



AND



**Florida Association of Counties Trust,**  
through FACT Risk Services Corp.  
2801 E. Empire, Bloomington, IL 61704  
800-322-3391 [marketing@blissmcknight.com](mailto:marketing@blissmcknight.com)

**Florida League of Cities, Inc.**  
Public Risk Services  
125 E. Colonial Dr. Orlando, FL 32801  
800-445-6248 [www.flcities.com](http://www.flcities.com)

## **SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS**

**June, 2010**

Florida Association of Counties Trust  
through FACT Risk Services Corp.  
Represented by:  
Ken Moneghan, Marketing Specialist

Florida League of Cities, Inc  
Represented by:  
Andy Hanson, Field Representative



May 28, 2010

Ms. Lita Hart, Risk Manager  
Sumter County  
910 North Main Street  
Bushnell, Florida 33513

Re: Property and Inland Marine coverage proposal

Dear Lita:

We are proud to offer the attached proposal for property and inland marine coverage and risk management services for Sumter County. We recognize that the decision on where to place the county's coverage is important for your board and the citizens of your County. The strength of your decision lies in the benefits of the overall program, including *coverage grants, pricing, stability, claims practices, risk management services, and much more.*

This coverage is offered by the Florida Municipal Insurance Trust (FMIT) in alliance with the Florida Association of Counties Trust (FACT). This alliance allows us to provide a broad base of coverages with competitive pricing. We are providing significant background history on FMIT so you can better appreciate the depth of coverages, services and financial stability that would permit Sumter County to select FMIT with confidence.

Please call on us with any questions you may have regarding this proposal and attached material. By working together, we can help make your coverages the best they can be. *We are never more than a phone call away.*

Sincerely,  
FACT Risk Services Corporation  
It's Service Company

By: Ken Moneghan,  
FACT Marketing Specialist

Andy Hanson  
FMIT Marketing Representative



Florida League of Cities, Inc., Department of Insurance and Financial Services  
125 East Colonial Drive, Orlando, FL 32801  
407-425-9142, Toll Free: 1-800-445-6248/Fax: 407-425-9378,  
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# ***WHY the FMIT?***

**Where do the profits of your insurer go?** The FMIT is a not for profit program. All profit 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. We anticipate future opportunities to return premium.

**How will your insurer perform?** In the most critical time, when disaster strikes, how will your insurer perform? As requested, the FMIT will make payment directly to your vendors. This removes the need for your entity to pay storm losses out of reserves and then have to wait for your insurer to reimburse your entity. A significant advantage when cash flow may be the most critical.

**Dedicated limits vs. Shared limits:** The FMIT is a Dedicated Limit program. The property limit shown on our Members Declarations Page is the limit dedicated to our Member. Generally, competing Trusts within the State of Florida offer a Shared Limit Program. Should a significant weather event occur, our Dedicated Limit approach places our Members in a far better position than those entities insured with our competitors who share limits among all of their members.

**Non aggregate limits vs. Aggregate limits:** The FMIT does not use Aggregate Limits of Liability. An Aggregate Limit severely restricts the amount available to settle a liability loss. Aggregate Limits allow for a maximum payout in any one policy year. Should a claim be filed during the policy year after the Aggregate has been reached, there will be no coverage.

**Defense costs:** At the FMIT costs for defending our Members are paid outside of the limit of liability shown on their declarations page. Generally, our competitors within the State of Florida include defense costs in their limit of liability. As in the aggregate limit discussion, including defense costs within the limit of liability severely restricts the amount of dollars available to settle a loss. At the FMIT, we do not feel that our Members should face this unfortunate and costly eventuality.

**Direct writer:** With the FMIT, there is no middle man (agency). We are the factory representative. The member deals directly with an employee of the insurance company. This is a very important factor for claims reporting that differs from our competitors. The FMIT pays no commission to the direct employee, whereas an agency has to pay a commission to the agent ultimately driving up premium costs.

**Reinsurance vs. Excess Insurance:** At the FMIT, A+ rated Reinsurers insure the Trust. When disaster strikes, our Members deal only with the FMIT. One company, one contact. Generally, our competitors use an excess arrangement. Excess insurance requires that the Member be named on the excess policy. Often, in times of need, the member must deal with multiple excess carriers. At the FMIT, we know that the one company, one contact approach is the most effective and efficient program. How do we know? Our Members tell us so!

# **WHY the FMIT?**

## **FINANCIAL STRENGTH**

When you purchase insurance, you are purchasing a promise to pay future claims. Select an Insurer with the financial ability to pay claims and still be in business and in sound financial shape when your claim occurs.

The FMIT is the oldest and largest (insuring 63% of the Municipalities in the State of Florida) Pooled Risk Arrangement serving the Public Sector in the State of Florida and one of the largest in the Nation. Since 1987, we have been offering all lines of coverage to Florida's public entities. And the FMIT only insures Public Entities therefore all focus is placed on meeting and exceeding insurance needs of local Florida governments. With \$417 million in assets and more than \$220 million in surplus our Members are secure in the knowledge that the FMIT will be there, to deliver the promise we made.

Unlike standard market insurance carriers, self-insured trusts are not regulated. Therefore, it is imperative for you to measure their financial strength. Based on publicly available information, the following table outlines the current ranges for public entity leverage ratios:

<b>Leverage Ratios</b>	<b>Low Range</b>	<b>High Range</b>	<b>FMIT</b>
<b>Premium to Surplus ratio:</b> A gauge of an Insurer's relative security and ability to take on risk. The US National Association of Insurance Commissioners (NAIC), considers ratios over 3:1 to be dangerously high for commercial insurers	0.40	3.00	<b>0.45</b>
<b>Reserves to Surplus ratio:</b> Measures how much the company's surplus and capital might be impaired if loss reserves are undervalued. A 3:1 ratio is prudent.	0.50	1.50	<b>0.72</b>
<b>Liabilities to Surplus ratio:</b> Measures a company's exposures to errors of estimation in its loss reserves and all other liabilities. The higher the loss reserve, the more critical a company's solvency depends upon having and maintaining adequate reserve levels.	0.60	2.00	<b>0.83</b>

*We are annually audited by the nationally recognized actuarial firm of Shorstein & Shorstein, P.A., CPAs. A copy of the financial statement and current annual report are always sent to each member and additional copies are available.*

FLORIDA MUNICIPAL INSURANCE TRUST

COVERAGE PROPOSAL

FOR

SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS

PROPOSED EFFECTIVE DATE: July 15, 2010

ADMINISTERED AND PREPARED BY:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

OF THE

FLORIDA LEAGUE OF CITIES, INC.

P.O. BOX 530066

ORLANDO, FL 32863-0066

May 28, 2010

**"The Florida Municipal Insurance Trust Guarantee"**

*The FMIT will match any competitor's pricing for similar exposures, coverages, terms and conditions contingent on the ability of the competitor to verify that their rates are established by an independent actuary and that their reinsurance structure is currently in place. The competitor's reinsurer must have an AM Best rating of an A X or better.*

**FLORIDA MUNICIPAL INSURANCE TRUST**  
**Proposal**

**Sumter County Board of County Commissioners**

				ANNUAL PREMIUMS	Pro-Rata 7/15/10 - 10/1/11
<b>Property Coverage</b>					
- Total Real & Personal Property		\$5,000	\$100,000,000	\$240,832	\$292,370
- Windstorm/Hall Deductible	(See important note under the Property Coverage section)				
- Agreed Amount:	Yes				
- Coinsurance:	Waived				
- Valuation Basis:	Replacement Cost				
- Values:	Used 100%				
- Coverage Form:	Special				
- Blanket or Specific	Blanket				
<b>Miscellaneous Coverages</b>					
- Electronic Data Processing					
- Equipment:			Included In Contents	Included	Included
- Software:			Included In Contents	Included	Included
- Equipment Breakdown			Included In Contents	Included	Included
- Inland Marine	Yes	\$2,600	\$3,000,663	Included	Included
		Note: Items valued greater than \$50,000. Deductible is either the listed amount or 2% of the limit. (Whichever is greater)			
- Inland Marine - Blanket Coverage	Yes	\$600	Items under \$16,000	Included	Included
- Crime/Bonds Coverages					
- Money and Securities -	Loss Inside:	\$1,000	\$100,000	Included	Included
	Loss Outside:	\$1,000	\$100,000	Included	Included
- Computer Fraud		\$1,000	\$100,000	Included	Included
- Depositors' Forgery		\$1,000	\$100,000	Included	Included
- Bond Type *					
Honesty Blanket Bond		\$1,000	\$100,000	Included	Included
Faithful Performance Blanket Bond		\$1,000	\$100,000	Included	Included

\*Certain Officers and Subordinates are excluded automatically from coverage by the terms of the designated Blanket Bonds:

1. All Coverages - Finance Directors, Treasurers and Tax Collectors by whatever title known.
2. Faithful Performance Coverages - Personnel required by law to furnish an individual bond to qualify for office. (Policemen excluded).
3. Honesty Coverages - Personnel required by law to give bond for faithful performance duties.

	ANNUAL PREMIUMS	Pro-Rata 7/16/10 - 10/1/11
<b>TOTAL ANNUAL FMIT PREMIUM</b>	<b>\$240,832</b>	<b>\$292,370</b>

THE FOLLOWING COVERAGE(S) ARE BILLED SEPARATELY ON AN ANNUAL BASIS AND WILL NOT BE INCLUDED IN THE  
 QUARTERLY INSTALLMENT INVOICE FOR THE FMIT:

	Annual	Annual
<u>Bond (Position Schedule - Finance Director and Tax Collector):</u>	\$648	\$648
<b>GRAND TOTAL PREMIUM</b>	<b>\$241,480</b>	<b>\$293,018</b>

**ANTICIPATED CHANGES**

**Properties that will be remodeled:**

	<b>Current Value:</b>	<b>Premium:</b>	<b>Projected Value:</b>	<b>New Premium:</b>
Building 004 - Courthouse	\$7,580,190	\$15,981	\$10,108,767	\$21,286
Building 005 - Detention Center	\$8,887,190	\$17,984	\$10,387,190	\$2,102,000
Building 074 - Fire Station #32	\$386,110	\$795	\$818,460	\$1,707
Building 076 - Fire Station #31	\$610,340	\$1,017	\$962,316	\$1,888

**New Locations to be added in the future:**

	<b>Projected Value:</b>	<b>Premium:</b>
001 - Sumter Service Center	\$8,000,000	\$13,481
002 - Fire Station #22	\$1,138,526	\$1,927
003 - Courthouse Security Vestibule	\$1,665,997	\$3,811

