

CONSENT ITEM – Business InsuranceBoard of Governors Meeting
December 11, 2019

CONTRACT ID	Business Insurance – January – December 2020 renewal period 17-16-0023-00 ARTHUR J. GALLAGHER - AGENT OF RECORD																											
BUDGETED ITEM	Included in the 2019 Budget																											
CONTRACT AMOUNT	<table border="1"> <thead> <tr> <th><u>Policy</u></th> <th><u>Insurance Carrier</u></th> <th><u>Premium</u></th> <th><u>Increase %</u></th> </tr> </thead> <tbody> <tr> <td>Business Owners (\$29.3 million aggregate limit – property coverage and \$2 million aggregate limit – liability with \$8 million aggregate - umbrella)</td> <td>Zurich Insurance Co.</td> <td>\$80,185</td> <td>-17.6%</td> </tr> <tr> <td>Workers' Compensation</td> <td>Zurich Insurance Co.</td> <td>\$147,935</td> <td>-21.9%</td> </tr> <tr> <td>Business Auto (\$1 million aggregate limit)</td> <td>Zurich Insurance Co.</td> <td>\$120,257</td> <td>+12.7%</td> </tr> <tr> <td>Financial Institution Bond (\$10 million aggregate limit)</td> <td>AIG</td> <td>\$18,586</td> <td>No change</td> </tr> <tr> <td>TOTAL</td> <td></td> <td>\$366,963</td> <td></td> </tr> </tbody> </table>	<u>Policy</u>	<u>Insurance Carrier</u>	<u>Premium</u>	<u>Increase %</u>	Business Owners (\$29.3 million aggregate limit – property coverage and \$2 million aggregate limit – liability with \$8 million aggregate - umbrella)	Zurich Insurance Co.	\$80,185	-17.6%	Workers' Compensation	Zurich Insurance Co.	\$147,935	-21.9%	Business Auto (\$1 million aggregate limit)	Zurich Insurance Co.	\$120,257	+12.7%	Financial Institution Bond (\$10 million aggregate limit)	AIG	\$18,586	No change	TOTAL		\$366,963				
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PURPOSE / SCOPE	<p>Purpose: To renew corporate insurance coverages for 2020. All of the coverages above are with the same carriers as 2019.</p> <p>Scope:</p> <p><u>Business Owners</u> insurance combines coverages into a standard package at a premium that is less than would be required to purchase these same coverages separately. These coverages include property damage, commercial general liability, employee benefits liability, business interruption, inland marine and umbrella liability. We purchase the business owners policy, in part:</p> <ul style="list-style-type: none"> • to meet the requirements on two of Citizens' building leases (Tallahassee and Jacksonville Corporate locations) • to cover liability exposure for Citizens locations • to meet liability insurance requirements in order to park our emergency vehicles (MERV's) at catastrophe sites • to cover liability for leased equipment 																											

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	<p><u>Workers Compensation</u> insurance provides wage replacement and medical benefits protection for employees that are injured in the course of employment. This coverage is required by Florida law. The premium decrease for workers compensation results from both rate decreases and Citizens' decreased experience modification factor (.91) compared to (1.08) last year. Citizens continues to put loss control measures in place to reduce our experience modification factor.</p> <p><u>Business Auto</u> insurance covers owned, rented and borrowed (employee owned) vehicles used in the course of business. This policy covers approximately 48 vehicles owned by Citizens with coverage extending to rental cars and personally owned vehicles used in the course of business.</p> <p><u>Financial Institution Bond</u> insurance covers Citizens' employees acting in the course and scope of their employment for certain breaches of their fiduciary duty and other errors or omissions covered under the policy, such as protecting Citizens' assets against fiduciary-related claims of mismanagement of the company's employee benefit plans. Fiduciary insurance does not cover fraudulent acts.</p>															
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PROCUREMENT METHOD	<p>On October 26, 2016, Citizens issued Invitation to Negotiate (ITN) No. 16-0023 Business Insurance Agent(s) of record. On March 29, 2017, the Board of Governors approved Arthur J. Gallagher & Co. as its vendor from three vendors responding to Competitive Solicitation (ITN) No. 16-0023. The Agents of Record solicit and collect quotes and respective coverages from numerous carriers and submit to management for evaluation. The quotes are compared and analyzed for breadth of coverage, stability of underlying carrier, quality of service, and pricing. Recommendations are submitted by the General Counsel for selection.</p>															
RECOMMENDATION	<p>It is recommended that Citizens' Board:</p> <ol style="list-style-type: none"> a) Approve the purchase of the 2020 Corporate Insurance policies (Business Owners, Workers' Compensation, Business Auto, and Financial Institution Bond) as described above for a total premium of \$366,963; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item. 															
CONTACTS	Dan Sumner, General Counsel and Chief Legal Officer															