



Legislation Details (With Text)

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**On agenda:** 9/23/2020      **Final action:**

**Title:** Approve a one-year policy renewal for the General Insurance Program with Florida League of Cities, Inc., for the period October 1, 2020 through September 30, 2021 with an estimated premium of \$998,385 pending approval of the FY2021 budget. (Administrative Services Director)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 0105 City of Cocoa CRM\_20.21 Renewal Proposal.pdf

Date	Ver.	Action By	Action	Result
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**CITY COUNCIL AGENDA ITEM**

**Memo Date:** September 11, 2020  
**Agenda Date:** September 23, 2020  
**Prepared By:** Tammy B. Gemmati, PHR, Administrative Services Director  
**Through:** Matthew Fuhrer, Interim City Manager  
**Requested Action:**

Approve a one-year policy renewal for the General Insurance Program with Florida League of Cities, Inc., for the period October 1, 2020 through September 30, 2021 with an estimated premium of \$998,385 pending approval of the FY2021 budget.

**BACKGROUND:**

The City has been insured with Florida League of Cities’ Florida Municipal Insurance Trust since October 1, 2001. The current policy covering general liability, automobile, and property coverage expires September 30, 2020. The Florida League of Cities has submitted a one-year renewal proposal for the same level of coverage, making the total renewal premium \$998,385. This proposal represents an increase of \$44,507 (4.7%) based on the FY2020 premium of \$953,878.

Under the Finance Operations Manual, Section 12.2 Purchasing Procedures, the City Council may determine exceptions to competitive sealed bidding, under particular circumstances, if such exception is deemed in the best interests of the City and authorized by law. City Staff recommends to waive competitive bidding for this purchase so the City can remain a member of the FMIT for an additional year. The additional services and offers of coverage and services received from FMIT are not offered by other carriers as more fully explained below, the FMIT has superior financial stability (approx. \$500 million in assets, \$194 million in surplus, and \$10 billion in total insured value according to FMIT report), premiums are competitive, and past claims service with the FMIT over the past 18 years has been excellent. In sum, City staff does not believe it is in the City’s best interest to

leave FMIT.

At the regular City Council Meeting on September 10, 2014, as part of the General Insurance Program renewal for Fiscal Year 2015, the staff report outlined key differences of the FMIT policy compared to a competitor. Unlike many other insurance coverage, defense/legal costs are not deducted from coverage limits or charged to the member as part of the deductible. As a tool to manage liability and exposure to the City, this is a vital covered item and protected the City from extensive legal expenses over the years. The City has worked with FMIT through our City Attorney's office to defend several important and costly trials where the City has prevailed at trial. In addition, the FMIT policy also provides additional coverage amounts for public officials' liability and property rights claims including extra-contractual coverage for EEOC claims and public official ethics defense. Additionally, FMIT members automatically participate in the *SynergyNDS* Program which is a proprietary program that provides the City with crucial disaster preparedness, response and recovery services for crisis planning, disaster response and loss recovery. For example, in the event of a natural disaster in which the City suffers extensive property damage, this turnkey recovery program will eliminate the City's upfront out-of-pocket expense associated with an insured property loss, expedite the overall claim and recovery process while allowing members the flexibility to have it done in coordination with the City's requirements, and provide real time reporting and experienced project management at no additional cost to the City.

A summary of the City's FY2021 renewal is:

General Liability 2020 / 2021 Premium - \$457,739

The General Liability (GL) premium is based on two factors. (1) The GL experience modification. This modification is calculated just like the City's Workers' Compensation modification by using the 2016/2017, 2017/2018, and 2018/2019 fund year losses. (2) The GL is rated by using projected payrolls from the City for the 2019/2020 year. Using both of these factors, the proposal represents a \$33,880 decrease based on the FY2020 premium of \$491,619.

Auto Liability & Physical Damage 2020 / 2021 Premium - \$229,927

This proposal represents a \$51,076 increase based on the FY2020 premium of \$178,851. There has been a high spike in vehicle liability and physical claims during the current fiscal year that has led to a larger increase than we have had in years past. Additionally, the City has added several large new vehicles and inland marine equipment. All of these factors played a role in our increased renewal. Over the past year the City's vehicle accidents continued to spike, which increases the auto liability for the City. The City's Safety and Risk Program Manager has implemented a Defense Driving program throughout the City and is holding remedial training for large accidents. This will be a continued focus for the upcoming fiscal year to drive these claims down.

Property Coverage 2020 / 2021 Premium - \$310,719

This coverage includes Real & Personal Property, Windstorm/Hail, Equipment and Inland Marine. This proposal represents a \$27,311 or 9.6% increase based on the FY2020 premium of \$283,408. The City currently has approximately \$107,000,000 in assets insured.

For the majority of our years with FMIT, the FMIT Board of Trustees has approved a return of property premium, which has historically resulted in the City receiving a portion of its property insurance premiums being returned to the City at the end of the fiscal year. The return amount has varied but year-to-year with the annual range between \$27,000-70,000 and the average \$45,000. Due to recent property devastation related to Hurricanes Irma and Michael, the FMIT Board of

Trustees did not approve a return of property premium for their customers for this renewal.

Overall, the FMIT policy is increasing by four point seven percent (4.7%). The insurance expenses are split between multiple account lines and those are broken down below in the budgetary impact section. The City has budgeted this item in the proposed Fiscal Year 2021 budget.

**STRATEGIC PLAN CONNECTION:**

Renewal of the General Insurance Program through Florida League of Cities' Florida Municipal Insurance Trust will provide Financial Stability and will allow the City to control expenses of our General Liability, Automobile Liability, and Property Insurance.

**BUDGETARY IMPACT:**

Budgeted (in Proposed FY21) Yes  
If not budgeted, is amendment/transfer attached? N/A

All Insurance Account Lines total \$ \$1,132,320.00 in the proposed FY21 Budget. Some of the City's insurance policies are within the City Manager's spending authority and do not come to City Council for approval but are in the proposed budget. The total budgetary impact for this insurance renewal is \$998,385 and is split by Fund/Account below. Since the budgeted amounts are based on an estimate, there may be a need to move monies within the divisions to cover the three types of insurance. The auto renewal was more than anticipated in the proposed budget and a budget amendment may be needed to cover the stormwater budget during the year.

Amount Requested	General Liability	
Account Number	\$283,799	001-1600-513.45-00
	\$169,364	421-4010-536.45-00
	\$4,578	423-3570-538.45-00

Account Name Insurance

Amount Requested	Auto Liability/Physical Damage	
Account Number	\$103,505	001-1600-513.45-00
	\$119,000	421-4010-536.45-00
	\$7,422	423-3570-538.45-00

Account Name Insurance

Amount Requested	Property	
Account Number	\$90,109	001-1600-513.45-00
	\$220,611	421-4010-536.45-00

Account Name Insurance

**PREVIOUS ACTION:**

The City Council at its August 28, 2019 meeting, approved a one-year renewal policy with the Florida League of Cities, Inc., for the period October 1, 2019 through September 30, 2020, pending approval of the FY2020 budget.

**RECOMMENDED MOTION:**

Approve a one-year policy renewal for the General Insurance Program with Florida League of Cities, Inc., for the period October 1, 2020 through September 30, 2021 with an estimated premium of \$998,385 pending approval of the FY2021 budget.