



Casualty Program Renewal Update

City of Hollywood

August 20, 2018

Policy Term: 10/1/18 to 10/1/19
Casualty Package
Excess Workers Compensation
Accidental Death & Dismemberment
Environmental/Pollution Liability
Marina Operators Legal Liability
Watercraft Hull Physical Damage
Emergency Medical Professional Liability



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Arthur J. Gallagher & Co. – About Your Broker

As the World's 4th largest insurance brokerage and risk management services firm, we have extensive experience, especially in Florida:

- Specializing in Florida Public Sector Insurance for over 35 years
- Florida Premium Volume: \$490,000,000 (\$300,000,000 Property Premium Volume)
- Over 300 Public Sector Professionals in Gallagher Worldwide; 40 Public Sector Professionals in Florida.
- Currently represent over 15 Tri-County Public Entities:

1	Broward BOCC	9	City of Hollywood
2	Miami Dade BOCC	10	City of Miami Beach
3	Palm Beach BOCC	11	City of Miramar
4	South Florida Water Management District	12	City of Pembroke Pines
5	City of North Miami Beach	13	City of Pompano Beach
6	City of Coral Gables	14	City of Riviera Beach
7	City of Deerfield Beach	15	Broward County School Board
8	City of Hialeah	16	Miami Dade County School Board

Gallagher Core Strengths

1. We are a cohesive member of your Risk Management
2. Provide the tools & resources for you to succeed
3. High Level of Service – Your Team has a manageable account load
4. Design your Program to fit your needs – As your broker we represent you, and will discuss all products available in the marketplace
5. We discuss with you your TCOR-Total Cost of Risk when analyzing your needs
6. Team Professional Expertise and Intellectual Capital – ability to access Global Resources
7. Market Leverage – Gallagher is the Largest Retail Commercial Property Broker in the State of Florida

Daily Services

1. Communications - availability 24/7 to our Public Entity Clients to answer questions, coordinate exposure data, discuss pressing issues and provide claim support during a crisis
2. Certificate Issuance – 24 hour turnaround time
3. Contract review and recommendations
4. Holistic Approach – continuously monitor exposures and coverage to prevent duplication, address coverage gaps - and ensure policy issuance is accurate
5. We organize our information and resources to fit your needs – not the other way around

Recurring Services

1. Budget Forecasting / Projections - We assist you in projecting and meeting your budget requirements
2. Communicate Market Conditions and Projections
3. Pre-Renewal Discussions and Appetite for Risk
4. Data Collection – Exposure analysis – Identify Goals & Objectives for the Renewal
5. Detailed Submissions with meaningful analysis
6. Marketing – provide options for consideration
7. Benchmarking – Historical / Peer Measurement - both Regionally and Nationally

Project Specific

1. Claims Advocacy
2. Loss Control Services Provided:
 - a. Confined Space Training
 - b. Electrical Logout/Tagout Training
 - c. Personal Protective Equipment Training
 - d. Bloodborne Pathogen Training
 - e. Driver Awareness Training
3. FEMA Support
4. Claims and Loss Analysis Review
5. Loss Control Recommendations – focus on historical cost drivers
6. Manuscript Forms / Endorsements to fit your needs
7. White Paper discussions on Emerging Issues & Risks - both local & national
8. Coordinate CAT Modeling, Appraisals Services and Engineering reports to strengthen exposure data
9. Consulting Work with Detailed Recommendations

State of the Market – As of August 2018

Casualty Insurance

Casualty rates in Public Sector have been respectively consistent in recent years. Rate pressure on the General Liability line is primarily one of rate adequacy – as well as a growing concern on the potential financial impact of sexual abuse, traumatic brain injury and the various shootings within the past year. Casualty markets continue to 'right-size' their General Liability rates as their loss history matures. Rate changes will largely be governed by the loss experience of the individual account. The Automobile insurance market has been seeking rate increases for more than 5 years now and will continue to do so. Distracted driving, automobile design and other factors have caused an escalation of claims.