*\$ 700,000 K not included  
3rd Floor Cellar*

**PROPERTY COVERAGE**

**LOCATIONS GREATER THAN 1/2 MILE FROM COASTAL WATER:**

**NAMED STORM DEDUCTIBLE: 3% OF THE 100% VALUE OF THE DAMAGED PROPERTIES PER BUILDING/PER OCCURRENCE, SUBJECT TO THE DEDUCTIBLE SHOWN ON THE DECLARATIONS PAGE PER BUILDING/PER OCCURRENCE, WHICHEVER IS GREATER.**

**Note: If your policy has the Agreed Value endorsement and/or Blanket coverage, a current appraisal is required to maintain both.**

Blanket Inland Marine coverage is defined as: Coverage for all (unscheduled Inland Marine equipment, Emergency Portable Equipment and Communications Equipment valued at \$15,000 or less is subject to \$500 deductible. (All Watercraft must be scheduled.) Limit of Liability - \$1,000,000

The following additional coverages are included at no additional premium:

1. Newly acquired or constructed property - \$2,000,000 Building coverage or \$500,000 Personal Property Coverage per location.
2. Valuable Papers and Records - Cost of Research - \$50,000 per location to a maximum of \$500,000 per member per occurrence.
3. Outdoor Signs - Other than signs attached to buildings - \$25,000.
4. Accounts Receivable - \$50,000 per location to a maximum of \$500,000 per member per occurrence.
5. Extra Expense - \$100,000 per location to a maximum of \$1,000,000 per member per occurrence.
6. Excess Flood - \$4,600,000 annual aggregate.
7. Police Dogs and Horses - \$5,000 for death in line of duty.
8. Business Income - \$500,000 maximum limit per fund year.
9. Terrorism - \$5,000,000 maximum per occurrence for loss or damage
10. Electronic Data Processing Equipment (Software) - \$250,000 per occurrence for mechanical breakdown.
11. Equipment Breakdown Coverage (Boiler & Machinery) - Maximum limit of \$50,000,000.
12. Antiques and Objects of Art - \$15,000 per item and \$250,000 per fund year.
13. Off Premises Power Failure - \$100,000
14. Pollutant Clean-up and Removal - \$100,000
15. Fungus Clean-up and Removal - \$25,000
16. Earthquake - \$2,000,000

The above is only a summary of certain terms and conditions of the extension described. Please refer to the actual endorsement for complete details of coverages and limitations.

**BONDS**

**\*\*PREMIUM SUBJECT TO ADJUSTMENT ONCE COMPLETED AND SIGNED APPLICATION-  
RECEIVED AND REVIEWED BY UNDERWRITING\*\***

**QUOTE FOR:** Sumter County Board of County Commissioners

**INSURER:** Travelers Casualty and Surety Company

**POSITION SCHEDULE BOND:**

Limit of Liability: \$100,000  
Deductible: \$0  
Position Covered: Finance Officer

**Premium:** \$342.00  
(Subject to adjustment once  
completed and signed application  
received and reviewed by Underwriting)

**SUBJECT TO RECEIPT OF COMPLETED APPLICATION AND FINAL APPROVAL BY TRAVELERS  
CASUALTY AND SURETY.**

Quoted 5/18/2010

**BONDS**

**\*\*PREMIUM SUBJECT TO ADJUSTMENT ONCE COMPLETED AND SIGNED APPLICATION RECEIVED AND REVIEWED BY UNDERWRITING\*\***

**QUOTE FOR:** Sumter County Board of County Commissioners

**INSURER:** Travelers Casualty and Surety Company

**POSITION SCHEDULE BOND:**

Limit of Liability: \$100,000  
Deductible: \$0  
Position Covered: Tax Collector

**Premium:** \$342.00  
(Subject to adjustment once completed and signed application received and reviewed by Underwriting)

**SUBJECT TO RECEIPT OF COMPLETED APPLICATION AND FINAL APPROVAL BY TRAVELERS CASUALTY AND SURETY.**

Quoted 5/18/2010

## FLORIDA LEAGUE OF CITIES DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Department of Insurance and Financial Services is a full service operation formed to administer the Florida League of Cities' sponsored Trust. This office is located in Orlando, Florida and includes four primary departments.

### POLICYHOLDER RELATIONS

Policyholder Relations/service is provided for the Florida League of Cities' sponsored Insurance Trust. Service is provided throughout the state with PHR representatives in geographically defined territories. The North territory is serviced by Tom Conley in Tallahassee; the East territory is serviced by John Ligon in Orlando; the Central territory is serviced by Andy Hanson in Bradenton; and the South territory is serviced by Jim McGinn in Ft. Lauderdale. The department provides a quarterly "Trust Reporter" on a variety of subjects for public entities.

### UNDERWRITING

Functions of this department include evaluating insurance exposures for prospective and current members; computing premiums for proposals, renewals and audits; and issuing policies. Department personnel are divided into four teams including a separate health unit along with territorial teams to work with each marketing representative. Additionally, premium billing and collection is coordinated between the Tallahassee and Orlando offices.

### CLAIM ADJUSTING/MONITORING

An integral part of the service is both the claims adjusting and the monitoring functions. All claims are handled "in house" by League personnel.

### RISK CONTROL

The Florida League of Cities Risk Control Services provides resources to address all lines of coverage. We can assist in the member's goal of an elimination or reduction of losses. This includes assistance in implementing a formal risk control and safety & health program, risk control consultation visits, safety & health workshops, targeted field surveys and custom designed programs for specialized operations. In addition, Risk Control provides risk bulletins, toolbox talks, presentations, a comprehensive safety & health video/dvd library, insurance to value evaluations, tailored loss analysis, a quarterly magazine, and matching safety grant fund.

**PLEASE READ THIS PAGE CAREFULLY**

**NO COVERAGES, TERMS OR CONDITIONS ARE TO BE ASSUMED.**

All Trust Programs are Non-Assessable

Terms of this Agreement:

Premiums shown are subject to year-end audit adjustments.

All coverages provided by the Florida Municipal Insurance Trust are on an occurrence format. The Florida Municipal Insurance Trust does not automatically include prior acts (tail) coverage.

**2009/2010 PREMIUM INSTALLMENT PLAN**

<u>First Installment</u>	<u>Second Installment</u>	<u>Third Installment</u>	<u>Fourth Installment</u>
25% minimum due	25% minimum due	25% minimum due	25% minimum due

Due Quarterly

**NOTE: If the total net premium is under \$8,000, the installment provision does not apply**

Payment will be forwarded to the League Office in Tallahassee.

For any other coverages, the premium is billed by the Florida League of Cities and due in full at inception, regardless of the size of premium.

Forty-five (45) Days Notice of Cancellation and Non-Renewal

Ten (10) Days Notice of Cancellation for Non-Payment of Premium

Note: coverage summaries provided herein are intended as an outline of coverage only and are necessarily brief. In the event of loss, all terms, conditions and exclusions of actual Agreement and /or policies will apply.



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**Florida Municipal Insurance Trust  
and  
Florida League of Cities  
Qualifications & Services**

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## SUMMARY OF QUALIFICATIONS

The Florida League of Cities\* (FLC), headquartered in Tallahassee, is the state association for cities, towns, and villages of Florida and was created to meet and serve the needs of municipal governments.

The first insurance program was established in 1977 to economically provide Workers' Compensation coverage and services to governmental entities. Early success of the Workers' Compensation program soon led to the establishment of trusts for the Liability, Property and Health lines of coverage. This firmly established the League as the recognized leader of such services in the state of Florida.

In 1987, the FLC opened its Public Risk Services office to administer the programs in-house. Subsequently, the insurance programs were consolidated under the name the Florida Municipal Insurance Trust (FMIT).

As this new decade of 2010 starts, the FMIT also embarks on an innovative journey. The League has combined the Department of Financial Services with the Department of Public Risk Services to create the new Department of Insurance and Financial Services. This organizational merger will allow the League to better serve the members of the FMIT, the League and all out Trusts by consolidating member relation strategies.

The FMIT, governed by elected officials, is a non-assessable, non-profit, tax-exempt risk sharing pool. The Trust currently provides insurance services for over 600 public entities in Florida, of which 250+ are municipalities. The Trust maintains superior financial stability, presently highlighted by \$417 million in assets and \$220 million in surplus. We currently insure over \$4.5 billion in total insured values. The League administers every facet of the FMIT's operations from claims handling to rate development; and as such, has produced unparalleled claims paying ability and equity returns for its membership.

### Insurance and Financial Services

As Administrator for the Florida Municipal Insurance Trust, the League has a longstanding commitment to superiority for its membership.

- **Underwriting and Policy Services** – Customized program and placement capabilities are offered to address the changing needs and exposures of public entities. Policy pricing, processing and issuance are handled on a territorial team approach.
- **Claims Management** – Total in-house adjusting for workers' compensation, liability and health claims are provided by municipal claims specialist.
- **Marketing** – Licensed league account executives are readily available to review, advise and place coverages.
- **Risk Control** – A full range of programs are offered to promote safe work environments and loss prevention including Drug-Free Workplace, Employment Practices and Return to Work Policies.
- **Risk Management** – Educational seminars and publications such as the quarterly, "TRUST REPORTER", are provided to assist membership in managing risk.



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### **UNDERWRITING/RATING AND POLICY SERVICE**

The Florida Municipal Insurance Trust's (FMIT) Underwriting and Rating Department has the distinction of being its senior most department, a definite plus considering they are the "gatekeepers" of the Trust's financial integrity. Technology plays an increasingly important role in the underwriter's arsenal of tools necessary to assure that appropriate rates are established for the members.

This department is handled by a highly dedicated group of individuals always striving to provide exceptional service for their members' needs. Some of the services include providing new and renewal quotes, issuing policies, processing endorsements, providing certificates of Insurance, issuing auto ID cards, and so much more. The Underwriting and Rating Department works closely with their counterparts in Marketing and Loss Control in a geographical team concept approach. This approach assures maximum member servicing with the assurance of timely and reliable results.

### **CLAIMS ADMINISTRATION**

The FMIT has provided in-house claims administration since 1990 and holds the distinction of being the largest insurer of local governmental entities in the State of Florida. The bottom line challenge of any insurer is the effective management of its claims. With the FMIT, we see this application at its very best, through its effective partnering of members, staff and contracted service providers. This partnering is the keystone to our success. The FMIT claims administration continually strives to provide service that exceeds the expectations of our members. Service after the sale underscores the commitment of our Claims Department.

### **GROUP HEALTH**

The FMIT offers an HMO Plan in conjunction with PPO, Indemnity, Short-Term Disability, Dental, Life, and Vision Plans. This dedicated department processes over 51,000 claims annually with an average turnaround of less than five days and a financial accuracy rate of 99%, both of which are well above industry standards. Group Health prides itself on state of the art claim services and its superior staff of highly motivated professionals, who are committed to ensuring that our members receive the highest quality of service available in the business of health insurance.

