

BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: February 20, 2008

Division: Employee Services

Bulk Item: Yes X No

Department: Risk Management

Staff Contact Person: Maria L. Slavik X3178

AGENDA ITEM WORDING: Approval to accept proposal from Marsh USA for Pollution Liability Insurance package through Indian Harbor Insurance Company.

ITEM BACKGROUND: To protect the County from the potential liability associated with an accidental discharge of pollutants from one of its fuel storage tanks and the potential liability associated with a pollution incident at other scheduled locations.

PREVIOUS REVELANT BOCC ACTION: On February 16, 2005, the BOCC approved the bid to Indian Harbor Insurance Company for 3 years with a premium of \$114,445.

CONTRACT/AGREEMENT CHANGES: Renew the Pollution Liability Insurance with Indian Harbor Insurance Company for the period beginning March 12, 2008 with a premium of \$86,299 for a three year period. The deductible of the new policy will increase from \$50,000 to \$100,000.

STAFF RECOMMENDATIONS: Since the County has never filed a Pollution claim, staff believes the premium savings justifies the additional exposure of increasing its deductible from \$50,000 to \$100,000. Staff also believes that the premium savings \$40,000 associated with a three year policy is the best option for the County.

Approval to accept proposal from Indian Harbor Insurance Company for a three (3) year option with a \$100,000 deductible at a cost of \$86,299.

TOTAL COST: \$86,299 **BUDGETED:** Yes X No

COST TO COUNTY: \$86,299 **SOURCE OF FUNDS:** AD VALOREM

REVENUE PRODUCING: Yes No X **AMOUNT PER MONTH** **Year** MS

APPROVED BY: County Atty Cut OMB Purchasing Risk Management ↓

DOCUMENTATION: Included X To Follow Not Required

DISPOSITION: **AGENDA ITEM #**

INTERISK CORPORATION

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Employee Benefits

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January 29, 2008
Ms. Maria Slavik
Risk Management Specialist
Monroe County
1100 Simonton St.
Suite 268
Key West, Florida 33040

Subject: Evaluation of Proposals for Pollution Liability Insurance

Dear Maria:

The County's current Pollution Liability insurance is provided by Indian Harbor Insurance Company with limits of \$5 million and a deductible of \$50,000. The policy was written on a three (3) year basis and expires on March 12, 2008. The County paid a three year premium of \$114,445 for the policy.

The County received proposals from three (3) agents in response to its RFP for the renewal of the policy. The agents responding were:

- Marsh USA
- L B Bryan
- The Florida League of Cities

Marsh submitted separate proposals from Indian Harbor (the incumbent insurer) and Illinois Union Insurance Company. L B Bryan submitted a proposal from Steadfast Insurance Company and the Florida League submitted a proposal from American International Specialty Lines Insurance Company. All companies proposed enjoy a favorable rating from the A.M. Best Company, the leading evaluator of insurance company operations. The terms and conditions of the proposals submitted by Marsh, L B Bryan and the Florida League were comparable and it is believed that all of them would adequately protect the interests of the County.

The three year premium proposed by Steadfast and L B Bryan was \$110,999. They also offered an annual premium of \$49,945. The limits of both options were \$5 million with a \$50,000 deductible. Since the premiums proposed by Steadfast and L B Bryan were higher than those proposed by Marsh and the terms and conditions were essentially the same, it is recommended that the Steadfast Insurance Company's proposal as submitted by L B Bryan be eliminated from further consideration.

The three year premium submitted by The Florida League of Cities' from American International Specialty Lines Insurance Company was \$108,251. The annual premium was \$67,701. Both options contained limits of \$5 million with a \$50,000 deductible. Since the premiums proposed by American International and The Florida League were higher than those proposed by Marsh and the terms and conditions were essentially the same, it is recommended that the American International Specialty Lines Insurance

Company's proposal as submitted by The Florida League of Cities be eliminated from further consideration.