Excess Workers Compensation Insurance

Workers' compensation trends are more positive than negative. We continue to see flat rates overall as lost costs and claim frequency are decreasing, more than the increasing rate of medical inflation. It is a market that can shift at any time given one large work comp loss. Employee injuries are an exposure every entity has and they are challenging to control. For our clients with police and fire exposures the marketplace continues to be limited.

Although rates overall are flat or decreasing, some states continue to struggle with legislative and/or other legal challenges allowing for larger-than-desired claim settlements. The changes in Florida can be significant as we move forward with the new Law for PTSD claims that go into effect October 1, 2018. The new bill will provide both medical and indemnity benefits for first responders diagnosed with PTSD if one of 11 conditions are met. This new law will cover people who make a claim after the October 1, 2018 as long as the triggering event was within the prior year. Employers must provide educational training on mental health awareness, prevention and mitigation. In addition, there is pressure on Legislation to pass the Cancer Presumption Law for First Responders.

2018-19 Renewal Highlights

Overall, the renewal for the casualty and workers' compensation renewal are favorable. We have marketed the coverages and believe the program presented provides broad coverage at a competitive price. The following is an overview of premium and rate changes:

1. Casualty Package - Coverages and self-insured retentions are the same as expiring. While rates have remained relatively flat, exposures have increased which has resulted in a slight increase in premium. Overall, total premium has increased by 2.1%.
2. Excess Workers' Compensation - Payroll is up by 1.7%. Renewal rate is the same as expiring rate.
3. Accidental Death and Dismemberment - Premium has increased by 7.71%. This is a result of the increased number of police & firefighters and the annual statutory increase in benefits.

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4. Environmental/Pollution - Premium decreased by 3% due to overall reduction in rates for this class of business.
5. Marina Operators Legal Liability - Premium increased by 3.4% due to increased Marina revenue of 3.4%
6. Watercraft Hull Physical Damage - Premium increased by 39.3% due to an increase in Hull Values of 39.3%. Prior values did not include the permanently attached equipment. This year the equipment values were included.
7. Emergency Medical Technicians (EMT) - Number of calls decreased by <1%. Pending firm quote from the carrier. Premium is only an indication.
8. Active Shooter including General Liability \$1,000,000 aggregate limit. Premium is \$45,890
9. Flood policy invoices have been sent for October separately.
10. Flood policy invoices for November have not been received. The quote will be sent separately when available.
11. NFIP reauthorization was extended to 11/30/2018 but any anticipated change in rates has yet to be released.

Marketing

Obtaining a comprehensive and competitively priced program of insurance in the marketplace requires more than access to the market. Past experience and credibility with markets are the foundation of a successful campaign for your company. Complete and accurate submissions, with detailed specifications, are essential. The following are a list of the carriers that were approached during the marketing process:

Carrier	Line of Coverage	Market Response
Lloyd's of London/Brit	Casualty Package	Quoted
AIX	Casualty Package	Non-bindable indication over \$375,000+ not including Cyber Liability
Old Republic	Casualty Package	Non-bindable indication over \$400,000+ not including Cyber Liability
Safety National Casualty Corp	Excess Workers' Compensation	Quoted
New York Marine & General Insurance Co.	Excess Workers' Compensation	Pending
Midwest Employers Casualty Co.	Excess Workers' Compensation	Declined – Minimum Self Insured Retention \$1,500,000
ACE American Insurance Co. – Incumbent	Accidental Death and Dismemberment (AD&D)	Quoted
Hartford Life and Accident	Accidental Death and Dismemberment (AD&D)	Pending
Westchester Surplus Lines Insurance Co. - Incumbent	Environmental/Pollution Liability	Quoted
Colony Insurance Co. and Liberty Insurance Co.	Environmental/Pollution Liability	Pending

