

AGENDA SUMMARY ITEM

Agenda Item #: C - 14

Agenda Item: Approval and authorization for the Village Manager to enter into a renewal contract with the Florida Municipal Insurance Trust to cover property, casualty, auto and workers' compensation for policy period FY25 for the Village of Royal Palm Beach.

Gehring Group was brought on as Agent of Record for the Village's Property, Casualty, and Workers' Compensation insurances as a result of the challenges the Village faced with its Property coverage renewal last year and our assistance in finalizing coverage with the incumbent carrier, the Florida Municipal Insurance Trust (FMIT). Gehring Group actively solicited the Village's insurance program on its behalf for FY 2024-25. Due to the uniqueness of the coverage forms and extensions of coverage afforded under the Florida governmental trust market, and in correspondence with Gehring Group's ability to solicit quotes for membership in designated Florida governmental trust markets, solicitation was made to both the Preferred Governmental Insurance Trust (PGIT) and the Village's incumbent carrier, the Florida Municipal Insurance Trust (FMIT). Gehring Group also solicited Property quotes from the standard insurance market to ensure competitiveness of premium and coverage afforded through these markets.

PGIT was not asked to provide a Property quote as it is unable to write lower Wind/Named Storm sublimits as is afforded under the current Property coverage form, nor is it able to write coverage without Wind/Named Storm. PGIT was asked to quote Liability, Auto and Workers' Compensation coverage as an alternative to FMIT should the standard Property market have provided a viable alternative to existing Property coverage via FMIT.

Analysis

Proposals were submitted as a package and were evaluated noting several key factors:

- Program limits, by coverage line
- Program deductibles, by coverage line
- Program pricing, by coverage line
- Program coverage extensions (Property)
- Other program benefits included in each proposal

Attached as an Exhibit to this memorandum is the evaluation comparing the final proposal options from FMIT. It is important to note that each carrier approaches premium rating according to their individual underwriting guidelines and provides different coverage form availability. When the standard market Property proposals were compared to the FMIT Property renewal quote and options, it was clear that the standard market coverage form is substantially different than that of FMIT. The first real concern was that the quotes received were a combination of 7 carriers underwriting the \$10 million coverage limit that the Village was seeking. With so many carriers taking on the risk at different layers, the propensity for claims adjusting issues and reimbursements is much higher than that of FMIT's Synergy program that is designed to manage the claims adjudication process, prioritize damage repair, and coordinate payment to vendors. The second major concern were the deductibles whereby the amount could only be lowered to \$5,000 for up to 5 events other than Wind/Named Storm and the \$100,000 minimum for Wind/Named Storm as there are several assets with values under \$1 million. Another issue with the quotes was that the full annual premium would be payable within 30 days of the 10/1/24 coverage effective date.

The other important differences in the quotes were the coverage extensions afforded under the programs. The standard market could only extend \$250,000 of coverage for non-scheduled Property in the Open (PITO), which is a large component of the Village's exposed assets, such as lights, fencing, athletic apparatuses, playground equipment, benches, etc. Additionally, there were also lower sublimits afforded for electronic data processing assets, fungus/mold/mildew, property in transit/removed from insured locations, extra expense, and service interruption coverages to name a few.

All this to say the renewal and alternate options pricing provided by FMIT were still competitive while affording better program services and mostly higher coverage extension sublimits, particularly for those that are claimed more often after damage or loss.

Of the options provided by FMIT, there was a large savings for the Village to consider self-insuring its Wind/Named Storm coverage. With this option, the Village would have full blanket coverage for scheduled assets, in addition to the coverage extensions afforded under the program, for All Perils Except Wind/Named Storm. The nearly \$466,000 savings would be contributed to a self-insurance fund, along with an initial contribution from reserves, in order to formally establish a self-insurance program that would meet the potential catastrophic loss needs (modeled at approximately \$6 million) over the course of a few years, and that would be presented to FEMA for approval to ensure the Village's ability to recoup certain expenditures for such losses as allowable by FEMA.

Recommended Action:

It is for the reasons explained above that Village staff is recommending renewing coverage with the FMIT to retain All Other Perils Property coverage and to self-insure Wind/Named Storm coverage for a total annual premium of \$553,501, inclusive of all other package lines – General Liability, Cyber Liability, Auto Liability and Physical Damage, and Workers' Compensation insurances. This renewal option provides for a savings of \$465,701 dollars or 45.7%.

Attached hereto for further review is a total cost analysis as provided by the Gehring Group for the insurance coverage discussed above.