Marsh USA submitted three (3) proposals for consideration. The first proposal provided coverage from Indian Harbor Insurance Company (the incumbent insurer) with terms, conditions, limits and deductibles comparable to the expiring policy. The proposed three year premium for this option was \$106,265. Marsh also submitted a two year option for a premium of \$84,275 and a one year option for a premium of \$58,128.

Marsh also submitted another proposal from Indian Harbor with limits of \$5 million and a deductible of \$100,000. The proposed three year premium for this option was \$86,299. The proposed premium for the two year option was \$68,446 and the proposed premium for the one year option was 47,206.

Marsh also submitted a proposal from Illinois Union Insurance Company with limits of \$5 million and a deductible of \$50,000. The proposed three year premium from Illinois Union was \$130,976. The annual premium proposed by Illinois Union was \$68,935. Illinois Union did not propose a two year option. The proposed premiums for the Illinois policies were higher than those proposed by Indian Harbor without providing any additional protection. It is therefore recommended that the Illinois Union Insurance Company's proposal as submitted by Marsh be eliminated from further consideration.

It is believed that Indian Harbor, through Marsh, has submitted the most attractive proposals. It is also believed that since the County has never filed a Pollution Liability claim, the savings associated with Indian Harbor's \$100,000 deductible option justifies the additional exposure that would be assumed by the County. It is therefore recommended that Monroe County renew its Pollution Liability Insurance with Indian Harbor Insurance Company for the period beginning March 12, 2008. In addition, the County could save nearly \$40,000 (\$86,299 - \$47,206) if they elected to purchase a three year policy. It is therefore also recommended that Monroe County select Indian Harbor's three (3) year option with a deductible of \$100,000.

Please give me a call if you have any questions or wish to discuss this issue in more detail.

Cordially,

INTERISK CORPORATION



Sidney G. Webber
CPCU, ARM

CC: Teresa Aguiar

**MONROE COUNTY, FLORIDA
2008/09 POLLUTION LIABILITY INSURANCE**

Proposal Evaluation

	Current Program	Marsh	Marsh	Marsh	L B Bryan
Insurer	Indian Harbor Insurance Company	Indian Harbor Insurance Company	Indian Harbor Insurance Company	Illinois Union Insurance Co.	Steadfast Insurance Co.
AM Best Rating	A+	A+	A+	A+	A
Limits	\$5 Million	\$5 Million	\$5 Million	\$5 Million	\$5 Million
Deductible	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000
Occurrence/Claims Made	Claims Made	Claims Made	Claims Made	Claims Made	Claims Made
Retroactive Date	7/10/95	7/10/95	7/10/95	7/10/95	7/10/95
Coverages Proposed					
Legal obligation arising out of a discharge	Yes	Yes	Yes	Yes	Yes
Payment of expenses for the investigation, monitoring, disposal and treatment of property contaminated	Yes	Yes	Yes	Yes	Yes
Premium	\$114,445	\$106,265	\$86,299	\$130,976	\$110,999
Comments	The above premium is for 3 years from 3/12/05 to 3/12/08	Proposed Annual Premium was \$58,128 Proposed Two Year Premium was \$84,285	Proposed Annual Premium was \$47,206 Proposed Two Year Premium was \$68,446	Proposed Annual Premium was \$68,935	Proposed Annual Premium was \$49,945

**MONROE COUNTY, FLORIDA
2008/09 POLLUTION LIABILITY INSURANCE**

Proposal Evaluation

	Florida League of Cities
Insurer	American International Specialty Lines Ins. Co
AM Best Rating	A++
Limits	\$5 Million
Deductible	\$50,000
Occurrence/Claims Made	Claims Made
Retroactive Date	None – Full Prior Acts
Coverages Proposed	
Legal obligation arising out of a discharge	Yes
Payment of expenses for the investigation, monitoring, disposal and treatment of property contaminated	Yes
Premium	\$108,251
Comments	Proposed Annual Premium was \$67,701