



Town Council Agenda Report

SUBJECT: Resolution

TITLE OF AGENDA ITEM: A Resolution of the Town of Davie, Florida, Authorizing renewal of the Town's agreement with the Florida League of Cities, Inc., for Liability, Property, and Workers' Compensation insurance; and renewal of insurance policies secured for the Town by the Florida League of Cities, Inc.

REPORT IN BRIEF: To renew insurance program with the Florida League of Cities for a two-year period beginning October 1, 1999.

DISCUSSION: Town Code Section 2-238, Insurance, requires that insurance programs be reviewed prior to expiration and bid at least every five years. The Town's current policies have been reviewed by Waters Risk Management and it was determined that the Town need not solicit competitive proposals at this time.

CONCURRENCES: Administration, Administrative Services and Budget and Finance Department concurs with the proposed action.

FISCAL IMPACT:

Is appropriation required? yes Expected cost: Annual total cost estimated at \$1,135,000
(\$1,059,585 for programs insured by the League and \$75,415
for policies secured by the League for the Town)

Account Name: Various Insurance Expense Accounts

Funds to renew insurance programs have been included in 1999-2000 fiscal year budget.

Additional Comments: The League's standard rates increased by 7% and the Town's participation credit decreased 2%, Remainder of premium increases due to the following factors: \$12M increase in covered property values, increase in number of insured vehicles,; including full year premium for EMS vehicles, experience modification for general liability coverage increased by 35% (based on litigation costs), experience modification for workers' compensation increased by 5% (based on claims) and employee payroll for workers' compensation increased by 15%,

RECOMMENDATION(S): Motion to approve the resolution for a two-year renewal of insurance programs.

Attachment(s): Resolution; Approval Memo of Interim Town Administrator; Waters Risk Management Report; Florida League of Cities Quote

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING RENEWAL OF THE TOWN'S AGREEMENT WITH THE FLORIDA LEAGUE OF CITIES, INC., FOR LIABILITY, PROPERTY, AND WORKERS' COMPENSATION INSURANCE; AND RENEWAL OF INSURANCE POLICIES SECURED FOR THE TOWN BY THE FLORIDA LEAGUE OF CITIES, INC.

WHEREAS, Section 2-238, Insurance, of the Town Code of the Town of Davie, provides that insurance programs be reviewed prior to expiration as to reasonableness of coverage, cost effectiveness, and administrative efficiency, along with market conditions; and

WHEREAS, the firm of Waters Risk Management reviewed the Town's liability, property, workers' compensation, and related insurance policies and has concluded that there is no present need to solicit competitive proposals for the upcoming fiscal year; and

WHEREAS, the Town of Davie desires to renew its agreement with the Florida League of Cities, Inc. (the "League") for liability, property, and workers' compensation insurance for the period October 1, 1999, to September 30, 2001; and

WHEREAS, the Town of Davie desires to renew its insurance policies for flood, pollution liability, storage tank liability, boiler and machinery, position schedule bond, and accidental death and dismemberment secured for the Town by the League for terms beginning during the period October 1, 1999, to September 30, 2001.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby authorize the Administrative Services Director to renew the Town's liability, property, and workers' compensation insurance with the League for the period October 1, 1999, to September 30, 2001, and to renew insurance policies secured by the League for terms beginning during the period October 1, 1999, to September 30, 2001.

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 1999.

ATTEST:

MAYOR/COUNCILMEMBER

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 1999.

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MEMORANDUM

Administrative Services

Town Clerk Risk Management Human Resources

TO: Robert Rawls, Interim Town Administrator
FROM: Gail Reinfeld, ~~CMC~~/AAE, Administrative Services Director
DATE: July 14, 1999
SUBJECT: Insurance

Section 2-328, Insurance, of the Town Code provides that: "Prior to its expiration date, each insurance program shall be reviewed as to reasonableness of coverage, cost effectiveness, and administrative efficiency, along with current market conditions. Upon completion of review, the town administrator will direct staff to renew, renegotiate, or competitively bid or negotiate the program. . . ."