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Carrier	Line of Coverage	Market Response
Atlantic Specialty Insurance Co. – Incumbent	Marina Operator Legal Liability	Quoted
CNA and Great American	Marina Operator Legal Liability	Pending
Hartford Fire Insurance Co. - Incumbent	Watercraft Hull Physical Damage	Quoted
Lloyds of London - Incumbent	Emergency Medical Technician (EMT) Professional	Quoted
Homeland Insurance of NY	Emergency Medical Technician (EMT) Professional	Pending

CHARTS

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Exposures

Description	Expiring Exposures	Renewal Exposures	Change
Gross Operating Expenses (GOE)	\$509,521,023	\$538,526,000	+5.7%
Net Operating Expenses (NOE)	\$219,204,123	\$231,895,082	+5.8%
Number of Vehicles	937	967	+3.2%
Number of Employees	1271	1270	<1%
Payroll	\$109,654,199	\$111,547,668	+1.7%
Accident Death & Dismemberment (AD&D) – number of Police and Firefighters	530	563	+6.2%
Hull – Value of vessel and equipment	\$184,049	\$256,471	+39.3%
Marina Operators - Receipts	\$1,150,160	\$1,188,000	+3.4%
Emergency Medical Technicians Professional – Number of calls	79,961	79,283	-0.8%

Loss History and Stratification

Please see the Appendix for the General Liability and Workers' Compensation Loss History and Stratification

Casualty Package

Coverage will remain with Lloyd's of London, BRIT Syndicate. We sent submissions to two other markets and found that they could not offer comparable coverage at a competitive price. Brit offered the best value at a competitive price.

- \$1,000,000 Per Occurrence Limit/\$5,000,000 Aggregate for General Liability; Self-Insurance Retention \$400,000
- \$1,000,000 Per Occurrence Limit/No Aggregate for Vehicle Liability; Self-Insurance Retention \$400,000
- \$1,000,000 Per Occurrence Limit/\$5,000,000 Aggregate for Law Enforcement Liability; Self-Insured Retention \$400,000
- \$1,000,000 Crime Limit; Self-Insured Retention \$25,000
- \$2,000,000 Per Claim Limit/\$2,000,000 Aggregate for Cyber Liability; Self-Insured Retention \$25,000
- Workers Compensation and Employers Liability Limit \$400,000 Each Occurrence; \$600,000 Self-Insured Retention
- Loss Control Fund of \$3,000
- Exposures have increased as shown above
- Expiring Premium \$290,000
- **Renewal Premium \$296,000 – Increase 2.1%. This is due to increased exposure.**

Casualty Package Market Response:

Carrier	Premium
Lloyd's of London/Brit Syndicate	Quoted
AIX/including Workers Compensation buffer layer/excluding Cyber coverage	\$375,000+ non-bindable indication
Old Republic/not including Workers Compensation buffer layer or Cyber coverage	\$400,000+ non-bindable indication

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Excess Workers Compensation

As mentioned earlier, the market place for excess workers compensation appears to be stabilizing. We approached the few carriers that continue to offer coverage in Florida. The current carrier, Safety National, provided the most competitive quote for the expiring terms.

- Payroll increased from \$109,654,199 to \$111,547,668; an increase of 1.7%
- Rate is same as expiring at \$0.2103
- Workers Compensation Coverage - Statutory
- Employers Liability Limit \$1,000,000
- Expiring Premium \$230,603 (subject to audit)
- **Renewal Premium \$234,583 (subject to audit) – Increase of 1.7%**

Excess Workers' Compensation Market Response:

#	Carrier	Premium
1	Safety National Casualty Corp.	Quoted at the expiring rate - \$234,583
2	New York Marine & General Ins. Co.	Pending
3	Midwest Employers Casualty Corp	Declined to quote – Minimum SIR \$1,500,000

Accidental Death and Dismemberment

Coverage is renewing with ACE American Insurance Company. Coverage terms and conditions are the same as expiring coverage. Statutory benefits only.

