

# Executive Summary

Board of Governors Meeting, December 4, 2024

## Commercial Business Insurance

### Topic

This Action Item requests approval to contract with Liberty Mutual for the following five commercial business coverages for a one-year policy term: Auto; General Liability; Property; Workers Compensation/Employer Liability; and Umbrella (for GL; Auto; Employer Liability). The coverage term is January 1, 2025 through December 31, 2025.

Approval is also requested for \$15,000 in contingency spend for changes during the policy period. This includes anticipated premium for the new Tampa office location, as well as more routine changes such as a new vehicle.

### History

This Action Item requests approval to contract for the five commercial business coverages identified above. Citizens has purchased these five coverages for many years to protect against common business risks. Citizens purchases these coverages together as a package to obtain best pricing. Citizens purchased this coverage from Liberty Mutual in 2021. Citizens obtained coverage from CNA in more recent years.

Auto insurance provides coverage for owned, rented and borrowed (employee owned) vehicles used in the course of business. The policy covers approximately 45 vehicles owned by Citizens with coverage extending to rental cars and personally owned vehicles used for Citizens business. The proposed coverage includes \$1 million combined single limit for bodily injury and property damage.

Workers Compensation 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. Employers' Liability covers other potential losses for work related bodily injury or disease not covered by Workers Compensation law, such as legal fees for a lawsuit filed by a family member of an injured worker. The proposed Employers' Liability coverage includes a \$1 million aggregate limit.

General Liability and Property insurance covers liability exposure for Citizens' office locations. Coverage is required under Citizens' building leases (Tallahassee and Jacksonville). Coverage for the Tampa office will be added at the appropriate time, with anticipated premium included in the requested \$15,000 contingency spend. The proposed General Liability coverage includes a general limit of \$1 million per occurrence and \$2 million in the aggregate. The Property coverage is for \$28,262,240 in total insurable value with replacement cost for personal property.

Umbrella coverage provides an additional \$8 million in coverage in excess of the Auto, General Liability, and Employer Liability coverages.

Quotes for these coverages were obtained by our contracted Business Insurance Agent of Record, Arthur J. Gallagher. Gallagher is responsible for soliciting quotes from the market and presenting them to Citizens with a comparative analysis and recommendations. Gallagher

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received formal quotes from CNA and Liberty Mutual for package coverage including auto, property, general liability, workers compensation and umbrella. Two other carriers declined to quote.

Liberty Mutual is recommended over the incumbent, CNA. Liberty Mutual proposed slightly lower pricing and more favorable property insurance deductibles. Most other coverage terms are comparable between the two carriers. The policy includes a 30 percent premium dividend for workers compensation coverage. This dividend is payable after expiration of the policy and is estimated to exceed \$35,000. The dividend is payable to Citizens regardless of loss experience under the policy.

The proposed coverage includes a slight premium decrease from last year. The savings are primarily due to a 15.9 percent decrease in auto premium. General Liability, Workers Compensation, Umbrella, and Property are increasing 11.9, 6.2, 14, and .2 percent respectively.

The total price for these coverages is \$292,686.00 for the one-year term. This pricing is split across the coverages as follows: Auto (\$89,479.00); General Liability (\$13,951.00); Property (\$33,253.00); Workers Compensation/Employer Liability (\$128,866.00); and Umbrella (\$27,137.00).

Approval is also requested for \$15,000 in contingency spend for changes during the policy period. This includes anticipated premium for the new Tampa office location, as well as more routine changes such as a new vehicle. This additional premium, as needed, will be recouped under a 30 percent workers compensation premium dividend payable after expiration of the policy.

## Recommendation

The recommendation is stated in the attached Action Item.

