

**INSURANCE ADVISORY BOARD
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FL 33301
WEDNESDAY, JUNE 5, 2013 – 8:00 a.m.**

MEMBERS	ATTENDANCE	CUMULATIVE 1/13 – 12/13	
		PRESENT	ABSENT
Joseph Cobo, Chair	P	5	0
Mark Schwartz, Vice Chair	P	5	0
Joe Piechura, Sr.	P	4	1
Jim Drake	P	5	0
Charles Grimsley	P	4	1
Steve Botkin	P	4	1
Ted Hess	P	4	1

Staff

Matthew Cobb, Risk Management Coordinator
Paul Dawson, Public Risk Insurance Agency (PRIA)

Communications to City Commission

None.

1. Roll Call (including number of appointed members and quorum)

Chair Cobo called the meeting to order at 8:04 a.m.

As of this date, June 5, 2013, there are 7 appointed members to the Insurance Advisory Board, which means 4 would constitute a quorum. Roll was called and it was determined there was a quorum at this time.

2. Approve Minutes of May 1, 2013

Motion by Mr. Grimsley, seconded by Mr. Drake, to approve the minutes of the May 1, 2013, meeting. In a voice vote, the motion passed unanimously.

3. Communications to City Commission

None.

4. Unfinished Business

- **Motion to approve cyber liability insurance premium quote**

Mr. Cobb advised that our agent, Paul Dawson, is here today to discuss the quotes that the City has received. As discussed at prior meetings, IT (Information Technology)

conducted a network vulnerability assessment and staff has been researching the possibility of purchasing cyber liability to protect the City's interests.

Mr. Cobb informed the Board that in follow-up to their questions from the prior meeting, staff had spoken to IT and they did not feel qualified to provide advice on policy limits and exposures until the City hires a Chief Security Officer who can evaluate this area.

Mr. Dawson proceeded to discuss how cyber liability is a new line of insurance and is still developing, but it essentially provides coverage for the costs associated with the regulatory requirements triggered by a cyber liability situation. This is a non-standard form of insurance and varies by carrier. However, there are three main key areas of coverage: third-party liability exposures, regulatory requirements and crisis management expenses.

Mr. Dawson advised the Board that based upon their questions from the prior meeting, ACE has provided a second quote that matches AIG's limits on regulatory coverage; however, this option includes a premium increase.

Mr. Dawson commented that five (5) carriers have provided quotes but ACE and AIG are the most competitive for the City's business. He advised that AIG currently provides the City with professional liability and insurance which is important as you typically want to align these types of coverage together.

The Board proceeded to discuss the merits of each of the policy limits and quotes.

Motion by Mr. Schwartz, seconded by Mr. Piechura, to approve the purchase of cyber liability insurance from AIG at a premium of \$18,515.61. In a voice vote, the motion passed unanimously.

- **Motion to approve police liability insurance premium quote**

Mr. Cobb informed the Board that the City Manager had asked staff to investigate the feasibility of purchasing a police liability insurance policy to protect the City from these exposures. Staff and our agent, Mr. Dawson, reviewed our police professional claims and developed a historical loss comparison to evaluate the exposures and insurance premium values.

Mr. Dawson discussed that based upon prior Board instruction they had been seeking a self-insured retention (SIR) in the range of \$50,000. However, they received quotes from two (2) carriers, Indian Harbor and Lexington, and neither wanted to provide an SIR at that level. Indian Harbor provided two (2) quotes at \$1M and \$2M per claim limits with \$100,000 SIR. Lexington provided three (4) quotes at \$1M and \$2M per claim limits with \$200,000 SIR, and \$1M and \$2M per claim limits with \$500,000 SIR.

Mr. Dawson explained that in review of the City's loss history for police professional claims since 2002 the costs have exceed \$100,000 only seven (7) times so far, and the

City would, hypothetically, have paid \$1.5M in premiums to recover \$183,283 from the insurance policy. In his opinion, the cost of the policy does not justify its purchase.

Mr. Cobb explained that the City's current well managed self-insured program combined with its professional and well trained police force has allowed for significant savings over purchasing a police professional liability insurance policy. However, past performance was no guarantee of future results.

The Board proceeded to discuss the merits of each of the policy limits and quotes. The Board came to a consensus that the exposure and paid losses to date don't justify securing a police liability insurance policy. No motion to approve was made.

5. New Business

- **Discussion on private waste haulers insurance requirements**

Mr. Cobb briefly discussed with the Board the private waste haulers insurance requirements which the City Manager asked that staff review the ordinance language with the Board.

The Board asked for time to review and it will be discussed at a future meeting.

6. Open Discussion – Old/New Business

- **July 4th Holiday – No Meeting on July 3, 2013**

The Board and staff decided that in celebration of the July 4th Holiday on Thursday there would be no Insurance Advisory Board meeting on the Wednesday before, and the Board will meet at the next monthly meeting on August 7, 2013.

7. Schedule Next Meeting – August 7, 2013

8. Adjourn

Motion by Mr. Botkin, seconded by Mr. Piechura, to adjourn the meeting. Hearing no objection, the meeting was adjourned at 8:45 a.m.

Minutes Prepared By: Matthew Cobb