ACE American Insurance Co. – Expiring Limits

Class 1 - All Law Enforcement, Correctional and correctional Probation Officers as defined in the Florida Statute 112.19(b) of the Policyholder who are in Active Service.

Class 2 - All Firefighters as defined in Florida Statute 112.191(b) of the Policyholder who are in Active Service.

- Number of Police and Fire Fighters has increased from 530 to 563, or an increase of 6.2%
- Benefits increased effective 7/1/18 per Florida Statute an average of 1%
- Expiring Premium \$15,346
- **Renewal Premium \$16,446 – increased 7.1%. This is a result of the increase in number of police and fire fighters and the state mandated benefits increase.**

Environmental/Pollution Liability

Coverage is renewing with Westchester Surplus Lines Insurance Co. Coverage terms and conditions are same as expiring coverage. This policy was first written 10/1/17. Over all rates were reduced.

- Covered Locations: Any location owned, operated, managed, leased or maintained by the City upon the inception date.
- \$1,000,000 Policy Aggregate Limit (defense and claim expense included within the limit)
- \$1,000,000 Cleanup Costs for New Pollution Conditions
- \$1,000,000 Bodily Injury and Property Damage for New Pollution Conditions
- \$1,000,000 Non-Owned Location Pollution Liability
- \$1,000,000 Transportation Pollution Liability
- Deductible \$25,000 each pollution condition
- Retroactive date 10/1/2017
- Expiring Premium \$16,337
- **Renewal Premium \$15,847 – Decreased 3%. This is due to an overall rate decrease for class of business.**

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Marina Operators Legal Liability

Coverage is renewing with Atlantic Specialty Insurance Co. Coverage terms and conditions are same as expiring coverage. This policy was rewritten 10/1/17 to run concurrent with the common 10/1 renewal date.

- Location Specific:
 - 700 Polk Street, Hollywood, FL
 - Holland Park (4) boat launches at 801 Johnson St., Hollywood, FL
 - Rotary Park boat launch at 3150 Taft St., Hollywood, FL
- \$1,000,000 Legal Liability (defense and claim expense included within the limit)
- Deductible \$10,000 all claims from any one accident
- Rate are same as expiring
- Revenue increased from \$1,150,160 to \$1,180,900 – 3.4%
- Expiring premium \$7,250
- **Renewal premium \$7,500 – Increased 3.4%. This is due to increased revenue at the Marina**

Watercraft Hull Physical Damage

Coverage is renewing with Hartford Fire Insurance Co. Coverage terms and conditions are same as expiring. This policy was rewritten effective 10/1/17 to run concurrent with the common 10/1 renewal date.

- Schedule Specific
- Physical damage for watercraft hull and permanently attached equipment
- Rates are same as expiring
- Hull values were increased from \$184,049 to \$256,471 – 39.3%
- Expiring premium \$8,504.
- **Renewal premium \$11,850. – Increased 39.3%. This is due to increased hull values.**

Emergency Medical Technician's Professional Liability

Coverage is renewing with Lloyds of London. Coverage terms and conditions are same as expiring. This policy was extended last year from 7/1/17 to 10/1/18 to run concurrent with the common 10/1 renewal date.

- \$250,000 Limit of Liability each claim (defense and claim expense included within the limit)
- \$500,000 Annual Aggregate
- \$250,000 Claims Expense in addition to the limit
- Deductible \$50,000 each claim including claim expense
- Split Retroactive Coverage
 - 7/1/09 as respects \$100,000 each claim/\$300,000 annual aggregate
 - 7/1/11 as respects \$250,000 each claim /\$500,000 annual aggregate
- Medical Director as Additional Insured for administrative duties
- \$100,000 HIPAA sublimit for any one claim (sublimit is within the limit of liability)
- Expiring Premium \$35,200
- **Renewal Premium \$37,000 indication subject to the completed application. We are still awaiting a renewal quote from the carrier, but have provided this premium indication.**

Active Shooter/Workplace Violence – NEW COVERAGE

We are providing an option to purchase Active Shooter/Workplace Violence coverage. A comparison chart is provided outlining the basic coverage and premiums.

