



FY20 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 FY19 and FY20 premium costs. The program utilizes premium plans and a budgeted loss fund that is determined by an actuarial evaluation of the projected claim exposure to cover the claims and expenses incurred in the various liability coverages outlined herein.

Table of Contents

Property	2
Boiler and Machinery	3
Equipment Rental Coverage	3
NIFP Flood	3
Commercial Crime/Employee Dishonesty	4
Storage Tank Pollution Liability	4
General Liability	4
Law Enforcement Liability	5
Public Officials Liability and Employment Practices Liability	5
Automobile Liability	6
Automobile Physical Damage	6
Cyber Liability	7
Marine Hull & Liability and Protection and Indemnity	7
Carrier: The Great American Insurance Group	7
Workers’ Compensation and Employer’s Liability	8
Loss Fund	8
Insurance Broker Fee	8
Claims Management Services and Third Party Administration (TPA)	9



Property

The Property insurance coverage is 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 \$370,439 with a \$25,000 per occurrence deductible. The Named Storm deductible is a 5% deductible of the insured value per location per occurrence. The program also includes a \$5,000,000 limit of liability for flood, 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.

FMIT overall property rates increased by 12-20%, depending on the member’s losses and location. The reinsurance market hardened, resulting in increases to carriers of more than 12-15%. In order to offset some of the rate increases to the members, FMIT used the funds typically reserved for the return of premium program. The Town was on the lower end of the increase at 13%. The Town’s total insured value increased by 4%, following the asset survey, which was conducted this year by FMIT.

The Town’s insurance broker, Relation Insurance did approach other various layered programs and the pricing was in excess of \$500,000 and not competitive with the FMIT premium and policy coverages.

Please note, the Recreation Center will be placed on the policy upon completion of the construction. This will result in an additional premium.

Carrier: Florida Municipal Insurance Trust “FMIT”

	<u>FY19</u>	<u>FY20</u>
Premium:	\$327,890	\$370,439
Deductible:	\$25,000	\$25,000
	<i>5% per scheduled location for Named Storm</i>	
Limit of Liability:	\$40,853,237	\$42,432,363



Boiler and Machinery

Boiler and Machinery is for equipment breakdown, 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>FY20</u>
Premium:	Included in Property Premium	Included in Property Premium
Deductible:	\$25,000	\$25,000
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 that this coverage continue.

Carrier: Scottsdale Insurance Company

	<u>FY19</u>	<u>FY20</u>
Premium:	\$6,285	\$6,250
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 directly through American Bankers Ins. Co. of Florida. The estimated renewal premium for the flood policies is \$31,142. The cost savings in FY19 is a result of removing coverage for the Recreation Center. A new flood policy will be obtained for the Recreation Center upon completion of the construction. This will result in an additional premium.

These funds have been included in the FY20 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>FY20</u>
Premium (estimated):	\$24,214	\$31,142



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 because 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 (Phishing Frauds). 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>FY20</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 15 above ground tanks at an annual premium of \$5,691 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. The decrease in premium is due to removing a tank that is no longer in service.

Carrier: Commerce & Industry Insurance Company

	<u>FY19</u>	<u>FY20</u>
Premium:	\$6,021	\$5,691
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 Town is recommending reducing the limit of liability from \$5M per occurrence/\$10,000 annual aggregate to \$1M per occurrence/\$2M annual aggregate.

General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are bundled with one carrier, BRIT, for the most competitive



pricing. The Town will save a total of \$20,000 in fixed premiums costs by reducing the limit of liability for the General Liability and Auto Liability within the BRIT package.

The Town’s insurance broker, Relation Insurance did approach Princeton Excess, Surplus Lines Insurance Co. (Munich) and AIX Insurance (Hanover) and they declined to provide a quote, as they are unable to compete with the pricing provided by BRIT.

Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY20</u>
Premium:	\$33,400	\$34,400
SIR ¹ :	\$200,000	\$200,000
Limit of Liability:	\$5,000,000 per occurrence /\$10,000,000 annual aggregate	\$1,000,000 per occurrence /\$2,000,000 annual aggregate

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 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 \$48,500.

General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are bundled with one carrier, BRIT, for the most competitive pricing.

Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY20</u>
Premium:	\$45,980	\$48,500
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 maybe deemed as wrongful or for failure to perform while acting in an official capacity. 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,

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.



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 bundled with one carrier, BRIT, for the most competitive pricing.

Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY20</u>
Premium:	\$104,060	\$100,000
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 because of an accident involving licensed vehicles, owned, leased or hired by the Town. The Town's fleet consists of 187 vehicles. The Town is recommending reducing the limit of liability from \$5M per occurrence/ no annual aggregate to \$1M per occurrence/ no annual aggregate.

General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability and Employment Practices Liability are bundled with one carrier, BRIT, for the most competitive pricing.

The Town will save a total of \$20,000 in fixed premiums costs by reducing the limit of liability for the General Liability and Auto Liability within the BRIT package.

Carrier: Brit Global Specialty USA

	<u>FY19</u>	<u>FY20</u>
Liability Premium:	\$43,560	\$37,000
SIR:	\$100,000	\$100,000
Limit of Liability:	\$5,000,000 per occurrence /no aggregate	\$1,000,000 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 annual premium is \$17,902 with a \$10,000 deductible per occurrence.



Carrier: Florida Municipal Insurance Trust “FMIT”

	<u>FY19</u>	<u>FY20</u>
Physical Damage Premium:	\$15,085	\$17,902
Deductible:	\$10,000	\$10,000
Limit:	Actual Cash Value	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 through 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

	<u>FY19</u>	<u>FY20</u>
Premium:	\$9,550	\$9,550
SIR:	\$25,000	\$25,000
Limit of Liability:	\$1,000,000 per occurrence	refer to above
	/\$1,000,000 aggregate	

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 34’ SeaVee with twin Mercury 300 H.P. outboard engines. This boat is for the Police Department’s Marine Unit.

Carrier: The Great American Insurance Group

	<u>FY19</u>	<u>FY20</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 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 has a \$1,000,000 limit of liability per occurrence and \$500,000 self-insured retention.

The Workers' Compensation and Employer's Liability coverage at an annual premium of \$118,021. The premium is subject to an annual audit at the end of the policy period. There is also an annual assessment for self-insured's from the State of Florida estimated at \$14,000.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY19</u>	<u>FY20</u>
Premium:	\$96,126	\$118,021
Assessment to State:	\$15,000	\$14,000
Total Costs:	\$111,126	\$132,021
SIR:	\$500,000	\$500,000
Limit of Liability:	Statutory	Statutory

Loss Fund

The loss fund is set up to cover the costs of claims within the Town's self-insured retention and deductible. During the annual actuarial evaluation of the Risk Management program, the long-term future impact of claims is determined and funds are set-up accordingly. The loss fund for FY20 is \$1,647,500.

Insurance Broker Fee

The Town has two insurance brokers 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 Broker 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>FY20</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 manmade disaster.

Provider: Preferred Governmental Claims Solution "PGCS"

	<u>FY19</u>	<u>FY20</u>
Flat Fee Rate:	\$26,400	\$26,400