### **PUBLIC ENTITY INSURANCE COVERAGES**

The FMIT is exclusively for our members – the public entity sector. All of the coverages provided are geared specifically for the public entity's insurance needs including Workers' Compensation, General Liability, Public Official Errors and Omissions Liability, Employment Practices Liability, Law Enforcement Liability, Property, and Automobile to name a few. We offer first dollar coverage, deductible programs, deductible stoploss plans, and even self-insured retention options. We are always looking to enhance our products to better serve our members to both reduce their costs and to provide the protection when claims do occur.



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## **MARKETING**

We understand that insurance is not only critical, but can also be very complicated. That is why we have Account Executives to work with you for all your Insurance needs. As an FMIT member, you will have a dedicated, knowledgeable, and accessible insurance servicing representative assigned to you who will assist you with all matters of Insurance. Not only do you have the benefit of the Account Executive assigned to your territory, but you will also work with the same Loss Control Representative and rating team for your territory. You will have the same group of dedicated individuals working with you – all working to learn your account and how to better serve you.

## **RISK CONTROL/RISK MANAGEMENT**

The FMIT Risk Control Department provides a full range of programs and services to promote safe work environments and loss prevention at no cost to our members. Services include technical field assistance, educational seminars and workshops, implementation of safety programs, regulatory compliance, and inspection services. Resources include a comprehensive video library, technical bulletins, and department-specific safety posters designed to keep our public entities current on issues that impact the safety and health of their employees and citizens. Also available are programs specifically for Drug-Free Work Place and Return-To-Work policies and procedures.

## **SPECIAL INVESTIGATION UNIT (SIU)**

Recognizing fraud significantly contributes to increases in Insurance costs, the Special Investigation Unit was created in 1999. The Unit's purpose is to pursue and otherwise minimize fraudulent and similar insurance acts. Using the latest technology and practices when investigating claims, the Unit's efforts have resulted in criminal prosecutions, termination of benefits, reduced settlement amounts and even modified physician and judge's orders.

*\* The following disclosure is made in accordance with Florida law:*

*The Florida League of Cities serves solely as the sponsor and administrator of the self-insurance programs provided by the Florida Municipal Insurance Trust. The Florida Municipal Insurance Trust exists as an independently governed, separate legal entity under Florida law.*



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## RISK CONTROL SERVICES



**Zero Accident!** A lofty goal we admit, but without aiming for the bulls eye how can you expect to hit the target. Risk Control Services is set up to assist your own Safety & Health or Risk Management departments or those employees assigned as the safety coordinator in reducing or eliminating your exposures to loss thereby reducing or eliminating your accidents.

### *Targeted Risk Control*

This is a means of targeting where the losses are occurring, finding the root cause, isolate that cause, identify specific corrective actions, offer recommendations to make those corrective actions and monitor the results to assure the actions have the desired effects. This is different than the "shotgun" approach of "inspectors" that walk through public entities pointing to many items that may or may not have anything to do with the current losses

or a potential loss. Losses are caused by specific actions or conditions and by targeting those specific actions and or conditions, real losses can be prevented.

The first step in Targeted Risk Control is to assign each member a Risk Control Consultant. By assigning a consultant to each member, that consultant will become very familiar with the members' management and management style, types of operations, services, and available resources,

Also the member and the members' employees become familiar with their consultant so that team building is more easily accomplished. But all assigned consultants have a team of professionals ready to assist if the member requires do to their size or if a specialty needed. Our consultants have been specialists in property protection, ergonomics, construction, workers compensation, general liability exposures, food safety, and many more.

We have a number of services we provide to reach this goal:

- Field surveys
- Technical field and office assistance
- Customized safety program development and implementation
- Training and educational seminars & workshops
- Comprehensive safety & health video/dvd library
- Poster and video development capabilities
- Quarterly Magazine
- Website with online training coming soon
- Tailored Loss Analysis and Loss Runs
- Targeted service for high loss frequency and severity
- Insurable to value capabilities
- Matching Safety Grant funds

**National Safety Council states:**

**"Experience has proved that the most effective way to reduce accidents is to concentrate on one phase of the accident problem at a time rather than attempting to stop all accidents at once."**



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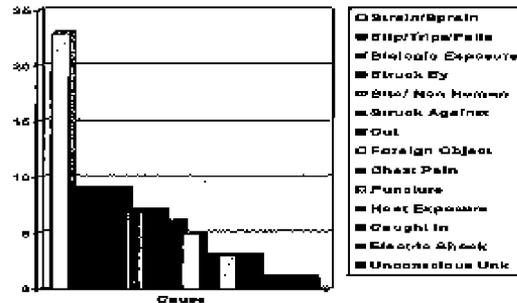
## *A good loss analysis finds those targets to hit.*

During our exposure analysis, we review and assist with current program and policies. Steps taken to review a program or "ongoing process" is to first read the available material from the member, interview the respective parties, review loss info including "non damage" losses or near hits, review available materials on similar operations from other entities and their experiences. Analyze the information, create conclusions, discuss those

conclusions with the decision makers, offer suggestions and recommendations, provide alternatives if first recommendations are not feasible, track corrective actions, monitor results to see if further review is required.

We do not set a number of visits for our members increase the exposure requires more or less focus. If an exposure requires more attention, there will be an

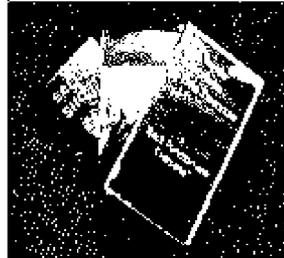
increase in the number of visits or contacts. If a member has an increase in frequency or severity of losses an increase in the attention to this member is made.



## *Are you looking for Safety & Health videos/DVDs?*

We have realized that safety & health videos/dvds are very expensive and are difficult to maintain current. Therefore we have set up access to a library of over 10,000 videos and dvds that are constantly updated and improved and ready for rent for our members. If you

have multiple lines of coverage with the FMIT, these rentals are completely FREE. If you have only one line of coverage with the FMIT, the cost for a rental is \$15.00 per video/DVD.



## *We are here for your Safety & Health Training and Education needs.*

We provide Safety & Health workshops and training classes throughout the state. We hold monthly sessions in the central Florida area at our Orlando office. We hold regional sessions whenever a class size or number members warrant a session. We also provide individual member sessions especially when

a topic becomes very important to that member, an example being an increase in the frequency of back injuries and back safety session could be completed.

At any given quarter, Risk Control has 8 sessions going on throughout the state. Some of the topics scheduled include but not limited to:

- CPR/First aid
- Job Hazard Analysis
- MOT
- Excavations
- Lock out Tag out
- Fall Protection
- Forklift
- Defensive Driving
- Workers Compensation Management
- Respirators
- Safety Culture
- 10 Ten Killers
- Municipal Inspections
- And many more.



## Quarterly Informational Magazine

Looking for a source of the hot topics for the past or upcoming three months on Risk Control and other Insurance items, then the Trust Reporter is your magazine. This magazine includes those topics and subjects that the members are thinking about or have questions about. The Trust Reporter includes highly compact articles that cover the subject and provides other ref-

erences on those topics. If further information is required beyond the article, the articles are written and researched by those FMIT personnel that are exposed to the topic or have an expertise on the subject. Some of the topics recently covered by The Trust Reporter include:

- Safety culture at a city
- Works boots

- Emergency planning
- Special events exposures
- Prevent auto theft
- Return to work programs
- Drug free programs
- Fire protection



## Matching Safety Grant

With the shrinking budgets with Risk Management and Safety & Health departments, our safety grant fund has helped many of our members meet their goal of obtaining safety and health equipment, continuing education classes, hazardous materials control, slip and fall control and many other items.

The Matching Safety Grant fund supply money to our members for safety and health related items. To get the grant, our member fills out a two page informational request form that is sent to the matching safety grant committee made up of fellow members. After they approve the request, a check is sent to the

member. Some of the items purchased with the safety grant funds include, police traffic vests, personal protective equipment, PASS devices, sidewalk repairs, lifeguard training, warning signs, street signs, safety program development, hepatitis A and B immunizations, safety day, and many more.

## Posters, Flyers, Handouts, and Video Production

We have materials that can be used by all of our members. We also have created customized materials for members when an off the shelf document did not exactly work for the member. We have available and have created inspection checklists and guidelines for our members when they have re-

quested our assistance.

whenever necessary.

We have also created videos for a specific topic when there were no videos that addressed the members issue.

Again with our targeted approach, we will create a custom product instead of something off a shelf



### Your Risk Control Team

- ◆ Scott J. Blaser, CSP  
Risk Control Director
- ◆ Rudy Miranda, ALCM  
Risk Control Supervisor
- ◆ Dennis D. Hagler  
Risk Control Consultant
- ◆ Kenneth J. Blaser  
Risk Control Consultant
- ◆ Wayne Anderson  
Risk Control Consultant
- ◆ Ronald E. Peters  
Risk Control Consultant
- ◆ Robert Hees  
Risk Control Consultant
- ◆ April Cordell, CPS, RMPE  
Risk Control Administration
- ◆ Anita Wick, RMPE  
Risk Control Administration



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www.flcities.com/insurance

## *Insurance to Value Evaluations*

Scott J. Blaser, CSP  
Risk Control Director

Phone: 407-367-3434

Fax: 407-425-9378

E-mail: [sblaser@flcities.com](mailto:sblaser@flcities.com)

**WE ARE ON THE WEB  
WITH IMPROVEMENTS  
EVERYDAY**

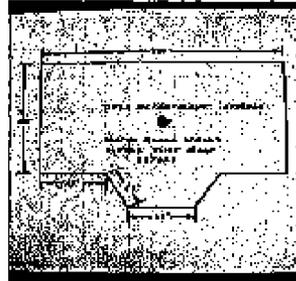
**WWW.FLCITIES.COM**

*"I am extremely pleased and the individuals I have come in contact with are all professional and go out of their way to help"*

Survey Comment

Did your entity just get back an insurance to value report that just didn't look right for one of your buildings? Risk Control Service can help with that. Our Risk Control Consultants can review the report of our member and compare that information with an onsite review. We will also put the information gath-

ered into an insurance to value program we have access to and



supply that information to our member. One of the other services we provide to our members is a discount on their own insurance to value evaluations. We will reimburse the member half the cost of completing an insurance to value of all exposures on their property schedule up to \$40.00 per unit cost.

To our Members and Prospects,

The Risk Control Department has more than over 150 years experience in risk control, safety & health and insurance. Our number one goal is to make sure there are no losses at our members. We do this by providing the services our members require or desire to meet this goal.

