



City of Tarpon Springs, Florida

HUMAN RESOURCES DEPARTMENT
324 E. PINE STREET
TARPON SPRINGS, FLORIDA 34689
TELEPHONE (727) 938-3711

MEMORANDUM

SEPTEMBER 14, 2021

TO: HONORABLE MAYOR AND BOARD OF COMMISSIONERS

FROM: JANE KNIFFEN, HUMAN RESOURCES DIRECTOR

THROUGH: MARK G. LECOURIS, CITY MANAGER

SUBJECT: PROPERTY & CASUALTY, WORKERS' COMPENSATION INSURANCES

RECOMMENDATION:

It is recommended that the Board of Commissioners approve renewal of the City's Property & Casualty and Workers' Compensation insurances with the Florida Municipal Insurance Trust (FMIT) administered by the Florida League of Cities, for a one-year period commencing October 1, 2021;

BACKGROUND:

The City has received renewal notice from FMIT for FY 2021 – 2022 property, casualty and workers' compensation insurances.

Historically the City's rates have largely been determined by claims experience driven by frequency and severity, as well as risk exposure and re-insurance market rates. A three-year "smoothing" technique moderates large fluctuations that may occur from year to year, in an attempt to mitigate negative years and/or catastrophic events.

A number of factors have combined to drive increased premium rates:

- Property rates increased by 12.31% due to the rising cost of re-insurance as well as added and/or increased coverages.
- Since 2007, the City had received \$484,266 in return of property premiums. Due to catastrophic weather events in Florida over the last few years, the City has not received any premium return for the last four years.
- Increased General Liability Experience Modification (claims ratio) caused by large claims and settlements has resulted in an increase of 15.37% in General Liability premium.

- A 21% increase in Auto Liability (damage to other parties caused by city vehicles) loss has resulted in an overall 8.52% increase in the Auto liability premium.

The appended chart (*Attachment 1*) summarizes the year-over-year changes to the City's premium costs.

As a result, there is an increase in the risk management program 8.86% for FY 2022, which overall, is \$14,398 less than the budgeted amounts (*Attachment 2*).

Attachment 1

| CITY OF TARPON SPRINGS PROPERTY/CASUALTY AND WORKERS' COMPENSATION RENEWAL PREMIUMS FY 2021 - 2022 | | | | |
|---|---|--|----------------------|---------------------|
| COVERAGE | FY 2020 - 2021 AUDITED FINAL | FY 2021 - 2022 FMIT RENEWAL | \$ DIFFERENCE | % DIFFERENCE |
| PROPERTY & LIABILITY | | | | |
| General Liability (GL) | \$272,876 | \$314,809 | \$41,933 | 15.37 |
| Auto Liability (AL) | \$70,871 | \$76,906 | \$6,035 | 8.52 |
| Auto Physical Damage (APD) | \$39,732 | \$40,687 | \$955 | 2.40 |
| Property | \$364,970 | \$409,897 | \$44,927 | 12.31 |
| TOTAL P & L | \$748,449 | \$842,299 | \$93,850 | 12.54 |
| | | | | |
| WORKERS' COMPENSATION | \$513,896 | \$531,881 | \$17,985 | 3.50 |
| | | | | |
| TOTAL PREMIUM | \$1,262,345 | \$1,374,180 | \$111,835 | 8.86 |



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MEMORANDUM

September 3, 2021

TO: Jane Kniffen, Human Resources Director
FROM: Ron Haring, Finance Director
SUBJECT: Property/Liability and Workers Comp Insurance Budget to Actual.

Below is what we budgeted for the insurances compared to the actual premium for FY 2022.

Property/Liability Insurance:

| | |
|------------------------------------|-------------------|
| Total Budget with 10% increase | \$ 823,293 |
| Actual Premium with 12.5% Increase | <u>\$ 842,299</u> |
| Actual over Budget | (\$ 19,006) |

Workers Compensation Insurance:

| | |
|-----------------------------------|-------------------|
| Total Budget with 10% increase | \$ 565,285 |
| Actual Premium with 3.5% Increase | <u>\$ 531,881</u> |
| Budgeted Savings | \$ 33,404 |

Net Budgeted Savings \$ 14,398