

# ACTION ITEM – Business Insurance

Board of Governors Meeting  
December 13, 2017

<b>CONTRACT ID:</b>	<b>January 2018 Corporate Insurance</b> <b>17-16-0023-00</b> <b>ARTHUR J. GALLAGHER &amp; Co.</b>			
<b>BUDGETED ITEM</b>	Included in the 2018 Budget			
<b>CONTRACT AMOUNT</b>	<u><b>Policy</b></u> Business Owners (36 million aggregate limit – property coverage and 2 million aggregate limit - liability)	<u><b>Insurance Carrier</b></u> Zurich Insurance Co.	<u><b>Premium</b></u> \$98,787	<u><b>Increase %</b></u> -12.6%
	Workers' Compensation	Zurich Insurance Co.	\$225,000*	-9.8%
	Business Auto (1 million aggregate limit)	Zurich Insurance Co.	\$129,941	47.1%
	Financial Institution Bond+ (10 million aggregate limit)	AIG	\$18,586	39.3%
	*Approximated + Increased Aggregate Limit from 6m to 10m			
<b>PURPOSE / SCOPE</b>	<p><b>Purpose:</b> To renew corporate insurance coverages for 2018.</p> <p><b>Scope:</b></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"> <li>• to meet the requirements on two of Citizens' building leases (Tampa and Jacksonville Corporate locations)</li> <li>• to cover liability exposure for Citizens locations</li> <li>• to meet liability insurance requirements in order to park our emergency vehicles (MERV's) at catastrophe sites</li> <li>• to cover liability for leased equipment</li> </ul> <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 payroll and increased experience modification factor (1.21), Citizens has put a plan in place to reduce the experience modification factor over the past year.</p>			

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	<p><u>Business Auto</u> insurance covers owned, rented and borrowed (employee owned) vehicles used in the course of business. This policy covers approximately 67 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>															
<b>CONTRACT TERM(S)</b>	<table border="1"> <thead> <tr> <th><b><u>Policy</u></b></th> <th><b><u>Effective Date</u></b></th> <th><b><u>Expiration Date</u></b></th> </tr> </thead> <tbody> <tr> <td>Business Owners</td> <td>January 1, 2018</td> <td>December 31, 2018</td> </tr> <tr> <td>Workers' Compensation</td> <td>January 1, 2018</td> <td>December 31, 2018</td> </tr> <tr> <td>Business Auto</td> <td>January 1, 2018</td> <td>December 31, 2018</td> </tr> <tr> <td>Financial Institution Bond</td> <td>January 1, 2108</td> <td>December 31, 2018</td> </tr> </tbody> </table>	<b><u>Policy</u></b>	<b><u>Effective Date</u></b>	<b><u>Expiration Date</u></b>	Business Owners	January 1, 2018	December 31, 2018	Workers' Compensation	January 1, 2018	December 31, 2018	Business Auto	January 1, 2018	December 31, 2018	Financial Institution Bond	January 1, 2108	December 31, 2018
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<b>PROCUREMENT METHOD</b>	<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 &amp; Co. as its vendor from three vendors reporting 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>															
<b>RECOMMENDATION</b>	<p>It is recommended that Citizens' Board:</p> <ol style="list-style-type: none"> <li>a) Approve the purchase of the 2018 corporate business insurance policies (Business Owners, Workers' Compensation, Business Auto, and Financial Institution Bond) above; and</li> <li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li> </ol>															
<b>CONTACTS</b>	Dan Sumner, General Counsel and Chief Legal Officer															