We are always looking at new ways of improving our services or providing new services to reach four overall goals. Some of the services we are working on include, but limited to:

- On line Safety & Health training
- Increase number of regional workshops
- Access to our paper materials online so that they can be printed or used electronically by the member from their own location without requesting the material from Risk Control Services.

We are always looking at ways to improve the Risk Control Service, so we are always requesting feedback from our current and new members to help us find those new ways and new services our members need.

Please give me your feedback at anytime,

Scott J. Blaser  
[sblaser@flcities.com](mailto:sblaser@flcities.com)



## CLAIM MANAGEMENT SERVICES

### Assistance with filing and managing claims

The Florida League of Cities as claims administrators for the Florida Municipal Insurance Trust would assist the County in facilitating filing claims by:

- Providing loss notice forms that can be faxed, emailed or mailed to David Cominsky, Director of Property & Liability Claims;
- Taking loss notices over the phone for immediate claim set up at 407-367-1753.
- Receiving faxes at 407-425-9378 for immediate claim set up and assignment.
- Receiving emails to [dcominsky@flcities.com](mailto:dcominsky@flcities.com) for immediate claim set up and assignment.

Upon receipt of a liability claim, assignment is made for investigation of the allegations and review of the merits of damages claimed. The field investigation received by the adjuster would be reviewed with the County on further handling as to whether any potential for exposure existed, the extent of the related damages and whether denial of liability was warranted. Should fraud be suspected referral would be made to the League's Special Investigative Unit (SIU) Department for coordination and investigation whether referral should be made to Department of Financial Services.

### Frequency of claims and reserve reviews

Adjusters are required to make contact with the parties upon receipt of the claims file and review whether immediate assignment for a field investigation is needed. The adjuster will maintain a diary on the file for follow up with the parties and receipt of any investigation to make a prompt and timely evaluation of any potential liability and the merits of damages alleged. Reserves are set by the Director and monitored by the adjuster for any recommendations upon receipt of the investigation. Diaries are likewise maintained to review sufficiency of reserves.

### In-house loss recording and analytical system

Claims utilizes an automated in-house computer system known as Riskmaster. Upon receipt of the claim, the loss information is input into the Riskmaster database for use by the adjuster in coordination with the claims file to input activity log comments, maintain reserves and issue any payments required. Claims data is maintained and would be issued to the County on a quarterly basis to review open and closed claim status and outstanding reserves.



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## Exclusive FMIT Member Programs

### Under the Direction of FLC's Insurance & Financial Services, FMIT Members Benefit from Response & Recovery Programs provided by Synergy.

#### TURNKEY RECOVERY?

In an effort to improve the mitigation process and significantly reduce the financial impact a loss can have on one's ability to recover, FMIT *TurnKey Recovery?* managed by Synergy is offered to Members through the FMIT's Department of Insurance and Financial Services. All recovery services are authorized by the PRS as part of a covered FMIT Claim. Project costs are approved and paid to certified vendors directly by Synergy or the FMIT in order to reduce Member's out-of-pocket costs. FMIT *TurnKey Recovery?* helps to minimize the financial exposure that SOV Claims can have on Members net cash-flow by eliminating the recovery cost burden and the reimbursement process. Additionally, FMIT *TurnKey Recovery?* significantly reduces overall recovery costs by leveraging pre-certified vendors, preferred pricing agreements, negotiated general conditions and reduced layering of contractor overhead & profits. Ask your FLC Account Executive for more details.

#### SIMPLICITY? SOFTWARE APPLICATION

*simpliCity?* is the exclusive software solution developed and licensed to the FMIT for use by its Members who insure their property assets through the Trust. FMIT Members often face unique challenges when maintaining accurate schedule of values, tracking assets, overseeing projects, managing certified vendors and documenting the property claims process. *simpliCity?* was developed for FMIT Members as a single solution to address these needs, minimize insurable risk, and ensure timely & cost-effective recovery. Additionally, *simpliCity?* provides the FMIT an opportunity to support Member's desire to improve overall risk management and gain greater visibility of their property & assets.

#### FMIT-ALERT NOTIFICATION

Both prior to and after an event impacts a geographical area, *FMITAlert?* provides critical information to support Member's needs. Using various platforms to deliver content via SMS, Email, Cellular & RDS/FM technology, *FMITAlert?* keeps Member's in touch and aware.

#### MANAGED MUNICIPALITY ASSET PROGRAM (MMAP)

MMAP is a two-tiered program bringing together assets from both the public and private sectors for use by FMIT Members during response and recovery initiatives. More importantly, MMAP ensures that all participating members are fully reimbursed in a timely manner under rental agreements according to either FEMA &/or FMIT insurance rates. Additionally, in tough economic times, MMAP provides an opportunity for municipalities to realize a return on fixed assets/equipment by contributing to on-demand, state-wide rental/leasing programs to both the public and private sectors. MMAP is accessed through the *simpliCity?* software application.

At ER<sup>2</sup> University™, FMIT Members participate in quarterly symposiums designed to educate and better prepare their ability to withstand events that could affect their daily operations. Bringing together industry leaders, Members will benefit from lessons learned in the field of business continuity planning, risk



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## Florida League of Cities, Inc.

The Florida Municipal Insurance Trust is sponsored and administered by the Florida League of Cities, Inc. When considering an insurer, it is important to know exactly how your premium dollars will be distributed among the program. Uniquely, the FMIT does not answer to share holders. Thus, administrative fees are used to support programs that municipalities benefit from exclusively. The FMIT prides itself on this because it operates with the same values as the Florida League of Cities, which are focused on maintaining the role as premier provider of products and services developed especially for Florida cities.

### Local Self-Government: The Keystone of American Democracy

Our strength and success are dependent upon the support and participation of our members. We continue to explore new ideas for programs, products and services that will meet the needs of municipalities today and tomorrow.

#### Insurance and Financial Services Department

##### Insurance Services -

Florida Municipal Insurance Trust — *(Provides Workers' Compensation, liability, auto, property and health insurance to governmental entities in Florida. The Trust, which is owned by the participating members, is now one of the largest programs of its kind. It offers custom policies and lower rates through a unique revenue-sharing plan that saves participants millions of dollars per year)*

Florida Municipal Construction Trust—*(Provides insurance coverage for large construction projects as well as on-site safety awareness training)*

This department administers the Florida Municipal Association for Safety and Health

##### Financial Services—

Florida Municipal Investment Trust— *(pooled investment program to provide customized investment services for the reserve funds of the participating trusts and eligible governmental entities)*

Florida Municipal Pension Trust Fund—*(provides full-service retirement plan administration)*

Florida Municipal Loan Council —*(offers two financing alternatives for eligible local governments: a fixed-rate, long-term bond program, and a short-term, variable-rate commercial paper program)*

Technical Assistance Services— *(offers technical information and "one-on-one" training with League members in the areas of revenue enhancement and budgeting)*

This department administers the Florida Government Finance Officers Association

#### Legal Department

Special Investigation Unit—*(investigates people suspected of committing insurance-related fraud against the League's sponsored insurance programs)*

This department administers the Florida Municipal Attorneys Association



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#### **Legislative and Public Affairs Department**

Legislative Policy Councils – Home Rule Administration, Urban Planning, Municipal Service Delivery, Fiscal Stewardship - *(develop and support broad municipal issues considered by the Florida Legislature)*

Advocacy Committee—*(leadership council responsible for building long-term public support for League policies)*

Federal Action Strike Team—*(FAST deals with federal issues that affect municipalities. FAST member work with the National League of Cities and participate in trips to Washington D.C., to strengthen our relationship with federal leaders)*

Florida City Government Week— *(increasing public knowledge of municipal services and issues)*

This department administers *the Florida League of Mayors*

#### **Membership Development Department**

Meetings and Training Programs— *(Annual Conference, Institute for Municipal Elected Officials (IEMO)/ Advanced IEMO – IEMO & advanced IEMO are intensive training sessions in which city officials learn about tools and information to assist them in effectively meeting requirements of their elected role)*

International Relations Program

Publications— *(Datagram, Quality Cities, Financial and Technical Assistance for Florida's Municipalities)*

Florida Cities of Excellence Awards Program

This department administers *the Florida City and County Management Association, Florida Association of City Clerks, Florida Redevelopment Association, Florida Municipal Officials Alumni Association*

#### **Technology Services Department**

Consulting Services— *(to assist with the governance and implementation of technology in all areas of local government)*

“BetterPlace” - *(online complaint, request and issues-tracking system provided through a partnership with Mainline Corp.)*

Online Auctions —*(for a local government's surplus equipment, provided in partnership with Gov-Deals, Inc.)*

Technology Research — *(through a web research site dedicated to providing information and assistance to Florida's local government technology professionals)*

Web Hosting—*(through a partnership with GovOffice Content Management System, a powerful state-of-the-art Web site development tool available to local governments)*

This department administers *the Florida Local Government Information Systems Association*



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## SPECIAL INVESTIGATION UNIT (SIU)

Insurance fraud significantly contributes to increases in insurance costs. Agencies that must pay for fraudulent insurance claims also have higher rates and less money for other expenditures. To reduce the cost and amount of fraud to the Florida Municipal Insurance Trust (FMIT) members, the Special Investigation Unit was created in 1999. The Unit's purpose is to pursue and otherwise minimize fraudulent and similar insurance acts. Using the latest technology and practices when investigating claims, the Unit's efforts have resulted in criminal prosecutions, termination of benefits, reduced settlement amounts and even modified physician and judge's orders.

The SIU gathers information of possible fraudulent insurance acts, potential abuses or non-existent injuries. Suspected fraud is reported to the Florida Department of Financial Services, division of Insurance Fraud.

## FRAUD IS NOT A VICTIMLESS CRIME

The FMIT's Special Investigation Unit has three full-time investigators that investigate suspected fraud. This unit has been instrumental in referring claims for felony prosecution and securing millions of dollars in court ordered restitution.

### Successes To-Date

Estimated Cost Savings: \$4.2 Million  
Restitution ordered: 1.7 Million  
Arrests: 38 and counting...