The Town's current policies have been reviewed by Al Waters of Waters Risk Management. Attached for your review are his findings and recommendation that there is no present need to solicit competitive proposals.

Providing you are not adverse to Mr. Waters' recommendation, a resolution renewing the Town's current policies will be presented to Town Council in September.

Thank you for your attention to this matter. If you have any questions, please call me at 797-1020.



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Attachments

TOWN OF DAVIE
1999 JUL 16 P 12:06
ADM. SVC. DEPT.

WATERS RISK MANAGEMENT

6580 64TH AVENUE NORTH • PINELLAS PARK, FLORIDA 33781-8218 • TELEPHONE (727) 546-5644 • FAX (727) 546-2712
Independent Risk Management and Employee Benefits Management Consulting Only - No Sales

Allan Paul Waters, CPCU,CLU,ARM,AIC
Member, Society of Risk Management Consultants

J. Hayden Knowlton, CPCU,ARM,AIC
Member, Society of Risk Management Consultants

July 14, 1999

Ms. Gail Reinfeld, CMC/AAE
Administrative Services Director
Town of Davie
6591 Orange Drive
Davie, Florida 33314-3399

Re: Review of 1999 Insurance Policies

Dear Gail:

At your request we have reviewed the Town of Davie's 1999 property/liability/workers compensation insurance policies.

Attached, in anniversary date order, is a listing of the policies you sent us, showing the type of coverage provided, the insurer, policy term and premium. Also attached is a recap of the purchase recommendation resulting from the 1997 Request for Proposals process.

It is our understanding that since our work in 1997 the Town's exposures have not materially changed, except for the completion of the new police/fire facilities.

Overall, we have considered each type of coverage, the amounts, deductibles and policy exclusions, and we consider the Town's program to be very satisfactory.

ADMINISTRATION OF THE POLICIES

The policy has seven different policy anniversary dates for 14 insurance policies.

As a practical matter, we think it might be worthwhile for the Town to consolidate as many policy anniversary dates as possible concurrent with the fiscal year of October 1.

This may not be easy with the flood insurance policies, but most of the other policies (e.g. the fish hatcheries liability policy and the storage tank and pollution liability policies) can probably be cancelled/rewritten on the same terms effective October 1.

COST

The two attachments show the following cost difference for insurance premiums:

1997-98 INSURANCE PREMIUM	1998-99 INSURANCE PREMIUM
\$791,299	\$869,827

Of this \$78,528 difference, \$49,865 is for the Town's pollution legal liability insurance coverage for environmental exposures other than fuel storage tank liability, and \$8,263 is for the flood insurance policies. Neither of these were in the 1997 summary.

The most important cost element of the Town's insurance is in the bulk of the property, liability and workers compensation coverage provided through the Florida League of Cities (FLC). The following is the cost difference.

1997-98 FLC PREMIUM	1998-99 FLC PREMIUM
\$784,564	\$797,570

This represents a cost increase of 1.65% due to increases in the Town's exposures such as its property values. We think the current premium is very reasonable, especially since the Town's 1997 RFP process determined FLC to be the most effective, despite very good competition.

COVERAGE

Each policy was reviewed individually. We find the Florida League of Cities program coverages to remain as broad as in 1997, when they were considered to be among the best in the market-place for public entities. Also, we find the other policies to be quite satisfactory for the Town's needs.

CONCLUSION/RENEWAL

It is our opinion that the Town of Davie's property/liability/workers compensation insurance policies are quite satisfactory and commensurate with good insurance programs we see in other Florida public entities.

It is our understanding that the Florida League anticipates an approximate 7% *rate* increase in all of its coverages this year, which seems reasonable. Obviously, the final *premium* will be affected by more than the rate. Exposure changes such as increases in property values, payroll and other expenditures, etc. will also affect the premium calculation.

Insurers other than the Florida League should also be requested to provide early renewal indications; we do not expect problems.

Based on the coverage and what we know or expect about renewal rate changes, we do not see a need to solicit competitive proposals in 1999.

