

**SUMTER COUNTY BOARD OF COMMISSIONERS
EXECUTIVE SUMMARY**

SUBJECT: Accept property/inland marine/crime insurance proposal from Florida Association of Counties Trust (FACT)/Florida Municipal Insurance Trust (FMIT) for 14.5 month term.

REQUESTED ACTION: Staff recommends approval

Work Session (Report Only) **DATE OF MEETING:** June 22, 2010
 Regular Meeting Special Meeting

CONTRACT: N/A Vendor/Entity: FACT/FMIT
Effective Date: July 15, 2010 Termination Date: June 14, 2011
Managing Division / Dept: Support Services/Risk Management

BUDGET IMPACT: \$292,370 plus \$29,173 for property values to be added throughout the year pending building completions (14.5 month term).

Annual **FUNDING SOURCE:** Various Funds (primarily General Fund)
 Capital **EXPENDITURE ACCOUNT:** _____
 N/A

HISTORY/FACTS/ISSUES:

The Board of County Commissioners (BOCC) property and inland marine policy terms ends July 14, 2010. The BOCC's policy is currently with Preferred Governmental Insurance Trust (PGIT) with Brown & Brown of Florida (Brown & Brown), Inc. acting as our broker.

Brown & Brown sought proposals on our behalf and presented PGIT's proposal to staff. They did not file proposals that were inferior to the PGIT proposal. Brown & Brown presented coverage at \$259,189 (12 month term) plus \$37,646 for property values to be added pending building completions which is due payable upon acceptance. The proposal offers a two year policy rate guarantee (subject to the 20/10 provision), blanket coverage, 125% margin clause and 3% or \$20,000 which ever is greater on named windstorm deductible at the proposal cost of \$259,189 which is due payable upon acceptance. The 20/10 provision nullifies the rate guarantee if reinsurance goes up 20% or more. Conversely, should the reinsurance decrease by 10% or more, the customer would receive a decrease in rates.

Recently the Florida Association of Counties Trust (FACT) gained approval to offer insurance coverage in addition to the liability coverage they provide that is tailored to county needs. A proposal was requested by staff based on the coverage provided in our current policy. The proposal FACT provided is through the Florida Municipal Insurance Trust (FMIT) in alliance with the FACT and offers comparable coverage at the cost of \$240,832 (12 month term) and \$292,370 (14.5 month term) plus \$29,173 for property values to be added through the year pending building completions which is payable in four quarterly installments (\$60,208). The proposal offers blanket coverage, replacement cost, 14.5 month term to reach an October 1 renewal date and 3% or 5,000 which ever is greater on named windstorm deductible.

Both proposals provide very comparable coverage and each contains "throw-in" coverage that varies and has been illustrated to the best of our ability on the attached schedule.

Staff recommends Option 1, the proposal from FACT/FMIT for the 14.5 month term based the lower cost (difference of \$26,830 on the 12 month term) and on the lower deductible (difference of \$15,000) in named windstorm.

FMIT is a not for profit program similar to PGIT. All profits stays in the Trust to benefit all members of the FMIT in the form of Safety grants, educational courses, certification training and returns on premiums. In 2008 and 2009, a total of \$18 Million dollars was returned to FMIT members. This week FMIT announced a refund

of \$10 Million to its members who held their property coverage in policy year 08/09 and will renew their coverage for the 10/11 policy year. FMIT is a Dedicated Limit program. The property limit shown on the member's declarations page is the limit dedicated to the member versus Shared limits.

Option 1

Accept proposal from FACT/FMIT for a 14.5 month term in the amount of \$292,370 plus \$29,173 for property values to be added through the year pending building completions.

Option 2

Accept proposal from FACT/FMIT for a 12 month term in the amount of \$240,832 plus \$29,173 for property values to be added throughout the year pending building completions.

Option 3

Accept proposal from PGIT for a 12 month term in the amount of \$296,835 plus \$37,646 for property values to be added through the year pending building completions.

Option 4

Accept proposal from PGIT with a two year policy rate guarantee of rates described in Option 3.