Initiator	Village Manager Approval	Agenda Date	Village Council Action
Monika Bowles Dir of HR and Risk & Sharon Almeida Finance Director		09/19/24	

Village of Royal Palm Beach
Property, Casualty & Workers Compensation Insurance
2024-2025 Renewal Evaluation



Coverage Type	Current				Negotiated Renewal				Alternative #1			
	2023-2024				2024-2025				2024-2025			
	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium
Property	FMIT	\$1,000 AOP/ 10% NS	\$7,500,000	\$579,437	FMIT	\$1,000 AOP/ 10% NS	\$7,500,000	\$628,594	FMIT	\$5,000 AOP/ 10% NS	\$7,500,000	\$621,764
TIV			\$38,553,337				\$48,185,809				\$48,185,809	
Blanket Unscheduled PITO			\$390,000				\$490,000				\$490,000	
Inland Marine		\$500/\$1,000	\$1,316,734	Incl in Prop		\$500/\$1,000	\$1,316,734	Incl in Prop		\$500/\$1,000	\$1,316,734	Incl in Prop
Equipment Breakdown		\$1,000	\$7,500,000	Incl in Prop		\$1,000	\$7,500,000	Incl in Prop		\$5,000	\$7,500,000	Incl in Prop
Flood		\$1,000/NFIP	\$5,000,000	Incl in Prop		\$1,000/NFIP	\$5,000,000	Incl in Prop		\$5,000/NFIP	\$5,000,000	Incl in Prop
Crime	FMIT	\$0	\$10,000/\$100,000	Incl In Prop	FMIT	\$0	\$10,000/\$100,000	Incl In Prop	FMIT	\$0	\$10,000/\$100,000	Incl In Prop
General Liability	FMIT	\$2,500	\$1,000,000	\$178,133	FMIT	\$2,500	\$1,000,000	\$132,400	FMIT	\$2,500	\$1,000,000	\$132,400
Employment Practices & Public Officials Liability		\$2,500	\$1,000,000	Incl in GL		\$2,500	\$1,000,000	Incl in GL		\$2,500	\$1,000,000	Incl in GL
Cyber Liability	FMIT	\$2,500	\$1,000,000	\$3,284	FMIT	\$2,500	\$1,000,000	\$3,758	FMIT	\$2,500	\$1,000,000	\$3,758
Auto Physical Damage	FMIT	\$500	Per Schedule	\$9,542	FMIT	\$500	Per Schedule	\$10,933	FMIT	\$500	Per Schedule	\$10,933
Auto Liability	FMIT	\$2,500	\$2,000,000	\$33,353	FMIT	\$2,500	\$2,000,000	\$38,608	FMIT	\$2,500	\$2,000,000	\$38,608
Workers' Compensation	FMIT	\$0	Statutory	\$215,453	FMIT	\$0	Statutory	\$208,762	FMIT	\$0	Statutory	\$208,762
Estimated Payroll			\$8,217,741				\$8,022,786				\$8,022,786	
Experience Mod Factor			1.00				1.00				1.00	
Total Annual Premium				\$1,019,202				\$1,023,055				\$1,016,225
\$ Increase or Decrease				N/A				\$3,853				(\$2,977)
% Increase or Decrease				N/A				0.4%				-0.3%

Village of Royal Palm Beach
Property, Casualty & Workers Compensation Insurance
2024-2025 Renewal Evaluation



