverage upon review of bond ratings.

The Limit of liability is \$1,000,000 per claim/incident for Privacy and Cyber Security, Media Liability, Data Breach Response, Cyber Extortion/Ransomware, Business Interruption/Extra Expense, and System Failure subject to a \$1,000,000 aggregate with a \$25,000 retention.

Carrier: Indian Harbor (FY19)

Brit Global Specialty USA (FY18)

	<u>FY19</u>	<u>FY18</u>
Premium:	\$9,550	\$15,000
SIR:	\$25,000	\$25,000
Limit of Liability:	\$1,000,000 per occurrence /\$1,000,000 aggregate	refer to above

Marine Hull & Liability and Protection and Indemnity

The Town purchases Hull & Liability coverage that covers damage to the boat's hull, machinery and equipment and Protection and Indemnity that covers losses due to legal liability for injury to passengers.

The Town owns a 2015 24' Sea Vee with twin Mercury 300 H.P. engines. This boat is used for the Police Department Marine Unit.

Carrier: The Great American Insurance Group

	<u>FY19</u>	<u>FY18</u>
Premium:	\$7,945	\$7,567
Deductible:	\$2,500	\$2,500
Limit of Liability P & I:	\$1,000,000	\$1,000,000
Limit of Liability Hull & Liability:	\$219,865	\$219,865

Workers' Compensation and Employer's Liability

Workers' Compensation is statutorily required and provides protection to employees and volunteers while performing duties within the course and scope of their assigned duties pursuant to Florida State Statute 440. Workers' Compensation limits are statutory. The Town has a \$500,000 self-insured retention under the policy.



Employer's Liability is considered coverage B under the Workers' Compensation policy and applies to liability that may be imposed on an employer outside the provisions of the Workers' Compensation law. The Employer's Liability coverage is offered with a \$1,000,000 limit of liability per occurrence and \$500,000 self-insured retention.

The Workers' Compensation and Employer's Liability coverage is offered at an annual premium of \$96,126. There is also an annual assessment for self-insured's from the State of Florida and this cost is estimated at \$15,000.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY19</u>	<u>FY18</u>
Premium:	\$96,126	\$93,774
Assessment to State:	\$15,000	\$15,000
Total Costs:	\$111,126	\$108,774
SIR:	\$500,000	\$500,000
Limit of Liability:	Statutory	Statutory

Stop Loss Coverage and Loss Fund Limit

The stop loss coverage provides financial protection to the Town by limiting the exposure for claims paid within the self-insured retention. The coverage protection works by capping the amount up to \$1,100,000 for FY18 for covered losses paid within the self-insured retention. The Town's losses which are covered under the stop loss are claims associated with general liability, law enforcement liability, auto liability, automobile physical damage, public official's liability, employment practices liability and excess workers' compensation. The stop loss protection does not include property/wind/hailstorm/flood or any uninsured or uninsurable assets or infrastructure.

If the Town were to continue purchasing the stop loss coverage for the General Liability, Law Enforcement Liability, Automobile Liability and Public Officials/Employment Practices Liability coverages, underwriters have indicated that the amount will be increased to \$1,400,000 for FY19 based upon the Town's claim history. As the Town has historically not exceeded the stop loss coverage in these areas, it is being recommended that the Town fully self-insure for this coverage. This reduces the overall premiums under General Liability, Law Enforcement, Public Officials and Employment practices and Auto Liability by \$15,000. The savings are reflected in this document under the premiums for said coverages. Ample budget funds in the Loss Fund line item within the Risk Management program has been established in the FY19 proposed budget. Further, the current Risk Fund reserve balance is \$5,278,199.

The loss fund is set up to cover the costs of claims within the Town's self-insured retention or deductible. During the annual actuarial evaluation of the Risk Management program, the long-term future impact of eliminating the stop loss coverage from specific lines of coverage and required ongoing funding of the loss fund will be evaluated along with other potential fiscally responsible coverage changes to be considered in the FY20 budget.



Insurance Agent Fee

The Town has two insurance agents that have access to the open market so we can gain maximum flexibility within our insurance program. The Town entered into a Non-Exclusive Insurance Agent Services Agreement with Relation Insurance Services, Inc. for the package insurance coverages and Arthur J. Gallagher Risk Management Services for the ancillary coverages.

Flat Fee Rates:

	<u>FY19</u>	<u>FY18</u>
Relation Insurance Services, Inc.	\$35,000	\$35,000
Arthur J. Gallagher Risk Management Services	\$10,000	\$10,000

Claims Management Services and Third Party Administration (TPA)

The Town's TPA is PGCS, Preferred Governmental Claims Solution. The claims administration program provided 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. PGCS also provides a dedicated subrogation unit to pursue reimbursements from at-fault third parties, and catastrophic adjusting team in the event of a hurricane, natural, or man-made disaster.

Provider: Preferred Governmental Claims Solution "PGCS"

	<u>FY19</u>	<u>FY18</u>
Flat Fee Rate:	\$26,400	\$26,400