


Village of Tequesta

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Tequesta, FL 33469



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To: Michael R Couzzo, Jr., Village Manager
From: Merlene Reid, HR Director 
Date: August 28, 2018
Re: Property & Casualty Insurance Renewals 2018/19

The Village's property and casualty insurance experienced an 18.45% increase for FY2018/19 due mostly to our Workers Compensation (WC) experience which represents 84% of the total increase. The 2018/19 Experience Mod Factor increased to 1.29 over 2017/18's rate of 1.24 and 2016/17's rate of 1.04 for a number of reasons. Firstly, the Village has experienced an uptick in injuries covered under the State's "Heart & Lung" bill, which automatically presumes on-the-job occurrence. Other contributory factors include the rise in total payroll resulting from salary increases, increase in headcount over the past 2 years and increases in the WC rates for all employee class codes with the exception of clerical/office workers. Specifically, the WC market has seen a rate increase to the first responder's class codes in anticipation of the start of the new PTSD legislation that takes effect on 10/01/2018. Our Brokers have been invited to give a very brief summary of this legislation and our recent claims history.

Attached is the 2018/19 FMIT evaluation numbers that propose a total annual renewal premium of \$509,388 (inclusive of brokers' fees). This represents an increase of \$79,351 over the expiring premium of \$430,037. An additional \$5,000 is being requested to cover one deductible payment in respect of open liability claims, and to pay for a Village-wide property appraisal, making a total request of **\$514,388**.

We opted not to shop the market again this year due to our poor WC experience, which we expect to start improving with the current fiscal year. The HR department therefore recommends that the Village renew the 2018/19 insurance Property & Casualty Insurance with the Florida Municipal Insurance Trust.

Attachments:

- Appendix A – WC Management Summary Report
- Appendix B – FMIT Property, Casualty & WC Renewal Evaluation

Vice-Mayor Frank D'Ambra
Council Member Steve Okun

Mayor Abby Brennan

Village Manager Michael R. Couzzo, Jr.

Council Member Tom Paterno
Council Member Vince Arena

APPENDIX A

Village of Tequesta - Workers' Compensation Management Summary Report 2017 - 2018 YTD as of July 31, 2018

2017 - 2018 YTD	Total Number of Claims	14
	Open Claims	2
	Lost Time Claims	0
	Experience Mod. Factor	1.24
	Earned Premium To Date	\$49,164
	Earned Losses To Date	\$11,389
	Loss Ratio To Date	23%

2017 - 2018 YTD	Claims	Open Claims	Paid	To Date	Total	Reserves	Incurred
Department			Indemnity	Medical	* Other		
Fire	7	0	\$1,143	\$2,212		\$0	\$0
Police	5	2	\$198			\$3,354	\$7,517
Miscellaneous	1	0		\$320		\$198	\$10,871
Public Works	1	0				\$320	\$198
Total	14	2	\$1,340	\$2,532		\$3,872	\$11,389

2016 - 2017	Total Number of Claims	16
	Open Claims	4
	Lost Time Claims	4
	Experience Mod. Factor	1.04
	Earned Premium To Date	\$150,830
	Earned Losses To Date	\$161,088
	Loss Ratio To Date	107%

2016 - 2017	Claims	Open Claims	Paid	To Date	Total	Reserves	Incurred
Department			Indemnity	Medical	* Other		
F/F Paramedic	5	3	\$19,291	\$18,511	\$45,014	\$82,816	\$62,098
Police	4	1	\$2,527	\$3,627	\$17	\$6,171	\$6,171
Public Works	3	0		\$422		\$422	\$422
Parks & Recreation	2	0				\$0	\$0
Fire	1	0	\$262			\$262	\$262
Administration	1	0	\$9,329		\$6	\$9,335	\$9,335
Total	16	4	\$21,818	\$32,151	\$45,036	\$99,006	\$62,098

2015 - 2016	Total Number of Claims	12
	Open Claims	0
	Lost Time Claims	2
	Experience Mod. Factor	0.81
	Earned Premium To Date	\$117,170
	Earned Losses To Date	\$171,337
	Loss Ratio To Date	146%

2015 - 2016	Claims	Open Claims	Paid	To Date	Total	Reserves	Incurred
Department			Indemnity	Medical	* Other		
Police	5	0	\$38,611	\$93,802	\$9,603	\$142,016	\$142,016
F/F Paramedic	4	0			\$3	\$3	\$3
Fire	2	0	\$7,532	\$22,214	\$633	\$30,379	\$26,628
Water - P&S	1	0		\$2,691		\$2,691	\$2,691
Total	12	0	\$46,143	\$118,707	\$10,239	\$175,088	\$171,337

