



FY23 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 FY22 and FY23 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.

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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 \$538,095 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.

The commercial property rates have continued to increase depending on the level of CAT-exposure. The Town's renewal is an 8% market premium increase. This premium increase is below the current industry pricing for a barrier island.

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 \$750,000 - \$1,000,000, and a higher deductible. The estimated pricing was not competitive with the FMIT premium and policy coverages.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY22</u>	<u>FY23</u>
Premium:	\$495,899	\$538,095
Deductible:	\$25,000	\$25,000
	<i>5% per scheduled location for Named Storm</i>	
Total Insured Value:	\$53,942,363	\$55,359,951

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>FY22</u>	<u>FY23</u>
Premium:	Included in Property Premium	Included in Property Premium
Deductible:	\$25,000	\$25,000
Total Insured Value:	Same as Property	Same as Property

Equipment Rental Coverage

This coverage allows the Town to lease/rent small and large equipment such as generators, backhoes, water trucks, excavators, dozer, 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>FY22</u>	<u>FY23</u>
Premium:	\$6,250	\$6,250
Deductible:	\$5,000 and 5% wind/hail subject to \$5,000 minimum	\$5,000
Limit of Liability:	\$500,000	\$500,000



NFIP 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 \$32,917. Buildings located in the X or B Flood zone are considered Preferred Risk policies, allowing for only a \$1,250 deductible option. The Town has a total of 8 flood policies.

Carrier: American Bankers Insurance Co. of Florida

	<u>FY22</u>	<u>FY23</u>
Premium:	\$32,917	\$34,116 estimated
Deductible:	\$1,250 or \$5,000	\$1,250 or \$5,000
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 10/1/2020 – 9/30/2023 at an annual premium of \$5,400 with a \$1,000,000 limit of liability and \$100,000 deductible.

Carrier: Travelers Insurance Co.

	<u>FY22</u>	<u>FY23</u>
Premium:	\$5,400	\$5,400
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 \$7,026 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 Insurance Company

	<u>FY22</u>	<u>FY23</u>
Premium:	\$6,388	\$7,026
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 covers claims involving bodily injuries and property damage resulting from Town operations, products, or services.

The Town is recommending changing carriers from Ambridge/Lloyds to Florida Municipal Insurance Trust, “FMIT” for the General Liability. This is Option 2 below.

Bundling the General liability, Law Enforcement Liability, Automobile Liability, Employee Benefits Liability, Public Officials Liability and Employment Practices Liability with FMIT will not only provide the most competitive pricing, but it will also provide Cyber Liability coverage.

FMIT general liability coverage is not as broad as Ambridge. For example, FMIT does not provide for Third Party Sexual Harassment coverage. And FMIT does not provide additional insured coverage for non-governmental entities that may be required by agreement. The benefit of changing to FMIT and obtaining Cyber liability coverage and lower premiums outweighs the changes in coverage under the general liability policy.

Option 1 – Ambridge/Lloyds		Option 2 - FMIT	
Premium:	\$64,000	Premium:	\$48,915
SIR:	\$200,000	SIR:	\$200,000
Limit of Liability	\$1,000,000 per occurrence/2,000,000 annual aggregate	Limit of Liability	\$5,000,000 per occurrence/unlimited aggregate

Current Carrier: Ambridge/Lloyds for FY22

Premium:	\$45,300
SIR:	\$200,000
Limit of Liability:	\$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 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 Town is recommending changing carriers from Ambridge/Lloyds to Florida Municipal Insurance Trust, “FMIT” for the Law Enforcement Liability. This is Option 2 below.

Bundling the General liability, Law Enforcement Liability, Automobile Liability, Employee Benefits Liability, Public Officials Liability and Employment Practices Liability with FMIT will not only provide the most competitive pricing, but it will also provide Cyber Liability coverage.

Option 1 – Ambridge/Lloyds		Option 2 - FMIT	
Premium:	\$50,000	Premium:	\$32,901
SIR:	\$200,000	SIR:	\$200,000
Limit of Liability	\$3,000,000 per occurrence/3,000,000 annual aggregate	Limit of Liability	\$5,000,000 per occurrence/unlimited aggregate

Current Carrier: Ambridge/Lloyds for FY22

Premium: \$44,500
SIR: \$200,000
Limit of Liability: \$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.



The Town is recommending changing carriers from Ambridge/Lloyds to Florida Municipal Insurance Trust, “FMIT” for the Public Officials and Employment practices liability. This is Option 2 below.

Bundling the General liability, Law Enforcement Liability, Automobile Liability, Employee Benefits Liability, Public Officials Liability and Employment Practices Liability with FMIT will not only provide the most competitive pricing, but it will also provide Cyber Liability coverage.

FMIT provides an exclusive Employment Law Advisor program at no additional cost to members. Under this program, FMIT can assist with a wide range of employment related matters, including hiring, discipline, promotion/demotion, termination, ADA compliance and more.

Option 1 – Ambridge/Lloyds		Option 2 - FMIT	
Premium:	\$100,000	Premium:	\$109,153
SIR:	\$100,000 POL/ \$200,000 EPLI	SIR:	\$200,000 POL & EPLI
Limit of Liability	\$5,000,000 per occurrence/\$5,000,000 annual aggregate	Limit of Liability	\$5,000,000 per occurrence/ unlimited aggregate

Current Carrier: Ambridge/Lloyds for FY22

Premium: \$110,000

SIR: \$100,000 POL/\$200,000 EPLI

Limit of Liability: \$5,000,000 per occurrence/\$5,000,000 aggregate

Employee Benefits Liability

Employee Benefits Liability insurance provides coverage to an employer for errors or omissions in the employer’s administration of its employee benefit program. For example, if a new employee requests to receive medical insurance through the employer and the employer failed to add the new employee to the plan. Then the health insurance company later denies coverage for the employee’s medical claim. The Employee Benefits Liability coverage would pay for the benefits that would have been payable under the health insurance plan but for the employer’s error.

