

Lee County Board Of County Commissioners

Blue Sheet No. 20061200

Agenda Item Summary

**1. ACTION REQUESTED/PURPOSE:** As required by AC 4-4, approve not to exceed expenditure of \$2,579,689.99 for the purchase of excess property and casualty insurance coverage associated with FY 10/1/06 to 9/30/07. Additionally, authorize payment to be processed upon receipt of invoice to insure timely payment by 10/31/06.

**2. WHAT ACTION ACCOMPLISHES:** Enables the county to purchase the necessary insurance in order to provide the financial risk transfer to protect the County's assets against various unexpected property and casualty type losses.

**3. MANAGEMENT RECOMMENDATION:** Approve expenditure

SEP 26 2006

**4. Departmental Category:** C1C

**5. Meeting Date:** SEP 26 2006

**6. Agenda:**

**7. Requirement/Purpose:**  
(specify)

**8. Request Initiated:**

- Consent
- Administrative
- Appeals
- Public
- Walk-On

- Statute
- Ordinance
- Admin. Code AC 4-4
- Other

Commissioner *[Signature]*  
 Department Administrative Services  
 Division Risk Management  
 By: Dinah Lewis  
 Administrative Services Director

**Background:** On June 20, 2006, the Board approved Blue Sheet 20060700 authorizing Risk Management office to commence negotiations with the number one ranked firm of Brown & Brown Public Risk Insurance Agency, for Insurance Brokerage Services. Subsequently, Brown & Brown negotiated with various markets to provide Lee County with placement/purchase of property insurance for Lee County Toll Bridges for the FY 06/07.

The Risk Management office has arranged placement/purchase of \$35,000,000 of property insurance to insure the Toll Bridges. Total cost to insure (property only) the Sanibel, Cape Coral, and Midpoint Toll Bridges was \$1.5 million, with renewal not-to exceed \$ 2,579,689.99.

However, the main reason for this dramatic increase in premium is not a result of Lee County's loss experience or change in exposure alone but a major shift in insurance market place that was caused by the 2004-2006 storm seasons that devastated the entire gulf coast, causing extensive property damage. As an effort to protect shareholder's interest, the insurance carriers reacted by; (a) withdrawing from the market place; (b) or dramatically increasing their rates; (c) reducing the available capacity; (d) and transferring more of the risk to the end consumer, by increasing the windstorm deductibles. In Lee County's case the windstorm deductible will be \$500,000 per occurrence, except for 5% of value in place for windstorms, 10% applies to Sanibel Bridge. Lower windstorm deductibles, and or an increase in property limits are not an option.

Fund will be available; Account #PE5414742101.504520, DOT Tolls, Bridge Operating, Transportation Facility - Cape Coral Bridge, Insurance and Bonds. Account #PE5414742102.504520, DOT Tolls, Bridge Operating, Transportation Facility - Sanibel Bridge, Insurance and Bonds. Account #PE5414742103.504520, DOT Tolls, Bridge Operating, Transportation Facility - MidPoint Bridge, Insurance and Bonds

**10. Review for Scheduling:**

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
					Analyst	Risk	Grants	Mgr.	
<i>[Signature]</i>				<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>

**11. Commission Action:**

- Approved
- Deferred
- Denied
- Other

RECEIVED BY COUNTY ADMIN: *[Signature]*  
 9/17/06 4:15 PM  
 COUNTY ADMIN FORWARDED TO: *[Signature]*  
 9/14/06 5 PM

Rec. by CoAtty  
 Date: 9/17/06  
 Time: 1:30 PM  
 Forwarded To: *[Signature]*  
 9/16/06 1:59 PM



**LEE COUNTY BOARD OF COUNTY COMMISSIONERS  
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## THE AGENCY

Public Risk Insurance Agency (PRIA) has established itself as one of the premier insurance services organizations for public entities in the United States. Our in-depth understanding of the unique risk exposures and operating environment of public entities allows us to tailor insurance products and services to effectively meet their needs. As the only independent insurance agency solely dedicated to the public entity market, we are uniquely qualified to meet and exceed the expectations of our clients. Our 14 years of insuring local governments has afforded us significant experience and insight into the unique challenges and constraints that our clients face.