**For information leading to the arrest and conviction of any person found guilty of a crime involving insurance fraud against the Florida Municipal Insurance Trust (Florida League of Cities).**

FOR MORE INFORMATION, CONTACT THE  
DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF INSURANCE FRAUD



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## **Directory of Services**

### **Insurance and Financial Services**

125 East Colonial Drive  
P.O. Box 530065  
Orlando, FL 32853-0065  
Fax: 407-425-9378  
Phone: 407-425-9142 or 1-800-445-6248

### **Property and Liability Claims**

P.O. Box 538135  
Orlando, FL 32853-8135  
Fax: 407-425-9378  
Phone: 407-425-9142 or 1-800-445-6248

### **Special Investigation Unit (SIU)**

#### **Florida League of Cities, Inc., Tallahassee Office**

P.O. Box 1757  
Tallahassee, FL 32302-1757  
Fax: 850-222-3806  
Phone: 1-800-222-9684 or 1-800-342-8112

### **Workers' Compensation Claims**

P.O. Box 538135  
Orlando, FL 32853-8135  
Fax: 407-425-9378  
Phone: 407-425-9142 or 1-800-756-3042

### **Managed Care**

P.O. Box 538135  
Orlando, FL 32853-8135  
Fax: 1-800-707-7656  
Intake Line: 1-877-676-3890

### **Group Health Claims**

P.O. Box 538140  
Orlando, FL 32853-8140  
Fax: 407-425-9378  
Phone: 407-425-9142 or 1-800-756-3042



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## KEY STAFF BIOGRAPHIES

### **Mr. Donald Lund, CPCU, ARM-P, CPA** **Associate Director of Insurance Services**

Mr. Lund is the Associate Director of Insurance Services for the Florida League of Cities. Donald has been employed by the League since April 2000. He is responsible for overseeing the underwriting, finance and claims functions of the Florida Municipal Insurance Trust. Prior to coming to the Florida League of Cities, he worked as the Director of Accounting for a Florida based workers' compensation self-insurance fund. Donald has over 18 years experience in property and casualty insurance. He has a Masters Degree in Risk Management from Florida State University. He also has Bachelors of Science degrees in both Accounting and Finance from Florida State University and is a Certified Public Accountant. Additionally Donald holds seven professional designations: Chartered Property and Casualty Underwriter (CPCU), Associate in Risk Management, (ARM-P), Associate in Reinsurance (ARE), Associate in Surplus Lines Insurance (ASLI), Associate in Premium Auditing (APA), Associate in Insurance Services (AIS) and Construction Risk and Insurance Specialist (CRIS). He is also a member of the Florida Institute of Certified Public Accountants and the CPCU Society.

### **Mr. David P. Murray, CLU, CIC** **Director Trust Services**

Mr. Murray is responsible for leading the Trust Services efforts of Insurance and Financial Services operations for the Florida League of Cities. David joined the FLC in January of 2008 from the Nationwide Mutual Insurance Company where he was responsible for distribution in a four State Mid-Western Region. Prior to Nationwide David has held Senior Distribution Leadership positions with the American International Group in Wilmington, Delaware and Melbourne, Australia, the Fireman's Fund Company, and Allstate Insurance.

David earned the Chartered Life Underwriter designation from the American College in 1988 and was designated a Certified Insurance Counselor by the Society in 1994. A graduate of the Embry-Riddle Aeronautical University with a degree in Aeronautical Science David is a Commercial rated Pilot and Flight Instructor.

### **Mr. Scott Blaser, CSP** **Director Risk Control**

Mr. Blaser is responsible for the Risk Control operations for the Florida League of Cities. Scott is a Board Certified Safety Professional with 25 years of experience in Risk Control and Safety. His experience began as a Safety/QA Representative in the United States Navy. After his service in the Navy, he attended the New York State University College at Buffalo and obtained a Bachelor of Science in Industrial Technology and Safety Studies. After college, his experience includes multiple positions within insurance companies from field to regional leaderships to a corporate safety director. Scott currently is a member or office holder in the American Society of Safety Engineers, National Fire Protection Association, Florida Municipalities for Safety and Health, and American Legion.



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## KEY STAFF BIOGRAPHIES

### **Mr. Andy Hanson**

#### **Account Executive – Central Territory**

Andy Hanson is an account executive for the Public Risk Services Department of the Florida League of Cities. He is a 1979 graduate of Michigan State University in East Lansing, MI with a Bachelors Degree in Public Administration. He also earned his Secondary Teaching Certification in 1980 from the University of Michigan in Ann Arbor, MI. He served for 5 years as the President of the Sarasota-Bradenton-Venice Michigan State University Alumni Association. Prior to joining the Florida League of Cities in June 2008, Andy worked for Universal Underwriters/Zurich Insurance Company for nineteen years in the capacity of an account executive as well as a finance/ insurance divisional administrator and finance/insurance regional administrator. In addition, Mr. Hanson has worked in positions for both the county government and federal government. While teaching high school, Andy also coached basketball and tennis. He currently holds the State of Florida insurance licenses for General Lines Property/Casualty and Life/ Health/Variable Annuity.

### **Ms. Nancy Tinn**

#### **Senior Underwriter**

Nancy Tinn has been with the Florida League of Cities for over twenty years. She is a senior underwriter responsible for directing rating of insurance proposals, issuance of policies and coordination of billing. Nancy also evaluates audits and assists in the development of rating policy and procedures, specializing in property and allied lines. Nancy began her career in 1966 at Reliance Insurance Co. She has also worked at American States Insurance Co. and Adjustco before joining the League. Ms. Tinn has earned Certification for Insurance 21, 22 and 23 in 1980, and Certification for Risk Management for Public Entities in 2004.

### **Mr. Wayne Anderson, RMPE**

#### **Risk Control Representative**

Mr. Anderson is a risk control representative with the Public Risk Services Department of the Florida League of Cities. A graduate of Tennessee Tech University, he was the place-kicker for the football team and was voted First Team All Conference three out of his four years. He was named Most Valuable Player his senior year by his teammates and was awarded First Team All American Honors chosen by the Coaches Association of America. Wayne holds a BS degree in Health and Safety Management. After graduation Wayne was drafted by the Buffalo Bills, then traded to the Kansas City Chiefs where he served two years as the place-kicker. Wayne started his safety career working as Occupational Safety Manager for the Broward Chapter for the National Safety Council in Ft. Lauderdale, FL. Wayne has worked as a safety consultant for several organizations such as Summit, and Zurich American before coming to the League. Presently, and for the past thirteen years, Wayne has been servicing Florida Municipal Insurance Trust members. He currently holds an ARM designation.



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## KEY STAFF BIOGRAPHIES

### **Mr. Jay R. Goldrick, CWC, RMPE Workers' Compensation Claims Manager**

Mr. Goldrick is responsible for Workers' Compensation claims oversight of FLOC and is a Board Certified Workers' Compensation Professional with 18 years experience in Safety, Risk Control, and Claims management. He has a Bachelors degree in Finance from Florida State University and additional course work towards his Masters in Business Administration. He was a commissioned officer in the U.S. Air Force, reaching the rank of Captain and earned his flight wings by graduating third in his class from flight school. He distinguished himself by being assigned to the flight crew of the commander of the U.S. Central Command prior to Desert Shield and Desert Storm. For five years he was the Risk Manager for the City of Orlando and is a candidate for an ARM designation. He has an all-lines adjuster license and is a former Board member of the Central Florida RIMS Association.

### **Mr. Crosby Coleman, AIC, CWC, CWCL, RMPE Property & Liability Claims Manager**

Crosby Coleman has had experience serving as the Property & Liability Claims Manager and Director of Workers' Compensation Claims, working for the Florida League of Cities since 1995. He is responsible for administering the Property & Liability department, which handles claims for the various governmental entities throughout Florida. Prior to coming to the League, Crosby worked with American States Insurance as a Senior Claims Representative for 11 years handling heavy litigation. Crosby began his career in the claims profession with Liberty Mutual in 1980. He graduated with a Bachelor's Degree in Business Administration from Bethune Cookman College in 1976 and has completed various advanced claims/insurance related coursework including the Risk Management for Public Entities (RMPE) designation, Associate in Claims (AIC) designation, completion of the Board Certification Program in Workers' Compensation (CWC) and completion of the Certification in Workers Compensation Litigation Program (CWCL).



## **Financial Statement September 2009**

**Florida League of Cities, Inc., administrator for  
the Florida Municipal Insurance Trust**

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**FLORIDA MUNICIPAL INSURANCE TRUST**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2009**

**Florida Municipal Insurance Trust  
Financial Statements  
September 30, 2009**

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**SHORSTEIN & SHORSTEIN, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
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JACKSONVILLE, FLORIDA 32256

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March 8, 2010

Independent Auditors' Report

To the Trustees of the Florida  
Municipal Insurance Trust:

We have audited the accompanying balance sheet of the Florida Municipal Insurance Trust as of September 30, 2009, and the related statements of revenues, expenses and changes in fund equity and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Municipal Insurance Trust as of September 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the U.S. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We have also previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements for each of the nine years in the period ended September 30, 2009 (none of which are presented herein); and we expressed unqualified opinions on those basic financial statements.

In our opinion, the information set forth in the required supplementary information for each of the ten years in the period ended September 30, 2009 appearing in Schedules 1 and 2 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

*Shorstein & Shorstein, P.A.*

**Florida Municipal Insurance Trust**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended September 30, 2009**

The following discussion and analysis will provide an overview of the financial activities of the Florida Municipal Insurance Trust (the Trust) for the fiscal year ended September 30, 2009. Please read this in addition to the financial statements, notes to the financial statements, and other supplementary information provided herein.

**Financial Highlights**

- Assets exceeded Trust Liabilities at September 30, 2009 by \$220.1 million. Of this amount, \$2.4 million is being held as collateral for surety bonds that have been issued to the Florida Municipal Loan Council and is considered restricted. The Trust's governing Board of Trustees determines if, how much, and when Fund Equity distributions are to be made, based on the Trust's long-term financial needs.

Fund Equity increased by \$12.6 million in 2008-2009 in large part due to the improvement in investment income.

The Trust invests more than \$370 million, primarily in the various portfolios of the Florida Municipal Investment Trust (FMIVT), an external investment pool, as allowed under the Trust's investment policy. Income derived from these investments is used to fund incentive credits and offset certain administrative expenses. Given the nature of the Trust's operations and the integral part investment income plays in those operations, it would be inappropriate for the Trust to exclude investment income from operating activities.

**Basic Financial Statements**

The Trust is an independent reporting entity accounted for as an enterprise fund in accordance with U.S. generally accepted accounting principles for governments as established by the Governmental Accounting Standards Board (GASB). These governmental accounting rules require the Trust to prepare a series of financial statements. The Balance Sheet provides information about the assets and liabilities at a specific point in time, in this case, September 30, 2009. The Statement of Revenues, Expenses and Changes in Fund Equity provides information about revenues (additions to fund equity) and expenses (deductions from fund equity) recorded during the entire fiscal period from October 2008 through September 2009. The Trust uses the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

**Notes to the financial statements.** The footnotes provide additional information essential to the understanding of the financial statements.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information regarding the Trust's ten-year claims development history. Setting member premium rates today to cover the assumed risk of possible future loss occurrences is largely guided by claims development. Analysis of trends in claims development indicates whether losses are increasing, decreasing or static.

**Florida Municipal Insurance Trust**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended September 30, 2008**

**Income and expenses.** The majority of the Trust's operating income and expenses are contained within a relatively small number of accounts. Following is a brief description of those accounts.

