

**AGENDA MINUTES
CITY COUNCIL
CITY OF ARCADIA
TUESDAY, OCTOBER 15, 2013
6:00 P.M.**

The following minutes are a verbatim account of Agenda Item 13 heard before the Arcadia City Council on Tuesday, October 15, 2013.

13. Changes to Insurance Limits (Lew Ambler/DeSoto Insurance)

Mr. Ambler: Good evening. I'm Lewis Ambler, 243 N. Brevard, Arcadia, Florida. The City's property and casualty insurance renewed on October 1st. In a lead up to that, Judi and I discussed a number of different options to maybe save the City some money and there was no much combination of what was going on with your issues that you had to deal with with the budget and the group insurance that became a part of that, we felt like that it was just something that could be postponed and we can do it now and there's no penalty for doing it now. You can get the savings. That's why I'm here now after the fact sort of. Which page do yall have first? Is that the one that looks like this? Okay, this page outlines the current coverages and limits that the City currently has and lists one or two options to change the coverage to save money. The first line is automobile insurance. If you get a City car that was in a wreck and hit something and we have a liability claim. First of all, the City has protection of sovereign immunity and I'll let Mr. Wohl explain that if you want to.

Mr. Wohl: Right, essentially your capped sovereign immunity caps your liability at 2 and 3, and then in the event there is liability exposure exceeding that amount, essentially a claimant would have to pursue a claims bill to Tallahassee to recover any more than that. Meaning Tallahassee, the legislation, a law would have to be passed essentially waiving the City's sovereign immunity as to that particular instance. So you have that protection there. Again, that doesn't mean there's no guaranteed max cap limit.

Mr. Ambler: These limits seem high if you look at them. You currently have \$2,000,000.00 for all real liability insurance and you say why do I have to have that, we have sovereign immunity. Well, it might be a case where the City was clearly at fault, negligent, and the claim was sustained for more and the company might pay it anyway because it was obvious. It might be a case where they went and got a claims bill and the money was there to pay the claims bill. If somebody goes to the legislature and gets a claims bill against the City, the City's got to pay it. It doesn't come out of state money. It comes out of City money. You've got to have some way to pay it. The current limits are \$2,000,000.00, lowering them to a million, saving about \$3200.00. General liability insurance, the biggest example of that, somebody tripping on the sidewalk and that does happen. We do have claims like that, not substantial claims, but we do have claims. Going from \$2,000,000.00 to \$1,000,000.00 there would save about \$2100.00. The public officials and employment practices liability policy is currently at

\$6,000,000.00. There's two different options quoted there, one of which would save about \$48,000,000.00, going to three, and going to seven would save about \$8,000.00. The employment practices liability is not covered under sovereign immunity. Those claims are filed under the EEOC law and they're federal action and they're outside sovereign immunity. Currently there are four claims active in that coverage. Law enforcement liability, the current is \$6,000,000.00 and the option of three would save about \$3,000,000.00. I don't know how you want to do this, Sandy, I don't know, do you want to discuss each one of these, or do you want. I don't really have a presentation on them, just going down what they have in front of them.

Ms. Vitella: Well, I think it's up to Council.

Mr. Ambler: Yeah, it's up to Council to make these decisions.

Mr. Wohl: Just for the sake of reference, who can you recall, what maybe some of the higher claims you've seen, and maybe the frequency.

Mr. Ambler: We have not seen a claim outside of the sovereign immunity limits. We haven't had a claim of over, upon any of these policies, excluding the public officials and employment practices liability and the law enforcement liability, we have not had a claim in general liability or auto liability exceeding \$50,000.00.

Mr. Wohl: You're not saying that's not going to happen.

