

TOWN OF PALM BEACH

Information for Town Council Meeting on: September 10, 2024

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

Via: Robert Miracle, Deputy Town Manager – Finance & Administration

From: Karen Temme, ARM, Risk Manager

Re: Liability, Property, Workers' Compensation,
Automobile & Ancillary Insurance Coverages for
FY2025
Resolution No. 126-2024 – Insurance Program Renewal

Date: August 29, 2024

STAFF RECOMMENDATION

Staff recommends Town Council approve Resolution No. 126-2024 for the Town's 2024-2025 insurance program as outlined in this memorandum and authorize the Town Manager to execute the necessary documents and required payments prior to October 1, 2024. Based upon staff recommendations, the total fixed costs for the FY25, insurance renewals including premiums, claims management and broker fees are \$2,225,864.

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.

As you may know, the Town's Property insurance coverage exclude docks, wharves, and piers. This year, the Town obtained a quote to add the marina docks to the property schedule. The quote includes the (4) docks located at the marina for a limit of liability of \$16,650,941. The annual premium was quoted at \$1,523,445. This coverage is subject to a 10% deductible for a named storm and \$25,000 deductible for other perils, such as fire.

The Town has also received a quote to increase the business income coverage from \$500,000 to \$5,000,000 as part of adding the marina docks to the property policy. The additional annual premium to increase the business income coverage is quoted at \$33,500 and subject to a \$25,000 deductible.

The Town docks **must** be insured on the property policy for the business income coverage to include damage to the docks.

Historically, the Town has not purchased insurance for the Town docks due to the costs. Staff is not recommending adding the marina docks or increasing the business income due to the total cost being \$1,556,945/annually.

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 inhouse in order to reserve funds to cover future potential losses. The required reserve fund amounts are calculated using actuarial models and claim information.

FUNDING/FISCAL IMPACT

The Risk Fund and overall budget for FY25 has sufficient funding to cover the recommendations herein for Property, Liability, Workers' Compensation, Automobile physical damage and Ancillary coverages for the FY25, insurance renewal.

PURCHASING REVIEW

The Procurement and Contract Manager has reviewed and approved the documents for the for FY25 insurance renewal.

ATTACHMENTS

c: Department Directors
 Gillian Barth, People & Culture Director
 Andy Jadoo, IT Director
 Dean Mealy, Procurement and Contract Manager