**Premium income.** The Trust provides insurance to members in much the same way as insurance companies provide insurance protection for customers. Coverages are rated for each individual member based on established rates, adjusted by experience modifiers and discounts to reflect the actual loss experience of the member. The experience modifier is based on prior experience adjusted by certain factors. Member premium rating is accomplished by the Trust's Administrator Underwriting Department, which has assigned each member to one of its staff underwriters.

**Investment income.** The Trust has a highly diversified investment portfolio. The target allocations established under the Trust's investment policy are 20% equity and 80% fixed income. The Trust's investments are managed primarily through the equity and bond portfolios of the FMIVT. The Trust complies with the provisions of GASB Statement 31 by including in investment income the change in fair value of its investments.

**Claim payments and reserves.** The Trust pays for covered losses experienced by its members as well as related claims expenses. The Florida League of Cities, Inc. (League) has a contractual agreement with the Trust to function as its administrator. All claims are processed and managed in-house by the administrator. Outside claims adjusters, attorneys, medical experts, and other professionals are contracted on an as-needed basis. Between the time a claim is reported and the time it is resolved, reserves are established for the estimated amount that will have to be paid at some future date to settle the loss. Reserves are also established for claims that have occurred but are not yet known to the Trust. This recognizes losses in the current year for claims that will be paid in future periods. This process allows a matching of current year premiums with estimated total losses that will be incurred as the result of current fiscal year coverages.

**Administrative expenses and contract service fees.** In providing coverage and other member services, the Trust incurs administrative expenses and contract service fees with both the administrator and outside vendors. All of these expenses are budgeted and monitored on a monthly basis for compliance with budgetary limits. The administrator assesses their fees based on member premiums.

**Florida Municipal Insurance Trust  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended September 30, 2009**

**Comparative Financial Information**

**Table 1  
Balance Sheets**

<b><u>Assets</u></b>	<b><u>2008-2009</u></b>	<b><u>2007-2008</u></b>
Cash and Investments	\$ 401,000,000	\$ 371,600,000
Receivables	6,700,000	7,600,000
Prepaid Expenses	9,800,000	7,800,000
Deposits	300,000	300,000
Total Assets	<b><u>\$ 417,800,000</u></b>	<b><u>\$ 387,400,000</u></b>
<b><u>Liabilities</u></b>		
Liability for Claims and Claim Expenses	\$ 173,800,000	\$ 158,900,000
Dividend Payable	8,000,000	10,000,000
Premiums Collected in Advance	12,600,000	9,100,000
Accounts Payable and Accrued Expenses	3,400,000	1,900,000
Total Liabilities	197,700,000	179,900,000
<b><u>Equity</u></b>		
Fund Equity	220,100,000	207,500,000
Total Liabilities and Fund Equity	<b><u>\$ 417,800,000</u></b>	<b><u>\$ 387,400,000</u></b>

**Florida Municipal Insurance Trust  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended September 30, 2009**

**Table 2  
Statements of Revenues, Expenses and  
Changes in Fund Equity**

<u>Revenues</u>	<u>2008-2009</u>	<u>2007-2008</u>
Premium Income	\$ 102,600,000	\$ 100,800,000
Investment Income (Loss)	23,800,000	(11,900,000)
Other Income	400,000	500,000
<b>Total Operating Revenues</b>	<b>126,800,000</b>	<b>89,400,000</b>
<u>Expenses</u>		
Claims and Claim Expenses	83,900,000	46,800,000
Administrative and Other Expenses	22,300,000	22,300,000
Dividend Expense	8,000,000	10,000,000
<b>Total Operating Expenses</b>	<b>114,200,000</b>	<b>79,100,000</b>
<u>Operating Income</u>	12,600,000	10,300,000
<u>Fund Equity, Beginning of Year</u>	207,500,000	197,200,000
<u>Fund Equity, End of Year</u>	<u>\$ 220,100,000</u>	<u>\$ 207,500,000</u>

**Florida Municipal Insurance Trust  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended September 30, 2009**

Some of the more important fund transactions during 2008-2009 are:

- The Trust earned \$23.8 million in investment income during the fiscal year, resulting in a return on invested assets (excluding cash) of 6.75%. The high allocation to fixed income helped provide investment income of \$25.6 million during the volatile year in the stock market, as evidenced by the equity allocation posting a total loss of \$2 million during the fiscal year. After reaching lows on March 9, 2009, the recovery of the equity markets provided a significant boost to overall returns. Total investment loss as of February 28, 2009 was \$16.7 million, but investment values recovered in the period between March 1 and September 30, 2009 to post income of \$40.5 million. For the year, the Expanded High Quality Bond Fund outpaced all other portfolios with a total return of 14.8%, while the Diversified Value Portfolio outpaced all equity portfolios with a return of 2.78%.
- The overall Claims Expense is \$83.9 million for 2008-2009, which is up from \$46.8 million in 2007-2008. The majority of the increase was caused by a reduction in the amount of improvement from prior years claim development in Workers Compensation reserves. However, a substantial amount of the increase is also due to the expected claims expense related to new business writings.
- For the fiscal year ended September 30, 2009, the Trust had reported earned premium of \$102.6 million compared to \$100.8 million in the previous year. The primary reason for the year-over-year growth was net new business writings exceeded premium rate decreases.

**Capital Asset and Long-Term Debt Activity**

The Trust has no capital assets or any long-term debt.

**Economic Factors**

The U.S. economy remains in a recession; as reported by the Trust's investment consultant, it appears the economy is improving as recent data has shown growth resumed in the third quarter of 2009. Government sponsored programs helped boost consumer spending and appear to have brought back stability to the U.S. housing market, while a rebound in manufacturing activity began to spread to the broader economy. As of December 2009, the Federal Reserve's target range for the federal funds rate was 0 to 1/4 percent. Additionally, the Federal Reserve has stated it will continue purchasing U.S. Treasuries and securities backed by home mortgages to support lending activity.

The Insurance Industry reported improved profitability in 2009 driven by several key factors, including a light catastrophe season, improved underwriting results and the continued rebound in the financial markets. As well, capital levels appear to have rebounded to near 2007 levels while liquidity and financial flexibility remained strong.

Despite the improvements reported over the last year, the insurance industry's operating performance will continue to be pressured in 2010 given increasingly competitive market conditions and a lackluster economic recovery, both placing pressure on premium growth. The industry will need to remain focused on achieving operating profitability through prudent pricing and expense controls.

As a result, the downward pressure on premium volume, softening market conditions and weakening investment results may likely strain bottom-line results and profit margins. The challenge for the industry will be to remain focused on achieving operating profitability through prudent pricing and expense controls.

**Florida Municipal Insurance Trust**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended September 30, 2009**

**Economic Factors** (Continued)

Local governments in Florida also continue to face budget challenges. Pressure to cut costs will be high, and the trust will be facing a very competitive environment. However, the superior financial position of the Trust will allow competitive pricing and continue to provide an advantage over its competition. The Trust has also strengthened its risk control programs this year, and the benefits have resulted in lower claims and higher retention. The Trust has partnered with Synergy ID to license SimpliCity, a pre-disaster planning software tool, for exclusive use by the members who insure property to help control and manage disaster costs. The Trust continues to explore and form partnerships and implement new technologies that will keep adding value and improving the service delivery to its members.

**Requests for Information**

This financial report is designed to provide a general overview of the Trust's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Director, Florida Municipal Insurance Trust, P.O. Box 538135, Orlando, FL 32853.

**Florida Municipal Insurance Trust**  
**\*BALANCE SHEET**  
**September 30, 2009**

**ASSETS**

Cash and Cash Equivalents	\$ 22,462,388
Investments	378,498,616
Premiums Receivable	2,308,153
Reinsurance Recoveries Receivable	1,310,924
Receivable from Florida Special Disability Trust Fund	1,195,045
Receivable for Members' Deductibles	1,889,945
Prepaid Reinsurance	9,555,850
Prepaid Expenses - Other	255,581
Deposits	340,043
	<u>\$ 417,814,545</u>
<b>Total Assets</b>	<b><u>\$ 417,814,545</u></b>

**LIABILITIES AND FUND EQUITY**

**Liabilities**

Liability for Claims and Claim Expenses	\$ 173,829,665
Dividend Payable	8,000,000
Premiums Collected in Advance	12,523,458
Accounts Payable	3,302,127
Accrued Expenses:	
Administrative Fee	41,395
Sponsorship Fee	13,482
	<u>197,710,147</u>
<b>Total Liabilities</b>	<b>197,710,147</b>

**Fund Equity**

Restricted	\$ 2,357,250
Unrestricted	217,747,148
	<u>220,104,398</u>
<b>Total Fund Equity</b>	<b><u>220,104,398</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 417,814,545</u></b>

\* The accompanying notes are an integral part of these financial statements.

**Florida Municipal Insurance Trust**  
**\*STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND EQUITY**  
**For the Year Ended September 30, 2009**

<b><u>Operating Revenues</u></b>	
Premium Income	\$ 102,628,110
Investment Income	23,789,671
Other Income	<u>377,152</u>
Total Operating Revenues	<u>126,794,933</u>
<b><u>Operating Expenses</u></b>	
Claims and Claim Expenses	83,871,737
Administrative and Service Fees	12,168,178
Dividend Expense	8,000,000
Assessments - Florida Department of Labor and Employment Security	1,670,800
Sponsorship Fee	2,811,987
Fraud Unit Expense	2,076,381
Other Expenses	<u>3,628,631</u>
Total Operating Expenses	<u>114,226,674</u>
<b><u>Operating Income</u></b>	12,568,259
<b><u>Fund Equity, Beginning of Year</u></b>	<u>207,536,139</u>
<b><u>Fund Equity, End of Year</u></b>	<b><u>\$ 220,104,398</u></b>

\* The accompanying notes are an integral part of these financial statements.

**Florida Municipal Insurance Trust**  
**\*STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2009**

**Cash Flows from Operating Activities**

Cash Received from Members for Premiums	\$ 128,129,975
Reinsurance Recoveries	5,797,586
Florida Special Disability Trust Fund Collections	626,424
Cash Received for Commissions	377,152
Cash Payments to Property Pool Members	(5,452)
Cash Payments for Claims	(74,183,871)
Cash Payments for Dividends	(10,000,000)
Cash Payments to Suppliers for Goods and Services	(43,434,765)
Cash Payments to Florida Special Disability Trust Fund	<u>(1,659,522)</u>

Net Cash Provided by Operating Activities 5,547,506

**Cash Flows from Investing Activities**

Interest on Cash and Investments	68,080
Proceeds from Sale of Investments	11,181,403
Purchase of Investments	<u>(10,025,853)</u>

Net Cash Provided by Investing Activities 1,243,630

**Net Increase in Cash and Cash Equivalents** 8,791,136

**Cash and Cash Equivalents, Beginning of Year** 15,871,252

**Cash and Cash Equivalents, End of Year** \$ 22,462,388

\* The accompanying notes are an integral part of these financial statements.