- Lloyds of London
- Claims Made form
- Policy Limit \$1,000,000
- Aggregate \$1,000,000 inclusive of all sublimits and claims expense

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- Insured Locations per schedule
- Crisis Response - \$1,000,000 sublimit/\$1,000,000 aggregate
- Crisis Response/Counseling - \$500,000 sublimit/\$1,000,000 aggregate
- Business Interruption - \$1,000,000 sublimit/\$1,000,000 aggregate
- Property Damage - \$500,000 sublimit/\$1,000,000 aggregate
- 3rd Party Legal Liability - \$1,000,000 (defense within the limit of liability)
- \$10,000 Self-Insured Retention – 3 day waiting period for Business Interruption
- **Premium \$45,890**
- **Binding requirements:**
 - Confirmation of no violent threats/events
 - Event noted on the application – January 2018. Was there a lawsuit following the incident and was anyone injured?

Flood October/November

National Flood Insurance Program (NFIP) Flood policies are issued by Hartford Insurance Company of the Midwest. NFIP reauthorization was extended to 11/30/2018 but any anticipated change in rates has yet to be released.

Renewal quotes and invoices are sent separately. Premiums provided are estimated based on the renewal notices received from Hartford and are subject to change in accordance with any change declared by FEMA.

Flood Month	Expiring 2016-2017	Renewal 2018-19 Expiring Limit	Renewal 2018-19 Increased Limit
October (12) – schedule in appendix	\$53,665	\$53,699	\$54,618
November (18)	\$68,019	\$71,961	\$72,621

Each year the carrier provides an increased limit quote. This increases your property values (i.e. increase in construction, inflation, etc.) until the values reach the maximum available of \$500,000 Building and/or Contents. We recommend the Increased Limit quotes.

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Premium Summary

Coverages	Expiring 2017-2018	Renewal 2018-2019
Casualty Package including General Liability, Vehicle Liability, Law Enforcement Liability, Cyber Liability, Crime and Workers' Compensation buffer limit	\$290,000	\$296,000
Excess Workers' Compensation including Employers Liability	\$230,603	\$234,583
Accidental Death and Dismemberment	\$15,346	\$16,446
Environmental/Pollution Liability including TRIA	\$16,337	\$15,847
Marina Operators Legal Liability	\$7,250	\$7,500
Watercraft Hull Coverage	\$8,504	\$11,850
Emergency Medical Technician's (EMT) Professional Liability	\$35,200	\$37,000
Active Shooter with General Liability – New Coverage	No coverage	\$45,890
Public Officials Bond – Cintya Ramos – 11/6/18 to 11/5/19 Under Separate Proposal	\$2,549	\$2,549
Taxes & Fees	Not applicable	Not applicable
SUBTOTAL	\$605,789	\$667,665
Flood – October increased limit premium – Under Separate Proposal	\$53,665	\$54,618
Flood – November increased limit premium – Under Separate Proposal	\$68,019	\$72,621
TOTAL including October and November Flood	\$727,473	\$794,904

Summary

Overall, the City's total renewal program based on the expiring has increased by approximately 2.9%. We marketed the various lines of coverage and are confident that the program presented is line with current market conditions. Additionally, you have indicated that you would like to purchase the Active Shooter coverage and we agree this is a sound decision. We have also included pricing for this coverage.

We will continue to market the program and will advise if we are able to improve upon the program presented. We thank you for the opportunity to be of service to the City of Hollywood and look forward to servicing your future needs.

Appendix

Active Shooter Comparison

October and November Flood Schedule

Loss Summary for General Liability and Workers' Compensation