

**BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

Meeting Date: April 18, 2007

Division: Employee Services

Bulk Item: Yes X No     

Department: RiskManagement

Staff Contact Person: Maria L. SlavikX3178

---

**AGENDA ITEM WORDING:** Approval to accept proposal from Marsh USA for Property Insurance package through Lexington Insurance Company and Landmark American Insurance Company not to exceed a premium of \$610,000.00. Marsh is continuing their efforts to obtain more favorably priced insurance. It is also being requested that authority be granted to Risk Management to accept an alternative proposal from Marsh if it is believed to provide equal or superior coverage for a lower premium.

---

**ITEM BACKGROUND:** Provides replacement cost property insurance coverage for county buildings, contents, communication towers and contractors equipment with a current value of \$172,357,795 .

---

**PREVIOUS REVELANT BOCC ACTION:** Approval to bid this coverage on 11/19/03.

---

**CONTRACT/AGREEMENT CHANGES:** Premium is \$610,000 which is an increase of \$50,678.26 or 9.06% from last year. As a result of damages caused by the 2004 and 2005 hurricanes, the State implemented a Catastrophe Fund Assessment of 1% (\$6,108 of an additional charge) of the premiums paid on all policies issued in Florida which the county did not have to pay last year.

---

**STAFF RECOMMENDATIONS:** Approval to renew the policy as submitted by Marsh Insurance Company for the period of 5/1/07 –5/1/08.

---

**TOTAL COST:** \$616,108.00                      **BUDGETED:** Yes X No     

**COST TO COUNTY:** \$616,108.00              **SOURCE OF FUNDS:** Ad valorum

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

**APPROVED BY:**    County Atty CAH    OMB/Purchasing [Signature]    Risk Management MS

**DOCUMENTATION:** Included X To Follow                           Not Required     

**DISPOSITION:**     

**AGENDA ITEM #**



**BOARD OF COUNTY COMMISSIONERS**

Mayor Mario Di Gennaro, District 4  
Mayor Pro Tem Dixie M. Spehar, District 1  
George Neugent, District 2  
Charles "Sonny" McCoy, District 3  
Sylvia J. Murphy, District 5

Office of the Employee Services Division Director  
The Historic Gato Cigar Factory  
1100 Simonton Street, Suite 268  
Key West, FL 33040  
(305) 292-4458 - Phone  
(305) 292-4564 - Fax



TO: Board of County Commissioners

FROM: Teresa E. Aguiar,  
Employee Services Director

DATE: April 2, 2007

SUBJ: Approval to renew Property Insurance Policies

This item requests approval to pay the \$616,108 Property Insurance renewal fee (which is an increase of 9.06% from last year). The Lexington policy premium is \$525,000 and the Landmark premium is \$85,000. Lexington and Landmark Companies currently provide the County's Property Insurance.

The renewal fee includes the 1% Citizens surcharge (\$6,100) and a policy fee of \$8.00 (\$4.00 for each policy). The policies cover the total value of the County's property which is estimated at \$172,357,795.00. The coverage is for buildings, content, contractor's equipment, electronic data processing equipment and the communication towers.

It is the recommendation to approve the renewal of the policies with Lexington and Landmark for the period of 5/1/07 – 5/1/08.

# INTERISK CORPORATION

Consultants  
 Risk Management  
 Employee Benefits

1111 North Westshore Boulevard  
 Suite 208  
 Tampa, FL 33607-4711  
 Phone (813) 287-1040  
 Facsimile (813) 287-1041

April 3, 2007

Ms. Maria Slavik  
 Risk Management Specialist  
 Monroe County  
 502 Whitehead St.  
 Key West, Florida 33040

Subject: Renewal of the County's Property Insurance

Dear Maria:

Marsh USA reports Lexington Insurance Company and Landmark American Insurance Company have both agreed to renew the County's Property Insurance for the period May 1, 2007 to May 1, 2008. Lexington and Landmark currently provide the County's Property Insurance subject to an overall limit of \$160,549,950. Coverage extends to the County's buildings, personal property (contents), contractor's equipment, electronic data processing equipment and communication towers. The following deductibles apply to the current program.

Item	Deductible
Buildings and Personal Property with Total Values of less than \$250,000	\$50,000
Buildings and Personal Property with Total Values of more than \$250,000	\$100,000
Named Windstorm and Hail	\$1 million per location per occurrence
Contractors Equipment	\$5,000 except \$50,000 for Windstorm & Hail
EDP Equipment & Media	\$5,000 except \$50,000 for Windstorm & Hail
Communication Towers	\$5,000 except \$50,000 for Windstorm & Hail
Flood	\$500,000 for real property and \$500,000 for personal property
Boiler and Machinery	\$5,000

The program has a sub-limit of \$5 million for flood related losses. The combined premium for the current Lexington and Landmark policies is \$559,322.

The total value of the County's property is now estimated at \$172,357,795 and this was used as a basis by Marsh during their renewal efforts.

Marsh provided an indication of the Lexington renewal premium as \$525,000 for terms and conditions comparable to those of the expiring policy. The deductible for flood related losses will be increased to \$1 million. Since the National Flood Insurance Program (NFIP) only offers maximum limits of \$500,000 per building, the County will have to self-fund flood losses between \$500,000 and \$1 million.

The Landmark Insurance Company indicated renewal premium is \$85,000 for terms and conditions comparable to those of the expiring Landmark policy.

In addition, the State of Florida charges a one percent (1%) surcharge on all Property Insurance policies to help fund the losses experienced by Citizens Property and Casualty Insurance Company. Citizens was established by the State of Florida to provide Wind insurance for organizations unable to obtain affordable wind insurance. A surcharge of \$6,100 would apply to the indicated premium.

In addition, the State requires all Property insurers to add a policy fee of \$4.00 to help fund the Department of Insurance.

Based on Marsh's proposed indication, the County's Property program will be as follows:

Insurance Company	Limits	Premium
Lexington Insurance Company	\$5 million	\$525,000
Landmark American Insurance Company	\$167,357,795	\$85,000
Citizens Surcharge	N/A	\$6,100
Policy Fee	N/A	\$8.00
Total	\$172,357,795	\$616,108

Marsh is continuing to pursue the marketplace for a more competitive proposal. If a more competitive proposal is received from other companies, Marsh will submit those proposals for consideration by the County as well.

Interisk will continue to monitor the renewal process with Marsh to ensure the County receives the most competitive and appropriate coverage.

As always, please do not hesitate to call if you have any questions.

Cordially,

INTERISK CORPORATION



Lawton Swan III  
CPCU, CLU, ARM, CSP, CMC