Coverage Type	Current				Alternative #2				Alternative #3			
	2023-2024				2024-2025				2024-2025			
	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium
Property	FMIT	\$1,000 AOP/ 10% NS	\$7,500,000	\$579,437	FMIT	\$5,000 AOP/ 10% NS	\$5,000,000	\$575,164	FMIT	\$5,000 AOP/ 7.5% NS	\$5,000,000	\$621,177
TIV			\$38,553,337				\$48,185,809				\$48,185,809	
Blanket Unscheduled PITO			\$390,000				\$490,000				\$490,000	
Inland Marine		\$500/\$1,000	\$1,316,734	Incl in Prop		\$500/\$1,000	\$1,316,734	Incl in Prop		\$500/\$1,000	\$1,316,734	Incl in Prop
Equipment Breakdown		\$1,000	\$7,500,000	Incl in Prop		\$5,000	\$5,000,000	Incl in Prop		\$5,000	\$5,000,000	Incl in Prop
Flood		\$1,000/NFIP	\$5,000,000	Incl in Prop		\$5,000/NFIP	\$5,000,000	Incl in Prop		\$5,000/NFIP	\$5,000,000	Incl in Prop
Crime	FMIT	\$0	\$10,000/\$100,000	Incl In Prop	FMIT	\$0	\$10,000/\$100,000	Incl In Prop	FMIT	\$0	\$10,000/\$100,000	Incl In Prop
General Liability	FMIT	\$2,500	\$1,000,000	\$178,133	FMIT	\$2,500	\$1,000,000	\$132,400	FMIT	\$2,500	\$1,000,000	\$132,400
Employment Practices & Public Officials Liability		\$2,500	\$1,000,000	Incl in GL		\$2,500	\$1,000,000	Incl in GL		\$2,500	\$1,000,000	Incl in GL
Cyber Liability	FMIT	\$2,500	\$1,000,000	\$3,284	FMIT	\$2,500	\$1,000,000	\$3,758	FMIT	\$2,500	\$1,000,000	\$3,758
Auto Physical Damage	FMIT	\$500	Per Schedule	\$9,542	FMIT	\$500	Per Schedule	\$10,933	FMIT	\$500	Per Schedule	\$10,933
Auto Liability	FMIT	\$2,500	\$2,000,000	\$33,353	FMIT	\$2,500	\$2,000,000	\$38,608	FMIT	\$2,500	\$2,000,000	\$38,608
Workers' Compensation	FMIT	\$0	Statutory	\$215,453	FMIT	\$0	Statutory	\$208,762	FMIT	\$0	Statutory	\$208,762
Estimated Payroll			\$8,217,741				\$8,022,786				\$8,022,786	
Experience Mod Factor			1.00				1.00				1.00	
Total Annual Premium				\$1,019,202				\$969,625				\$1,015,638
\$ Increase or Decrease				N/A				(\$49,577)				(\$3,564)
% Increase or Decrease				N/A				-4.9%				-0.3%

Village of Royal Palm Beach
Property, Casualty & Workers Compensation Insurance
2024-2025 Renewal Evaluation



Coverage Type	Current				Alternative #4				Alternative #5			
	2023-2024				2024-2025				2024-2025			
	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium	Carrier	Deductible	Coverage Limits	Premium
Property	FMIT	\$1,000 AOP/ 10% NS	\$7,500,000	\$579,437	FMIT	\$5,000 AOP	\$48,185,809 (AOP Only, NO WIND)	\$151,510	FMIT	\$1,000 AOP	\$48,185,809 (AOP Only, NO WIND)	\$159,040
TIV			\$38,553,337				\$48,185,809				\$48,185,809	
Blanket Unscheduled PITO			\$390,000				\$490,000				\$490,000	
Inland Marine		\$500/\$1,000	\$1,316,734	Incl in Prop		\$500/\$1,000	\$1,316,734	Incl in Prop		\$500/\$1,000	\$1,316,734	Incl in Prop
Equipment Breakdown		\$1,000	\$7,500,000	Incl in Prop		\$5,000	\$48,185,809	Incl in Prop		\$1,000	\$48,185,809	Incl in Prop
Flood		\$1,000/NFIP	\$5,000,000	Incl in Prop		\$5,000/NFIP	\$5,000,000	Incl in Prop		\$1,000/NFIP	\$5,000,000	Incl in Prop
Crime	FMIT	\$0	\$10,000/\$100,000	Incl In Prop	FMIT	\$0	\$10,000/\$100,000	Incl In Prop	FMIT	\$0	\$10,000/\$100,000	Incl In Prop
General Liability	FMIT	\$2,500	\$1,000,000	\$178,133	FMIT	\$2,500	\$1,000,000	\$132,400	FMIT	\$2,500	\$1,000,000	\$132,400
Employment Practices & Public Officials Liability		\$2,500	\$1,000,000	Incl in GL		\$2,500	\$1,000,000	Incl in GL		\$2,500	\$1,000,000	Incl in GL
Cyber Liability	FMIT	\$2,500	\$1,000,000	\$3,284	FMIT	\$2,500	\$1,000,000	\$3,758	FMIT	\$2,500	\$1,000,000	\$3,758
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Auto Liability	FMIT	\$2,500	\$2,000,000	\$33,353	FMIT	\$2,500	\$2,000,000	\$38,608	FMIT	\$2,500	\$2,000,000	\$38,608
Workers' Compensation	FMIT	\$0	Statutory	\$215,453	FMIT	\$0	Statutory	\$208,762	FMIT	\$0	Statutory	\$208,762
Estimated Payroll			\$8,217,741				\$8,022,786				\$8,022,786	
Experience Mod Factor			1.00				1.00				1.00	
Total Annual Premium				\$1,019,202				\$545,971				\$553,501
\$ Increase or Decrease				N/A				(\$473,231)				(\$465,701)
% Increase or Decrease				N/A				-46.4%				-45.7%