As independent consultants who specialize in Florida public entities, having consulted for more than 100 Florida cities, counties and other governments, and being continuously involved in RFP processes, it is our opinion competitive proposals need not be solicited except on a three to five year cycle. Exceptions to this are if the Town should encounter significant problems with cost, coverage, service or financial conditions of the insurance providers.

Sincerely,



Allan Paul Waters, CPCU,CLU,ARM,AIC

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INSURANCE POLICIES

TOWN OF DAVIE

1998-99 PROPERTY/LIABILITY/WORKERS COMPENSATION INSURANCE/SELF INSURANCE IN ANNIVERSARY DATE ORDER

No.	Policy Type and #	Coverage	Insurer	Policy Term	Premium
1	Fish Hatcheries 3AQ 1479	General Liability	Essex Insurance Co.	01/16/1999-2000	\$ 1,500
2	Storage Tank FPL 7508538	Storage Tank Third Party Liability and Corrective Action	Commerce and Industry Insurance Company	01/18/1999-2000	1,364
3	General Property ARF0257596	Flood	American Bankers Insurance Co. of Florida	02/06/1999-2000	1,394
4	General Property ARF0257597	Flood	American Bankers Insurance Co. of Florida	02/06/1999-2000	745
5	General Property ARF0258022	Flood	American Bankers Insurance Co. of Florida	03/09/1999-2000	1,316
6	General Property ARF0258023	Flood	American Bankers Insurance Co. of Florida	03/09/1999-2000	1,105
7	General Property ARF0258024	Flood	American Bankers Insurance Co. of Florida	03/09/1999-2000	257
8	FMIT #130		Florida League of Cities	10/01/1997-1999	
A		Property			68,184
B		Gen./Prof. Liability			202,890
C		Auto Liability			81,981
D		Auto Physical Damage			32,863
E		Workers Compensation			411,652
9	Boiler & Machinery FBP-AT-9450256	Boiler & Machinery	The Hartford Steam Boiler Insp./Ins. Co.	10/01/1998-1999	3,185
10	Position Schedule Bond 23 S 100677478	Public Employees- 3 Persons Covered	Aetna	10/01/1990- Continuous	3,375
11	AD&D	Statutory Death Benefits	AIG Life Insurance Co.	10/01/1998-1999	4,705
12	General Property ARF0158593	Flood	American Bankers Insurance Co. of Florida	12/14/1998-1999	1,193
13	General Property ARF0158594	Flood	American Bankers Insurance Co. of Florida	12/14/1998-1999	2,253
14	Pollution PLL 818-98-76	Pollution Legal Liability	American International Specialty Lines Ins. Co.	12/21/1996-1999	49,865
	Total Premium				\$869,827