**Florida Municipal Insurance Trust**  
**\*STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2009**

<b><u>Reconciliation of Operating Income to Net Cash</u></b>	
<b><u>Provided by Operating Activities</u></b>	
Operating Income	\$ 12,568,259
<b><u>Adjustments to Reconcile Operating Income to Net</u></b>	
<b><u>Cash Provided by Operating Activities</u></b>	
Investment Income	(23,789,671)
<b><u>Change in Assets and Liabilities</u></b>	
Increase in Premiums Receivable	(239,746)
Decrease in Reinsurance Recoveries Receivable	1,459,454
Increase in Receivable from Florida Special Disability Trust Fund	(298,695)
Increase in Receivable for Members' Deductible	(46,820)
Increase in Prepaid Expenses - Other	(201,110)
Increase in Prepaid Reinsurance	(1,857,575)
Decrease in Prepaid Service Fee	150,000
Increase in Liability for Claims and Claim Expenses	14,896,936
Decrease in Dividend Payable	(2,000,000)
Increase in Premiums Collected in Advance	3,399,630
Increase in Accounts Payable	1,616,468
Decrease in Accrued Expenses	(110,524)
<b><u>Net Cash Provided by Operating Activities</u></b>	<b><u>\$ 5,647,606</u></b>

\* The accompanying notes are an integral part of these financial statements.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**Note 1 - Organization and Significant Accounting Policies**

- A. **Organization and Purpose** - The Florida Municipal Insurance Trust (the Trust) is a self-insurance program established to provide certain liability, property, casualty, health, and other coverages to participating units of local government in Florida, pursuant to various provisions of Florida Statutes.

Trust underwriting and rate setting policies have been established after consulting with an independent actuary. The Trust is non-assessable. Trust members at year-end included 264 cities, 19 county subdivisions and 299 special districts, all located within Florida.

- B. **Reporting Entity and Basis of Accounting** - The Trust is an independent reporting entity accounted for as an enterprise fund in accordance with U.S. generally accepted accounting principles for governments as established by the Governmental Accounting Standards Board (GASB). The Trust uses the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. In accordance with GASB Statement 20, the Trust has elected to apply only those applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.
- C. The Trust is exempt from income taxes under the provisions of Section 115 of the Internal Revenue Code.
- D. The Trust considers all unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.
- E. Investments are reported at fair value in accordance with GASB Statement 31.
- F. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- G. The Trust uses the allowance method to account for uncollectible receivables. The allowance is based on management's estimate of possible bad debts. The allowance for doubtful accounts is \$500,000 at September 30, 2009. There were no bad debt write-offs during the year.
- H. The Trust considers all revenues from premium, investment, and commission income that comprise the Trust's core business activities to be operating revenues. All expenses are considered to be operating expenses.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents include interest-bearing demand deposits in the amount of \$11,284,290 and short-term investments in the amount of \$11,178,096.

Short-term investments of \$10,000,000 were invested in the Wells Fargo Advantage Government Money Market Fund with an average maturity of 35 days; short-term investments of \$1,086,996 were invested in Goldman Sachs Financial Square Prime Obligations Fund with an average maturity of 46 days; and short-term investments of \$92,102 were invested in the Local Government Surplus Funds Trust Fund (Florida Prime) with an average maturity of 33 days. The Wells Fargo Advantage Government Money Market Fund and the Goldman Sachs Financial Square Prime Obligations Fund are rated Aaa by Moody's. Florida Prime is rated AAA by Standard & Poor's.

Florida Statutes require that all qualified public depositories holding public funds collateralize deposits in excess of Federal Deposit Insurance Corporation insurance with the State Treasurer. Since the Trust uses only qualified public depositories, all demand deposits are fully insured or collateralized.

**Note 3 - Investments and Investment Income**

The Board of Trustees has an investment policy authorizing investments in a variety of fixed income and equity instruments. Among the types of instruments the Trust is authorized to invest in are: certain mortgage loans, common stocks, convertible preferred stocks or bonds, repurchase agreements, commingled governmental trusts, no-load investment funds, no-load mutual funds, obligations of the United States of America, its agencies and instrumentalities, securities of state, municipal and county governments or their public agencies, corporate debt obligations, asset-backed securities and money market instruments and/or funds.

The investment policy specifies limitations as to credit quality, maturity, and issuer on fixed income instruments, and places limits on the percentage of large-cap stock, small-cap stock, and foreign investment exposure.

The Florida Municipal Investment Trust (FMIVT) is a governmental external investment pool open to eligible units of local governments to invest in one or more investment portfolios under the direction and daily supervision of an investment advisor. FMIVT is not subject to SEC or other regulatory oversight. The fair value of the positions in the FMIVT funds and portfolios are the same as the value of the fund and portfolio shares.

FMIVT is governed by a Board of Trustees consisting of the President (or his appointee) and Second Vice President of the Florida League of Cities, Inc. (League), two representatives of the Trust, and up to three additional appointed members who are elected officials of the governmental entities who actively participate in FMIVT. The League serves as Administrator for both the Trust and FMIVT.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2009

**Note 3 - Investments and Investment Income (Continued)**

The Trust's investments consisted of the following at September 30, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration (In Years)</u>
GS FIN SQ PRIME OBL SEL Money Market Fund	\$ 2,357,250	0.13
<b>Bond Funds</b>		
FMIVT Intermediate High Quality Bond Fund	147,804,989	2.81
FMIVT 1-3 Year High Quality Bond Fund	61,292,092	1.27
FMIVT Broad Market High Quality Bond Fund	63,142,719	3.57
FMIVT Expanded High Yield Bond Fund	41,036,026	3.77
SBA Fund B Surplus Funds Trust Fund	216,652	6.69
<b>Equity Funds</b>		
FMIVT High Quality Growth Portfolio	7,902,789	
FMIVT Russell 1000 Enhanced Index Portfolio	17,799,447	
FMIVT Diversified Small Cap Equity Portfolio	18,332,079	
FMIVT International Blend Portfolio	12,681,643	
FMIVT Large Cap Diversified Value Portfolio	5,928,930	
<b>Total Investments</b>	<u><u>\$378,496,616</u></u>	

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses from rising interest rates, the Trust's investment policy employs portfolio diversification, controlled duration strategies, and maturity durations as the primary methods of controlling risk. In addition, the policy establishes a minimum investment of \$1,000,000 in liquid investments having a maturity of 90 days or less. Investments may include mortgage and mortgage-backed securities having an average weighted useful life of less than ten years. The Trust's investment policy does not limit the duration of other bonds or governmental investment trusts.

The weighted average life (based on expected future cash flows) of the SBA Fund B Surplus Funds Trust Fund (Fund B) at September 30, 2009 is estimated at 6.69 years. Because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

*Credit Risk:* The Trust's investment policy is to apply the prudent-person rule. The investment portfolio shall be designed to attain a market rate of return throughout financial and economic cycles, taking into account the Trust's investment risk constraints as discussed in the investment policy. The Trust's credit quality policy does not limit its investments in U.S. government agency obligations or bond funds. The short-term investments in the Goldman Sachs Financial Square Prime Obligations Fund are rated Aaa by Moody's. The FMIVT Intermediate High Quality Bond Fund and 1-3 Year High Quality Bond Fund are rated AAA by Fitch Ratings. The FMIVT Broad Market High Quality Bond Fund is rated AA by Fitch Ratings. Neither the FMIVT Expanded High Yield Bond Fund nor Fund B is rated by any nationally recognized statistical rating agency at this time.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**Note 3 - Investments and Investment Income (Continued)**

As further described at Note 13, investments in the amount of \$2,357,250 are held by Deutsche Bank as collateral under surety bonds issued to the Florida Municipal Loan Council (FMLC) which are restricted.

Participants in Fund B receive periodic distributions to the extent that the Pool receives proceeds from the maturities of securities, principal paydowns, coupon interest, sale of securities, collateral liquidation, or other restructure and workout activities. Participants cannot make additional deposits into or withdrawals from Fund B.

**Note 4 - Premium Income**

Premium Income for the current policy year is based on management's estimates and will be adjusted upon completion of all premium audits. Premiums receivable represents primarily the estimated post year-end premium adjustments. Premium Income is reported net of ceded excess reinsurance premiums and incentive credits.

Premium Income	\$136,267,943
Ceded Excess Reinsurance Premiums	(22,342,082)
Incentive Credits	<u>(10,297,751)</u>
Net Premium Income	<u>\$102,628,110</u>

The Trustees established an incentive plan to provide for premium reductions to members based on each member's past experience in the Trust and other criteria.

**Note 5 - State of Florida Special Disability Trust Fund**

The state of Florida operates the Special Disability Trust Fund (SDTF) which reimburses Florida employers and carriers for certain workers' compensation benefits paid for claims incurred prior to January 1, 1998. The SDTF is funded with assessments paid to the Florida Department of Financial Services by insurers and self-insurers providing workers' compensation coverage in Florida. The Trust does not report as liabilities claims that have been accepted for reimbursement by the SDTF. In the event the SDTF does not meet its obligations, the Trust would be liable for such amounts. As of September 30, 2009, the Trust was due \$1,196,045 from the SDTF for previously paid workers' compensation benefits eligible for reimbursement.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**Note 6 - Excess Reinsurance**

The Trust uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured. The Trust does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. The amount deducted from claims liabilities as of September 30, 2009 for reinsurance was approximately \$70,000,000. In the event that any of the reinsuring companies do not meet their obligations under existing reinsurance agreements, the Trust would be liable for such amounts.

Reinsurance recoveries receivable represents recoverable amounts for claims paid on or before September 30, 2009, of which approximately \$125,000 is expected to be collected after one year.

Prepaid reinsurance consists of the unexpired premiums for property risk excess and catastrophe policies expiring March 31, 2010 and April 30, 2010.

**Note 7 - Deposits**

The Trust is a pool member of the NLC Mutual Company, a public entity risk pool providing one or more layers of reinsurance coverage to political subdivisions of state governments. A capital contribution of \$340,043 is recorded as a deposit. The capital contribution is non-transferable, and the right to withdraw capital is suspended by the By-Laws to four or more years after the election to withdraw is first made.

**Note 8 - Claims and Claim Expenses**

The provision for claims and claim expenses includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The liability for claims and claim expenses is based on claims adjusters' evaluations of individual claims, management's evaluation, and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined.