## Commercial Business Insurance

 **ACTION ITEM**
 **New Contract**
 **Contract Amendment**
 **Other** \_\_\_\_\_

 **CONSENT ITEM**
 **Contract Amendment**
 **Existing Contract Extension**
 **Existing Contract Additional Spend**
 **Previous Board Approval** \_\_\_\_\_

 **Other** \_\_\_\_\_

**Action Items:** Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

**Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

**Consent Items:** Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Commercial Business Insurance
<b>Purpose/Scope</b>	<p>This Action Item requests approval to contract with Liberty Mutual for the following five commercial business coverages for a one-year policy term: Auto; General Liability; Property; Workers Compensation/Employer Liability; and Umbrella (for GL; Auto; Employer Liability).</p> <p>The coverage term is January 1, 2025 through December 31, 2025.</p> <p>Approval is also requested for \$15,000 in contingency spend. This includes anticipated premium for the new Tampa office location, as well as more routine changes such as a new vehicle. This additional premium, as needed, will be recouped under a 30 percent workers compensation premium dividend payable after expiration of the policy.</p>
<b>Contract ID</b>	<p>Commercial Business Insurance</p> <p>Liberty Mutual</p> <p>Arthur J. Gallagher – Business Insurance Agent of Record</p> <p>Contract No. 21-21-0008-00</p>
<b>Budgeted Item</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

## Commercial Business Insurance

<b>Procurement Method</b>	Quotes for these coverages were obtained by our contracted Business Insurance Agent of Record, Arthur J. Gallagher. Gallagher is responsible for soliciting quotes from the market and presenting them to Citizens with a comparative analysis and recommendations. This contract with Gallagher was procured in 2021 pursuant to Request for Proposal No. 21-0008 for Business Insurance Agent of Record. The Board approved the contract on July 14, 2021. It includes a three-year base term and a two-year renewal term.																												
<b>Contract Amount</b>	<table border="1"> <thead> <tr> <th><u>Policy:</u></th> <th><u>Insurance Carrier:</u></th> <th><u>Premium:</u></th> <th><u>Change %:</u></th> </tr> </thead> <tbody> <tr> <td>Property</td> <td>Liberty Mutual</td> <td>\$33,253</td> <td>+ .16%</td> </tr> <tr> <td>General Liability</td> <td>Liberty Mutual</td> <td>\$13,951</td> <td>+11.92%</td> </tr> <tr> <td>Auto</td> <td>Liberty Mutual</td> <td>\$89,479</td> <td>-15.91%</td> </tr> <tr> <td>Umbrella</td> <td>Liberty Mutual</td> <td>\$27,137</td> <td>+13.95%</td> </tr> <tr> <td>Workers Compensation/ Employer Liability</td> <td>Liberty Mutual</td> <td>\$128,866</td> <td>+6.2%</td> </tr> <tr> <td><u>Total Cost</u></td> <td></td> <td>\$292,686</td> <td>-1.53%</td> </tr> </tbody> </table>	<u>Policy:</u>	<u>Insurance Carrier:</u>	<u>Premium:</u>	<u>Change %:</u>	Property	Liberty Mutual	\$33,253	+ .16%	General Liability	Liberty Mutual	\$13,951	+11.92%	Auto	Liberty Mutual	\$89,479	-15.91%	Umbrella	Liberty Mutual	\$27,137	+13.95%	Workers Compensation/ Employer Liability	Liberty Mutual	\$128,866	+6.2%	<u>Total Cost</u>		\$292,686	-1.53%
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<b>Contract Terms</b>	<p>The term for these policies is January 1, 2025 to December 31, 2025.</p> <p>Insuring Company: Liberty Mutual</p> <p>Financial Strength: A (Excellent) A.M. Best Rating</p>																												
<b>Board Recommendation</b>	<p>Staff recommends that the Board of Governors:</p> <ol style="list-style-type: none"> <li>Authorize the purchase of Auto; General Liability; Property; Workers Compensation/ Employer Liability; and Umbrella (GL; Auto; Employer Liability) coverage with Liberty Mutual for a one-year term beginning on January 1, 2025 and ending on December 31, 2025, for a total annual premium of \$292,686.00, as set forth in this Action Item;</li> <li>Authorize up to \$15,000 in contingency spend for increases in premium due to changes during the policy period, including the new Tampa office location; and</li> <li>Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li> </ol>																												
<b>Contacts</b>	Brian Newman, General Counsel & Chief Legal Officer																												