7/14/99

WATERS RISK MANAGEMENT - PINELLAS PARK, FLORIDA

TOWN OF DAVIE

1997 Property/Liability/Workers Compensation Insurance Purchase Recommendation Summary

Coverage	Recommended Insurer/Proposer	A.M. Best Rating	1996-97		1997-98	
			Amount	Premium	Amount	Premium
Property, Business Income, Valuable Papers	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$19,009,719 \$1,000 Ded No Bus. Inc.	\$56,602	\$22,080,203 \$1,000 Ded	\$46,146
Inland Marine	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$143,404 + \$15,000 or less Step Ded	\$2,451	\$1,109,457 Step Ded	\$2,998
Data Processing	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,108,009 \$1,000 Ded	\$2,832	\$1,360,729 \$500 Ded	\$2,528
Crime	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	* \$25,000	\$395	\$250,000	\$1,783
Faithful Performance	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	** \$25,000	Included	\$250,000	\$1,125
Finance Director	Fla Municipal Insurance Trust	Not Rated	None	None	None	No Quote
Computer Crime	Fla Municipal Insurance Trust	Not Rated	\$15,000	Included	\$100,000	\$306
Forgery and Alteration	Fla Municipal Insurance Trust	Not Rated	1 Location	Included	4 Locations	\$290
Money and Securities	Fla Municipal Insurance Trust	Not Rated				
Boiler & Machinery	Hartford Steam Boiler I&I Co.	A+ VIII	\$7,000,000 \$1,000 Ded	\$3,668	\$7,000,000 \$1,000 Ded	\$3,185
General Liability	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,000,000 \$25,000 Ded	\$57,660	\$1,000,000 No Ded	\$92,294
Emergency Medical Services Liability	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,000,000 \$25,000 Ded	\$1,448	\$1,000,000 No Ded	\$2,219
Law Enforcement Liability	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,000,000 \$25,000 Ded	\$37,394	\$1,000,000 No Ded	\$65,576
Public Official Liability	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,000,000 \$25,000 Ded	\$24,126	\$1,000,000 No Ded	\$37,478
Employment Practices Liability	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,000,000 \$25,000 Ded	Included In Gen. Liab.	\$1,000,000 No Ded	\$5,325
Auto Liability	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$1,000,000 \$25,000 Ded	\$57,908	\$1,000,000 No Ded	\$81,981
Auto Uninsured Motorists	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	\$30,000	Included In Auto Liab.	Not Insured	\$0
Auto Physical Damage	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	257 Units \$50/\$100 Ded	\$40,185	262 Units \$250/\$500 Ded	\$32,863
Storage Tank Liability Underground/Above Ground	Commerce & Industry Ins. Co.	A++ XV	\$1,000,000	\$1,446	\$1,000,000	Renew with C&I
Pension Fiduciary Liability	Not Currently Insured	NA	NA	NA	NA	No Proposals
Workers' Compensation	Fla Municipal Insurance Trust Florida League of Cities	Not Rated	Statutory \$25,000 Ded	\$479,693	Statutory \$25,000 Ded	\$411,652
Police/Fire Death Benefits	AIG Life Insurance Company	A+ VIII	Statutory +	\$3,850	Statutory +	\$3,550
FMIT/FLC Participation Credit	FMIT/FLC			Included		Included
Total Insurance Cost				\$769,658		\$791,299
Claims Deductibles	Estimated based on last 5 years			\$300,000		\$160,000
Estimated Total Cost				\$1,069,658		\$951,299

* Dishonesty coverage is currently provided, not faithful performance.

** Current Budget/Finance Director Bond also includes Town Clerk/Treasurer, Assistant Town Clerk

8/15/97



FLORIDA LEAGUE OF CITIES, INC.
Public Risk Services
P.O. Box 530065
Orlando, FL 32853-0065

RENEWAL QUOTE FOR 1999-01

Two Year Premium Guarantee

TOWN OF DAVIE

<u>Coverage</u>	<u>Deductible</u>	<u>Limit</u>	<u>Annual Premium</u>	<u>2 Year Premium</u>
General/Professional Liability	N/A	\$ 1,000,000	\$324,420	\$648,840
Automobile Liability	N/A	\$ 1,000,000	\$108,977	\$217,954
Automobile Physical Damage	Per Schedule		\$ 48,380	\$ 96,760
Property	\$1,000	\$33,206,965	\$ 81,241	\$162,482
Workers' Compensation	\$25,000 Ded. Stoploss 10/1/98 Exp. Mod. .89	Total Payroll \$22,799,148	\$496,567	\$993,134
Total Net Premium:			\$1,059,585	\$2,119,170

Note: All FMIT coverages quoted must be purchased to receive the premium guarantee.

Re: 1999-00 Renewal Quote -	Renewal premiums are based on the coverages, limits and deductibles as expiring. Premium guarantee for other options are available upon request.
General Liability -	Renewal premiums were developed using the exposures reported on the 1997-98 final audit.
Automobile Liability - & Physical Damage	Renewal premiums include all changes sent to us as of this date.
Property -	Building and Personal Property values include all changes sent to us as of this date.
Workers' Compensation -	Renewal premiums were developed using the payrolls reported on the 1997-98 final audit or projected payrolls submitted and the 10/1/98 experience modification.

Your Marketing Representative is available to discuss any questions you may have or changes you wish to make.

TWO YEAR PREMIUM GUARANTEE:

The Two Year Premium is Payable in 8 Quarterly Installments

No Audit Adjustment

Rates, Experience Modifications and Exposure Data Guaranteed

Premium Guaranteed

Streamlining of Budget Process