This coverage applies to a wide range of employee benefits including health, life and disability insurance, retirement plans, and other benefits offered through plans administered by the employer.

The Town is recommending changing carriers from Ambridge/Lloyds to Florida Municipal Insurance Trust, “FMIT” for the Employee Benefits liability. This is Option 2 below.



Bundling the General liability, Law Enforcement Liability, Automobile Liability, Employee Benefits Liability, Public Officials Liability and Employment Practices Liability with FMIT will not only provide the most competitive pricing, but it will also provide Cyber Liability coverage.

Option 1 – Ambridge/Lloyds		Option 2 - FMIT	
Premium:	Included	Premium:	Included
SIR:	\$100,000	SIR:	\$200,000
Limit of Liability	\$1,000,000 per occurrence/2,000,000 annual aggregate	Limit of Liability	\$5,000,000 per occurrence/unlimited aggregate

Current Carrier: Ambridge/Lloyds for FY22

Premium: Included
 SIR: \$100,000
 Limit of Liability: \$1,000,000 per occurrence/\$2,000,000 aggregate

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.

The Town is recommending changing carriers from Ambridge/Lloyds to Florida Municipal Insurance Trust, "FMIT" for the Auto Liability. This is Option 2 below.

Bundling the General liability, Law Enforcement Liability, Automobile Liability, Employee Benefits Liability, Public Officials Liability and Employment Practices Liability with FMIT will not only provide the most competitive pricing, but it will also provide Cyber Liability coverage.

Option 1 – Ambridge/Lloyds		Option 2 - FMIT	
Premium:	\$60,000	Premium:	\$49,791
SIR:	\$100,000	SIR:	\$100,000
Limit of Liability	\$1,000,000 per occurrence/unlimited aggregate	Limit of Liability	\$1,000,000 per occurrence/unlimited aggregate

Current Carrier: Ambridge/Lloyds for FY22

Liability Premium: \$55,000
 SIR: \$200,000
 Limit of Liability: \$1,000,000 per occurrence/unlimited 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 \$21,264 with a \$10,000 deductible per occurrence.

Carrier: Florida Municipal Insurance Trust “FMIT”

	<u>FY22</u>	<u>FY23</u>
Premium:	\$17,021	\$21,264
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>FY22</u>	<u>FY23</u>
Premium:	\$1,688	\$1,775
Deductible:	zero	zero
Limit of Liability:	\$1,000,000	\$1,000,000

Cyber Liability

Cyber-attacks and data breaches have increased significantly in recent years, especially for public entities. 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.

Coverage has become very difficult, as most insurance carriers are no longer covering municipalities. FMIT was willing to provide a quote as part of a package. Other carriers have declined to quote or provided an indication of premium above \$100,000.



The Town is recommending changing from being fully self-insured to Florida Municipal Insurance Trust, “FMIT” for the Cyber Liability coverage. This is Option 2 below.

Bundling the General liability, Law Enforcement Liability, Automobile Liability, Employee Benefits Liability, Public Officials Liability and Employment Practices Liability with FMIT will not only provide the most competitive pricing, but it will also provide Cyber Liability coverage.

Option 1 – Fully Self Insured		Option 2 - FMIT	
Premium:	N/A	Premium:	\$7,500
SIR:	N/A	SIR:	\$35,000
Limit of Liability	Fully self insured	Limit of Liability	\$1,000,000 aggregate

Current Coverage: Fully Self Insured for FY22

Premium: N/A

Deductible: N/A

Limit of Liability: Fully Self-Insured

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>FY22</u>	<u>FY23</u>
Premium:	\$7,112	\$7,460
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 Statue 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 \$104,585. The premium is subject to an annual audit at the end of the policy period. There is also an annual assessment for self-insureds from the State of Florida estimated at \$6,500.

Workers' Compensation premiums are calculated based upon several variables such as payroll, job classification codes and experience modification rates. The Town's payroll has increased by 11% over the past year.

The Town's experience modification rate is excellent at only .59. An experience modification of 1.0 is considered the average for any organization. The lower the experience modification, the lower the premium. The experience modification is a decimal number used by insurance companies to gauge both past cost of injuries and future chances of risk. As you can see, the Town has done an excellent job handling the claims and costs for workers' compensation, including implementation of policies, procedures, training and maintaining a safe workplace.

Carrier: Florida Municipal Insurance Trust "FMIT"

	<u>FY22</u>	<u>FY23</u>
Premium:	\$94,239	\$104,585
Assessment to State:	\$6,500	\$6,500
Total Costs:	\$100,739	\$111,085
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 FY23 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.

<u>Flat Fee Rates:</u>	<u>FY22</u>	<u>FY23</u>
Relation Insurance Services, Inc.	\$40,000	\$45,000
Arthur J. Gallagher Risk Management Services	\$7,500	\$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, law enforcement liability, general liability, auto liability, auto physical damage, employment practices liability, public officials' liability, and property. PGCS also provides a dedicated subrogation unit to pursue reimbursements from at-fault third parties.

Provider: Preferred Governmental Claims Solution "PGCS"

	<u>FY22</u>	<u>FY23</u>
Flat Fee Rate:	\$53,230	\$54,828