

TOWN OF PALM BEACH

Information for Town Council Meeting on: September 10, 2019

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

Via: Danielle Olson, Director Human Resources

From: Karen Temme, ARM, Risk Manager

Re: Liability, Property, Workers' Compensation, Automobile
& Ancillary Insurance Coverages for FY2020
Resolution No. 80-2019 – Insurance Program Renewal

Date: August 21, 2019

STAFF RECOMMENDATION

Staff recommends Town Council approve Resolution No.80-2019 for the Town's 2019-2020 insurance program as outlined in this memorandum and authorize the Town Manager to execute the necessary documents and required payments prior to October 1, 2019. Based upon staff recommendations, the total fixed costs for the FY20, insurance renewals including premiums, claims management and broker fees are \$877,113.

GENERAL INFORMATION

The Town's risk insurance program is a hybrid program, as it includes insurance that is first dollar traditional coverage and coverages that are self-insured. Remaining partially self-insured provides the Town with input to decision-making for those lines of insurance that are self-insured. The current hybrid model employed by the Town provides maximum flexibility to adjust to market conditions and save money where possible.

Beyond traditional lines of coverage with established deductibles, the self-insurance program also uses an alternative risk financing method whereby an exposure to loss is retained by the Town under the self-insured retention (SIR). An SIR is the amount that the Town self-insures beneath the excess coverage. With an SIR, the insured has control over the claims management and loss control.

The Town has purchased excess insurance coverage above the SIR. The insurance premium savings over the traditional/first dollar program allows the Town to keep the premium dollars in house in order to reserve funds to cover future potential losses. The required reserve fund amounts

are calculated using actuarial models and claim information. In FY20, HB Actuarial Services provided an analysis of the insurance program and loss history to identify potential cost savings. It is recommended, that the Town decrease the limit of liability for the general liability and automobile liability from \$5M per occurrence to \$1M per occurrence. This change is reflected in the premium summary provided in Exhibit A, and additionally summarized in the FY20 Lines of Coverage Summary Exhibit B.

FUNDING/FISCAL IMPACT

The Risk Fund and budget for FY20 has sufficient funding to cover the recommendations herein for Property, Liability, Workers' Compensation, Automobile physical damage and Ancillary coverages for the FY20, insurance renewal.

TOWN ATTORNEY REVIEW

The Town Attorney has reviewed and approved the Resolution and Non-Exclusive Insurance Broker Agreements for legal form and sufficiency for the FY20 renewal.

ATTACHMENTS

- c: Department Directors
 Charles Kapachinski, IT Manager
 Dean Mealy, Purchasing Manager