2014 - 2015	Total Number of Claims	16
	Open Claims	1
	Lost Time Claims	3
	Experience Mod. Factor	.93
	Earned Premium To Date	\$126,957
	Earned Losses To Date	\$537,789
	Loss Ratio To Date	424%

2014 - 2015	Claims	Open Claims	Paid	To Date	Total	Reserves	Incurred
Department			Indemnity	Medical	* Other		
Police	10	1	\$27,477	\$130,977	\$2,892	\$161,346	\$341,206
Fire	3	0	\$11,569	\$19,827	\$61	\$31,456	\$502,354
Parks & Recreation	1	0		\$1,191		\$1,191	\$1,191
Water - P&S	1	0		\$2,268		\$2,268	\$2,268
Administration	1	0		\$20	\$500	\$520	\$520
Total	16	1	\$39,046	\$154,282	\$3,453	\$196,781	\$341,206

2013 - 2014	Total Number of Claims	13
	Open Claims	0
	Lost Time Claims	1
	Experience Mod. Factor	1.18
	Earned Premium To Date	\$146,401
	Earned Losses To Date	\$23,012
	Loss Ratio To Date	16%

2013 - 2014	Claims	Open Claims	Paid	To Date	Total	Reserves	Incurred
Department			Indemnity	Medical	* Other		
Police	8	0	\$466	\$18,761	\$324	\$19,551	\$18,803
F/F PARAMED	3	0		\$2,204	\$6	\$2,209	\$2,209
Code Enforcement	1	0		\$1,377		\$1,377	\$1,377
Water - Distributic	1	0		\$622		\$622	\$622
Total	13	0	\$466	\$22,964	\$329	\$23,760	\$23,012

Note: Earned Premium to Date reflects remitted figures thru January 31, 2018 and does not include: Expense constant, Incentive credit or Service fee.
* Other - Reflects legal and or other administrative charges.

APPENDIX B

Village of Tequesta
 FMIT Property, Casualty & Workers Compensation Insurance
 2018/2019 Renewal Evaluation



		Current				Renewal			
Coverage Type		2017-2018		2018-2019		2018-2019		2018-2019	
		Deductible	Liability Limits	Premium		Deductible	Liability Limits	Premium	
Property	FMIT	\$ 100,000	\$ 16,065,352	\$ 50,846	FMIT	\$ 100,000	\$ 16,065,352	\$ 54,621	
		*5% TIV Wind Deductible				*5% TIV Wind Deductible			
Inland Marine	FMIT	\$500/\$5,000	\$ 1,187,627	Included in Premium	FMIT	\$500/\$5,000	\$ 1,187,627	Included in Premium	
General Liability	FMIT	\$ 2,500	\$ 2,000,000.00	\$ 147,229	FMIT	\$ 2,500	\$ 2,000,000.00	\$ 155,740	
Public Official Liability & Employment Practices Liability	FMIT	\$ 2,500	\$ 2,000,000.00	Included in Premium	FMIT	\$ 2,500	\$ 2,000,000.00	Included in Premium	
Law Enforcement Liability	FMIT	\$ 2,500	\$ 2,000,000.00	Included in Premium	FMIT	\$ 2,500	\$ 2,000,000.00	Included in Premium	
Auto Liability	FMIT	\$ 2,500	\$ 2,000,000.00	\$ 19,490	FMIT	\$ 2,500	\$ 2,000,000.00	\$ 19,113	
Personal Injury Protection		N/A	\$ 10,000	Included in Premium		N/A	\$ 10,000	Included in Premium	
Medical Payments		N/A	\$ 5,000	Included in Premium		N/A	\$ 5,000	Included in Premium	
Auto Physical Damage	FMIT	\$ 1,000	Per Schedule	\$ 5,984	FMIT	\$ 1,000	Per Schedule	\$ 6,871	
Workers' Compensation	FMIT	\$ -	Statutory	\$ 206,488	FMIT	\$ -	Statutory	\$ 273,042	
Estimated Payroll		\$ 6,880,820				\$ 7,397,800			
Experience Modification Factor		1.24				1.29			
Total Annual Premium:				\$ 430,037					\$ 509,388
\$ Increase or Decrease				N/A					\$ 79,351
% Increase or Decrease				N/A					18.45%

* Named Storm Deductible : 5% of scheduled Bldg, Pers. Prop. & PITO, subject to policy deductible, whichever is greater
 Return of Premium Credit : Minimum credit of \$6,373 based on property premiums paid in FY 16/17.