



FY22 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 FY21 and FY22 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
NFIP Flood	4
Commercial Crime/Employee Dishonesty	4
Storage Tank Pollution Liability	4
General Liability	5
Law Enforcement Liability	5
Public Officials Liability and Employment Practices Liability	6
Automobile Liability	7
Automobile Physical Damage	7
Unmanned Aircraft Liability (public safety drones)	7
Marine Hull & Liability and Protection and Indemnity	8
Carrier: The Great American Insurance Group	8
Workers’ Compensation and Employer’s Liability	8
Loss Fund	9
Insurance Broker Fee	9
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 \$495,899 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.

FMIT's provides their members with access to Synergy Disaster Preparedness and Turnkey Recovery Programs. These programs allow the Town direct access to services and programs for crisis planning, disaster response and recovery, from fires to floods to hurricanes. FMIT has decades of recovery experience combined with cutting-edge technology to provide critical incident communications both pre and post event, rapid damage assessments immediately after a catastrophe, and building stabilization services that maintain operations and reduce claim costs. Based upon the Town's losses over the past several years, we found that the Turnkey Recovery Program saves the Town time and money by quickly restoring the facilities to their regular operations and allowing the Town to transfer of risk of hiring contractors to FMIT.

FMIT also provides 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.

As a condition of receiving Public Assistance for permanent work through FEMA, the Town is required to remain compliant with Section 311 of the Stafford Act and its implementing regulations, Title 44 CFR 206.250-253. This requires the Town to maintain wind coverage for the life of the facility. Should the Town fail to keep this coverage, FEMA will not provide assistance for the same facility in future disasters. (1/14/21 per Hurricane IRMA requirements)

The commercial property rates have continued to increase between 15% and 30%, depending on the level of CAT-exposure. The Town's renewal is a 12% increase in premium. This increase is below the current industry pricing for a barrier island.

In order to ensure the best pricing, the Town's insurance broker, Relation Insurance Services did obtain estimated pricing with layering coverage with various carriers which would have resulted



in a premium between \$700,000 - \$750,000, and a higher deductible. The estimated pricing was not competitive with the FMIT premium and policy coverages.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY21</u>	<u>FY22</u>
Premium:	\$441,525	\$495,899
Deductible:	\$25,000	\$25,000
	<i>5% per scheduled location for Named Storm</i>	
Limit of Liability:	\$53,837,863	\$53,942,363 *

* Limit will increase by \$1,417,589 on 11/1/2021 as the (3) new buildings at the Town Marina will be placed under this policy. Premium will be adjusted to cover the (3) buildings.

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>FY21</u>	<u>FY22</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 allows the Town to lease/rent large equipment such as generators, backhoes, etc. 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 needs throughout the year, including post-storm to rent equipment this coverage continues to be necessary.

Carrier: Scottsdale Insurance Company

	<u>FY21</u>	<u>FY22</u>
Premium:	\$6,360	\$6,360
Deductible:	\$5,000 and 5% wind/hail subject to \$5,000 minimum (new for FY21)	\$5,000



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 Insurance Company

	<u>FY21</u>	<u>FY22</u>
Premium:	\$5,798	\$6,388
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 with a limit of liability of \$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.

Carrier: BRIT Global Specialty USA

	<u>FY21</u>	<u>FY22</u>
Premium:	\$45,300	
SIR:	\$200,000	\$200,000
Limit of Liability ¹ :	\$1,000,000 per occurrence/ \$2,000,000 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 Towns current limit of liability is \$5,000,000 per occurrence/\$10,000,000 aggregate was not offered for this year's renewal, due to the recent litigation against law enforcement agencies.

The recent litigation against police agencies and officers, along with the defunding of the police movement have caused insurance carriers to lower the limits of liability and provide options to increase self-insured retentions. In addition, insurance carriers are focusing more on hiring practices, training, detention facilities, policies and procedures when determining coverage renewals.



The following options have been offered for this coverage renewal. Staff is recommending the Town renewal coverage based upon Option 3.

Coverage	Option 1	Option 2	Option 3
Limit	\$5M/\$5M	\$5M/\$5M	\$3M/\$3M
Self-Insured Retention	\$100,000	\$200,000	\$200,000
Premium	\$70,500	\$59,500	\$44,500

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>FY21</u>	<u>FY22</u>
Premium:	\$52,000	\$44,500
SIR:	\$100,000	\$200,000
Limit of Liability:	\$5,000,000 per occurrence /\$10,000,000 aggregate	\$3,000,000 per occurrence /\$3,000,000 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 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 bundled with one carrier, BRIT, for the most competitive pricing.

Carrier: BRIT Global Specialty USA

	<u>FY21</u>	<u>FY22</u>
Premium:	\$105,000	\$110,000
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 limit of liability is \$1M per occurrence/ no annual aggregate with a \$100,000 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>FY21</u>	<u>FY22</u>
Liability Premium:	\$40,000	\$55,000
SIR:	\$100,000	\$100,000
Limit of Liability:	\$1,000,000 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 \$17,021 with a \$10,000 deductible per occurrence.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY21</u>	<u>FY22</u>
Physical Damage Premium:	\$17,274	\$17,021
Deductible:	\$10,000	\$10,000
Limit:	Actual Cash Value	Actual Cash Value

Unmanned Aircraft Liability (public safety drones)

Unmanned Aircraft Liability insurance provides liability for bodily injury, property damage and physical damage for the use of drones by the Town's public safety departments. The police department has four (4) drones. The Unmanned Aircraft Liability policy has a limit of liability of \$1,000,000 per occurrence with zero deductible.



Carrier: Global Aerospace

	<u>FY21</u>	<u>FY22</u>
Premium:	\$1,688	\$1,688
Deductible:	zero	zero
Limit of Liability:	\$1,000,000	\$1,000,000

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>FY21</u>	<u>FY22</u>
Premium:	\$6,774	\$6,774
Deductible:	\$5,000	\$5,000
Limit of Liability P & I:	\$1,000,000	\$1,000,000
Limit of Liability Hull & Liability:	\$130,000	\$130,000

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 maybe 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 \$120,899. 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 \$10,000.



Carrier: Florida Municipal Insurance Trust “FMIT”

	<u>FY21</u>	<u>FY22</u>
Premium:	\$122,374	\$120,899
Assessment to State:	\$10,000	\$10,000
Total Costs:	\$132,021	\$130,899
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 FY22 is \$1,100,000.

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>FY21</u>	<u>FY22</u>
Relation Insurance Services, Inc.	\$40,000	\$40,000
Arthur J. Gallagher Risk Management Services	\$10,000	\$7,500

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>FY20</u>	<u>FY22</u>
Flat Fee Rate:	\$51,680	\$53,230