Mr. Ambler: I'm not saying it's not going to happen tonight and that's why I'm not in a position to tell you to do this and I don't think T.J. will either. That's got to be yall's decision. Those aggregated together, if you took the most aggressive stance at that would save about \$16,000.00 by lowering it. \$16,000.00, roughly if you added 32, 21, 79 and 3. I don't have a magic wand to save \$25,000.00 in any one place. It's going to have to be little pieces to do that. The current property deductible and this is on everything except wind. This is fire, vandalism, explosion, and a car running into a building or something like that. You have a \$2500.00 deductible. Now, if you went, it lists there what the savings would be if you went up to a \$25,000.00 deductible, you'd save \$6,000.00 a year. You've had one claim since Charley that's been over \$2500.00 on property. So you certainly might want to consider taking a higher deductible on that.

Mayor Frierson: Who put the values of the property, does the insurance company do that?

Mr. Ambler: Remember we went through the appraisal process, you and I and Judi and I think Gia, sat and we went through that and that's where the values were established. The values are established on a replacement cost basis. I know you can say, well, we wouldn't replace that building, but the value is still there. You have to, you can't pick and choose which buildings you want replacement cost. To keep the blanket coverage, which is very important, blanket coverage says that we've got \$200,000.00 on this building and it is destroyed, and it costs \$400,000.00 to replace it, we're not governed by the \$200,000.00 in insurance, we're governed by the one point,

\$117,000,000.00 building coverage we have total for the City. So it's a very important thing to keep and to keep that blanket coverage, you have to have replacement cost on everything.

Mayor Frierson: What is the increase for the year on the premiums?

Mr. Ambler: The rate itself only went up about less than one percent, the rate. The increase went up, after we got through, we were able to save, there were quite a few things that we had on the list that had never been taken off. When we got through that, it was about ten or fifteen thousand, I think, for the property.

Mayor Frierson: That's just for the property?

Mr. Ambler: Yeah.

Mayor Frierson: Comments from the council? Insurance is something that you don't want unless you need it.

Councilmember Heine: That's right.

Mr. Amble: Oh, I know.

Deputy Mayor Fink: Absolutely.

Mayor Frierson: And when you need it, aren't you glad you have it? I mean everybody who went through Charley said a prayer, thank goodness for the insurance.

Councilmember Heine: With the price of everything now, even though we're up about sixteen thousand dollars from where we were last year?

Mr. Ambler: Approximately . . .

Councilmember Heine: That would give us the blanket coverage?

Mr. Ambler: That's the blanket coverage.

Councilmember Heine: I really and truly believe we better go with the blanket coverage.

Mr. Ambler: You already have that. I'm just trying to bring you some ways to lower that increase, is what I'm trying to do. That's what Judi wanted me to do.

Councilmember Heine: But is that the way to go? I mean (inaudible), but tomorrow a disaster happens and we . . .

Mr. Ambler: Well, nothing that I've quoted . . . Let's separate the liability from the property. Everything in the property, you have a 3% wind and hail deductible, subject to a

minimum of \$15,000.00. That's what you have for wind. You can't get a \$2500.00 deductible for wind. Nobody sells it in Florida. We can raise that, but I don't think you want to raise that. I think \$15,000.00 is the most you want to take on on a wind lost, if we have another Charley. You have to say, we could probably stand a \$10,000.00, if a building burned down, we could probably stand a \$10,000.00 loss. That's the way I think I would look at it and that would save some money. From the liability standpoint, because of sovereign immunity, you've got some built in protection and you might think it would be a reasonable assumption that you could lower some of these amounts since you don't have bad claims experience.

Mr. Wohl: What Lew, what we're talking about sovereign immunity, and you said you can't ever recall an auto or general with more than 50 and your current limit is \$2,000,000.00 and what he's doing is, you could lower it to \$1,000,000.00 and save yourself \$3300.00 on auto and a little over \$2,000.00 doing the same thing on general liability.

Mayor Frierson: That would bring it down to about (inaudible) . . .

Mr. Wohl: The same issues, essentially Lew's giving you options to save money by reducing your policy limits.

Mayor Frierson: We need some Council input on this.

Deputy Mayor Fink: Madam Mayor, I think that the property insurance is something that we should think about raising the deductible and the auto liability as well to lowering the limit to \$1,000,000.00.