Members may choose to retain a level of risk by adding deductible provisions to their policies. The receivable for members' deductibles represents the members' retained portion of the claims paid on or before September 30, 2009, of which \$600,000 is expected to be collected after one year.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**Note 8 - Claims and Claim Expenses (Continued)**

The following represents changes in the liability during the past two years:

	<u>Year Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
<b><u>Liability for Claims and Claim Expenses -</u></b>		
<b><u>Beginning of Year</u></b>	<u>\$ 158,932,749</u>	<u>\$ 187,430,388</u>
<b><u>Claims and Claim Expenses</u></b>		
Provision for Insured Events of the Current Year	83,172,360	66,229,302
Increase (Decrease) in Provision for Insured Events of Prior Years	<u>699,377</u>	<u>(10,462,913)</u>
<b>Total Claims and Claim Expenses</b>	<u>83,871,737</u>	<u>46,766,389</u>
<b><u>Payments</u></b>		
Claims and Claim Expenses Attributable to Insured Events of the Current Year	33,260,225	23,218,862
Claims and Claim Expenses Attributable to Insured Events of Prior Years	<u>35,694,576</u>	<u>32,045,164</u>
<b>Total Payments</b>	<u>68,974,801</u>	<u>55,264,026</u>
<b><u>Liability for Claims and Claim Expenses -</u></b>		
<b><u>End of Year</u></b>	<u>\$ 173,829,685</u>	<u>\$ 158,932,749</u>

**Note 9 - Premiums Collected in Advance**

Premiums collected in advance represents premiums collected prior to October 1, 2009 but allocable to the year ending September 30, 2010.

**Note 10 - Administrative and Service Fees**

Administrative and service fees are paid to the League for claims administration and other administrative services pursuant to one-year and ten-year agreements. In addition, the League was paid \$315,000 for reinsurance management services and \$31,174 for additional claim administrative services, which are included in other expenses; and \$1,152,450 for managed care fees, which is included in claims expenses. A number of the Trust's Board of Trustees are also members of the League's Board of Directors.

Administrative fees in the amount of \$882,041 were paid to United Healthcare, and \$419,512 was paid to CIGNA HealthCare for HMO health claims administration.

**Florida Municipal Insurance Trust**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2009**

**Note 11 - Sponsorship Fee**

The Trust paid the League a sponsorship fee for sponsoring and promoting the Trust.

**Note 12 - Fraud Unit Expense**

The Trust has contracted with the League to operate a special investigative unit to pursue and minimize fraudulent insurance acts committed against the Trust.

**Note 13 - Surety Bonds**

The Trust has issued surety bonds to FMLC, guaranteeing payment of principal and interest of certain bond issuances as follows:

<u>FMLC Bond Issue</u>	<u>Amount Guaranteed</u>	<u>Range of Maturity</u>
Revenue Bonds, Series 1999B	\$ 1,312,250	2010
Revenue Bonds, Series 2000A	\$ 1,045,000	2010 - 2024

The surety bonds are collateralized by cash and investments held in trust by Deutsche Bank in the amount of the guarantees.

The League serves as Administrator for both the Trust and FMLC.

**Note 14 - Policyholder Dividend**

Dividend payable represents distributions to be made to Trust members who had property insurance coverage with the Trust in the year ended September 30, 2008 and have continued property insurance coverage with the Trust in the year ending September 30, 2010.

**Florida Municipal Insurance Trust**  
**\*REQUIRED SUPPLEMENTARY INFORMATION**  
**TEN-YEAR CLAIMS DEVELOPMENT INFORMATION**  
**September 30, 2009**

**Schedule 1**

The Governmental Accounting Standards Board requires public entity risk pools to present claims development information for the last ten years. The information on the next page illustrates how the Trust's premium (net of reinsurance), investment and other income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses of the Trust as of the end of each of the last ten years.

The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's gross premium, investment and other income, premium ceded to reinsurers, and net earned premium, investment and other income. Pursuant to GASB Statement 34, effective for years ending on or after September 30, 2003, earned income is reported net of incentive credits.
2. This line shows each fiscal year's other operating costs not allocable to individual claims.
3. This line shows the Trust's gross incurred claims and allocated claim adjustment expense, claims assumed by reinsurers and net incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

**Florida Municipal Insurance Trust**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEN-YEAR CLAIMS DEVELOPMENT INFORMATION**  
**September 30, 2009**

Schedule 1

	Fiscal and Policy Year Ended September 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>1. Premium, Investment, and Other Income</b>										
<b>Earned</b>	\$ 114,247,257	\$ 97,039,329	\$ 85,058,894	\$ 86,216,584	\$ 88,423,122	\$ 111,446,669	\$ 120,059,673	\$ 170,724,469	\$ 115,064,295	\$ 149,137,016
<b>Debtd</b>	8,547,292	6,239,139	7,134,466	12,541,071	19,348,396	16,570,242	24,775,670	90,980,932	25,629,965	22,532,082
<b>Net Earned</b>	\$ 107,700,125	\$ 90,746,189	\$ 77,924,428	\$ 73,675,513	\$ 69,074,726	\$ 94,876,427	\$ 95,274,003	\$ 79,743,537	\$ 89,434,330	\$ 126,794,934
<b>2. Unallocated Expenses</b>	\$ 39,679,522	\$ 26,116,404	\$ 24,522,947	\$ 16,079,527	\$ 15,794,353	\$ 17,251,054	\$ 19,694,081	\$ 29,420,999	\$ 32,347,911	\$ 30,364,937
<b>3. Estimated Incurred Claims and Expenses, End of Policy Year</b>										
<b>Incurred</b>	\$ 113,067,028	\$ 79,869,226	\$ 70,489,323	\$ 72,418,586	\$ 101,530,069	\$ 78,993,910	\$ 100,408,929	\$ 69,140,809	\$ 72,277,906	\$ 89,100,866
<b>Coated</b>	8,281,023	6,226,263	6,694,682	4,691,567	10,068,064	7,057,990	9,680,299	4,380,629	5,048,604	4,330,628
<b>Net Incurred</b>	\$ 104,886,005	\$ 73,653,963	\$ 63,802,131	\$ 67,727,019	\$ 91,461,905	\$ 71,935,920	\$ 90,728,630	\$ 64,760,180	\$ 67,229,302	\$ 84,770,238
<b>4. Claims Paid (Cumulative), Net of Reinsurance, as of:</b>										
<b>End of policy year</b>	\$ 44,893,921	\$ 28,182,764	\$ 17,452,852	\$ 17,206,847	\$ 15,698,656	\$ 17,714,934	\$ 36,957,027	\$ 19,758,936	\$ 23,219,862	\$ 33,330,225
<b>One year later</b>	61,941,163	25,646,006	26,375,000	25,860,042	40,950,472	25,699,495	47,404,310	59,463,857	32,354,744	
<b>Two years later</b>	69,942,777	42,534,384	31,312,890	31,812,604	46,979,598	31,456,428	53,576,190	35,673,543		
<b>Three years later</b>	75,861,919	46,249,329	34,837,127	36,419,351	50,648,067	35,451,023	58,416,365			
<b>Four years later</b>	79,895,347	46,425,742	37,853,462	40,857,688	53,081,383	40,849,536				
<b>Five years later</b>	82,968,869	52,239,246	40,314,830	43,899,207	55,126,104					
<b>Six years later</b>	84,894,960	53,719,694	41,861,808	45,843,947						
<b>Seven years later</b>	86,285,789	54,289,827	42,216,056							
<b>Eight years later</b>	86,743,975									
<b>Nine years later</b>	87,467,232									
<b>5. Reinstated Coated Claims and Expenses</b>	\$ 5,532,971	\$ 3,246,223	\$ 2,527,865	\$ 6,574,800	\$ 8,159,942	\$ 4,045,439	\$ 8,608,470	\$ 3,068,181	\$ 13,065,089	\$ 4,530,628
<b>6. Reinstated Incurred Claims and Expenses:</b>										
<b>End of policy year</b>	\$ 104,899,000	\$ 79,837,965	\$ 69,802,131	\$ 67,727,299	\$ 91,494,012	\$ 71,935,920	\$ 90,728,630	\$ 64,760,180	\$ 67,229,302	\$ 84,770,238
<b>One year later</b>	102,994,470	74,207,978	61,420,958	60,358,855	82,632,409	59,047,698	77,362,423	58,969,197	81,239,578	
<b>Two years later</b>	101,379,251	67,402,808	52,871,654	54,013,652	67,463,818	52,166,792	72,479,489	54,481,985		
<b>Three years later</b>	97,448,301	63,024,733	49,154,751	50,754,857	62,157,390	49,787,441	74,737,833			
<b>Four years later</b>	95,871,430	61,464,303	48,710,682	51,163,375	60,747,237	51,851,947				
<b>Five years later</b>	95,776,469	60,679,242	48,041,346	49,925,062	59,511,295					
<b>Six years later</b>	93,798,224	59,509,535	45,992,432	51,766,734						
<b>Seven years later</b>	92,519,165	59,042,279	45,448,508							
<b>Eight years later</b>	92,106,080	59,885,434								
<b>Nine years later</b>	92,744,967									
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year</b>	\$ (12,111,033)	\$ (13,646,523)	\$ (19,653,825)	\$ (15,980,565)	\$ (31,982,737)	\$ (20,064,873)	\$ (15,930,467)	\$ (10,267,884)	\$ (4,959,728)	\$ -

Florida Municipal Insurance Trust  
 \*REQUIRED SUPPLEMENTARY INFORMATION  
 CLAIMS LIABILITY BY TYPE OF CONTRACT  
 September 30, 2009

Schedule 2

The schedule below presents the changes in the claims liabilities for the past two years for the Trust's four types of contracts.

	Total Liability Year Ended September 30, 2009	Property Year Ended September 30, 2008	Workers' Compensation Year Ended September 30, 2008	Health Year Ended September 30, 2008
Liability for Claims and Claim Expenses, Beginning of Year	\$ 54,081,917	4,480,931	101,505,552	1,884,349
Claims and Claim Expenses:				
Provision for Insured Events of the Current Year	\$ 28,590,714	2,750,000	34,727,546	23,104,100
Increase (Decrease) in Provision for Insured Events of Prior Years	5,055,542	(8,10,724)	(3,823,877)	(121,584)
Total Claims and Claim Expenses	\$ 27,546,266	2,439,276	30,903,669	22,982,516
Payments:				
Claims and Claim Expenses Attributable to Insured Events of the Current Year	\$ 2,516,927	2,136,579	6,532,496	20,094,229
Claims and Claim Expenses Attributable to Insured Events of Prior Years	19,028,690	1,049,880	13,872,231	1,752,785
Total Payments	\$ 21,525,617	3,186,459	20,404,727	21,847,014
Liability for Claims and Claim Expenses, End of Year	\$ 60,201,566	4,150,801	101,505,552	1,884,349