Mayor Frierson: Okay we lower the auto liability to \$1,000,000.00 and the property, what are you talking about?

Deputy Mayor Fink: I'm leaning more towards the \$25,000.00.

Mayor Frierson: The \$25,000.00?

Deputy Mayor Fink: Yep. I believe that's reasonable. I would like to keep law enforcement and the political, the public official's liability fairly high just in case. You never know.

Mayor Frierson: Have we ever had a claim on that, Lew?

Mr. Ambler: Oh yes.

Mayor Frierson: Oh we have?

Mr. Ambler: Oh yes.

Mayor Frierson: A sizable one?

Mr. Ambler: They're going to be sizable.

Mayor Frierson: Shame on them.

Mr. Ambler: Well, I don't really want to talk about individual claims. This isn't the place for that, but, because I believe that's the one thing that's exempt from the Sunshine Law.

Deputy Mayor Fink: Yeah. I think we need to think about not going any lower than \$3,000,000.00 on the public officials and the law enforcement, leave it where it is, but that's me.

Mayor Frierson: We're at 6 on law enforcement.

Deputy Mayor Fink: I understand, yeah. I figured we could drop that one down and keep the law enforcement at 6.

Mayor Frierson: Keep the law enforcement at 6?

Deputy Mayor Fink: Yeah.

Mayor Frierson: Does the Marshall want to weigh in on the law enforcement? Put you on the spot here, Marshall.

Marshall Anderson: Unfortunately, like was just said, if you do right, you're going to get sued and if you do wrong, you're going to get sued. So, I think leaving it the same is probably the best bet. I agree.

Deputy Mayor Fink: And I'm not saying it's right or wrong . . .

Marshall Anderson: I'm not saying you are. I agree with what you're saying. I mean, I've been there 25 years and it's an old case, I think I can talk about it. We got sued because we tasered somebody. We did nothing wrong at all. We followed the procedure. We followed state law. We did everything, the guy was resisting, he had a gun, we tased him and the insurance company thought it was best we settle out of court because it was cheaper. Perfect example.

(inaudible)

Deputy Mayor Fink: Considering the condition of the sidewalks in the downtown area, I would suggest for \$2100.00, we might want to keep it as it is.

Mayor Frierson: I was thinking the same thing.

Mr. Wohl: For clarification for Lew, for each one that you kind of had a contingency on, maybe make a motion . . . (inaudible).

Deputy Mayor Fink: Madam Mayor, would you like me to make a motion?

Mayor Frierson: Yes

Mr. Ambler: You can make it all one motion, as far as I'm concerned (inaudible)

Deputy Mayor Fink: Madam Mayor, move the auto liability down to \$1,000,000.00, general liability to stay at \$2,000,000.00, the political liability to go down to \$3,000,000.00, law enforcement to stay at \$6,000,000.00, and property to go to a \$25,000.00 deductible. Did I cover everything?

Mayor Frierson: You covered everything. That saves a little bit.

Deputy Mayor Fink: Considerably.

Mayor Frierson: Well yeah. How about it, Councilman Heine?

Councilmember Heine: That's fine.

Mayor Frierson: That sounds good?

Councilmember Heine: That's fine. Yes.

Mayor Frierson: We need a second.

Councilmember Heine: Second.

Mayor Frierson: Councilman Allen, do you want to weigh in on this?

Councilmember Allen: Do we have a second on it?

Mayor Frierson: Yes.

Councilmember Allen: No.

Mayor Frierson: Any comments from the public on it?

NONE

No discussion followed and it was unanimously, 4-0, approved.

Mr. Ambler: I'll have the administrator sign the forms indicating it. Okay, if I haven't glazed your eyes over enough, we're going to talk about workman's comp now. There are basically four options, five options in workman's comp. One is the fully insured plan with no deductible and that's what you have now. This sheet right here, let's see which one do I want to start with. This sheet right here outlines what the past 4 years would have been under a

\$5,000.00, a \$10,000.00, a \$25,000.00 and a \$50,000.00 deductible. There are per claim deductibles. What the cost, the first column on this sheet, the second column on this sheet, is the out of pocket money the City would have paid for claims under \$5,000.00 on each one of those years. Then skip over to the \$10,000.00, that's what it would have been, \$25,000.00 and \$50,000.00 is the same. If you go to this sheet right here, it gives you what, and I averaged what the cost was per year under each one of those plans and if you take each one, the deductible plans, and you apply, of course you get a premium credit when you take a deductible in workman's comp. If you apply the premium, factor in that credit, and you add the average cost of those 4 years, it gives what your total cost would be for your workman's comp under each plan. If you go to this sheet, it puts all that together and it takes the cost versus the savings that you get on the premium. Are these in color or black. I'm sorry black's not going to be able, you're not going to be able to see that. Everywhere it's black, the City would have lost money because you would have paid more out as the deductible part of the claim (inaudible).

Mayor Frierson: So you're saying 2011 and 2012, all of that is black.

Mr. Ambler: Yes, under all four options. That was a particularly bad year for claims, very bad for the City. The City had three or four substantial claims that year. Last year was very good. There's been some things done and I think that's going to continue. We've had a lot of good results from loss control. But, I'm not here to tell you to take one of these deductibles. I've seen institutions that had high workman's comp costs that took them and were happy and were glad they did and I've seen them cuss me for even telling them about it, even though I didn't make the decision.

Mayor Frierson: Kind of like being a council person.

Mr. Ambler: Right, but I don't know, last year if you'd had a \$5,000.00 deductible, you'd have paid out \$2427.00 in claims expense in that deductible. You'd have saved \$7900.00 on your premium, so you'd have been \$5500.00 better off to do that. Is that going to happen this year? I don't know if Sandy wants to wager on that or not. You don't know because people get hurt doing their job and that's what workman's comp is for. No matter, in the best of circumstances, no matter how careful, no matter how safety conscious you are, there are accidents and unfortunately workman's comp accidents can be very expensive. You don't have to take any action to keep it like it is. I'm just trying to make you aware of what's available in your favor.

Deputy Mayor Fink: Madam Mayor, because of the transition, I don't know if we want to change it. The stability factor might be, and I'm not suggesting, but the stability factor might be a play in this and I really don't want to put us in that area where we're going to end up paying rather than dealing with it frankly.

Mayor Frierson: Was the budget budgeted for full coverage?

Mr. Ambler: Yes.

Mayor Frierson: Well, then I would suggest we stay with full coverage and be happy we have it and be happy it's in the budget.

Deputy Mayor Fink: Until we have stability to . . .

Councilmember Heine: Motion to approve it.

Deputy Mayor Fink: Second.

No discussion followed and it was unanimously, 4-0, approved.

Mayor Frierson: One other question on the coverages, do you have any idea what the increase of that is going to be yet because we're going to (inaudible) with that?

Mr. Ambler: What did they come out?

Ms. Vitella: We still haven't gotten the final numbers.

Mr. Ambler: I thought we did last week.

Ms. Vitella: Renee was waiting on that the last I heard.

Mr. Ambler: I'm sorry, I did not bring that. I think they came in very close to what we presented.

Ms. Vitella: Yes, they're close to what you presented, but they're not exactly.

Mr. Ambler: I thought we had because we've got a policy number and cards issued and everything. I'm sorry. I didn't bring that.

Mayor Frierson: Could you e-mail it to us so we'll have some idea what we're looking at?

Mr. Ambler: Yes, I'll have Tommy do that tomorrow.

Mayor Frierson: Okay, that would be great. Thank you sir.

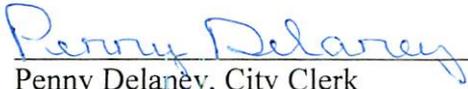
ADOPTED THIS 4th DAY OF ^{March} ~~FEBRUARY~~, 2014

By:



Alice Frierson, Mayor

ATTEST:



Penny Delaney, City Clerk