In March 2000, PRIA became part of the Brown and Brown, Inc. family of agencies. The merger combines the talents of PRIA's highly specialized public entity group with the resources of the sixth largest independent insurance agency in the United States.

As a Brown and Brown company, PRIA has access to hundreds of insurance markets nationwide. With premium volume exceeding \$2,500,000,000, Brown and Brown is the largest agent for many national insurance companies. The buying power and premium leverage within the organization is surpassed by few agencies.

PRIA focuses on developing innovative approaches towards managing your risk. Cost effective insurance products, professional service, and commitment to client's needs are our primary goals. Proof of account satisfaction is reflected by a 97% business retention rate.



## AN INTRODUCTION TO YOUR SERVICE TEAM

**Anthony Grippa**

Executive Vice President / Profit Center Manager

**W. Paul Dawson**

Vice President / Sales Manager

**Michelle Martin**

Vice President / Account Executive

**Brian Cottrell**

Vice President / Account Executive

**Alan Florez**

Account Executive

**Ann Hansen**

Director of Operations

**Linda Burtchett**

Account Representative

**Stephanie Mayo**

Account Representative

**Robin Faircloth**

Account Representative

**Ginger Bailey**

Account Representative

Will assist with daily servicing of your account, including endorsements, client services, accounting and quality assurance.

*Our Service Team philosophy focuses on accountability at all levels of account management. Our goal is not simply to meet your service needs, but to exceed them. All of the employees at PRIA are dedicated to achieving this goal and distinguishing ourselves from the competition.*



**Peachtree  
Special  
Risk Brokers, LLC**

**825 Fairways Court, Suite 100 Stockbridge, GA 30281  
Tel: 678-284-4830 Fax: 678-284-4831 Web: www.psrllc.com**

Date: August 30, 2006

Pages: 3

To: Michelle Martin  
Brown & Brown PRIA

From: Billy Hammond for Liz White

Re: Lee County BOCC- Toll Bridges

**Quote**

We are pleased to offer the following Property quotation. Please review this quotation carefully, as the terms and conditions offered may be different than requested. A specimen copy of the policy is available at your request. You must contact us in writing to bind coverage.

**EFFECTIVE:** October 01, 2006 **TERM:** Annual

**CARRIER:** Westchester Surplus Lines Company (Non – Admitted)  
AM Best Rating: A+ XI

**DESCRIPTION:** Sanibel Island Bridges (3), Cape Coral Bridges (2), and Midpoint Bridge abutment to abutment. Roadway is excluded.

**POLICY FORM:** ACE Engineered Risk Manuscript

**TERRITORY:** This policy covers within the fifty states comprising the United States of America and the District of Columbia.

**COVERAGES:** Property Damage, Loss of Revenue, **Terrorism**

**LIMITS OF LIABILITY:** \$35,000,000  
Excess of deductibles;

The Company will pay no more than the above limit(s) in any one occurrence. In addition, the company will not be liable for more than its proportionate share of the following sublimits, which are part of and not in addition to the Limits of Liability:

**SUBLIMITS:**

Property Damage:	\$35,000,000	Per Occurrence
D/ICC:	\$1,000,000	Per Occurrence
Newly Acquired:	\$1,000,000	Per Occurrence
Debris Removal:	25%	Amount of Loss - \$1,000,000 Max.
Flood:	\$35,000,000	Per Occurrence/Annual Aggregate
Windstorm:	\$35,000,000	Per Occurrence/Annual Aggregate
Earthmovement:	\$35,000,000	Per Occurrence/Annual Aggregate

**DEDUCTIBLES:**

Real and Personal Property;	\$500,000	Per Occurrence
except:	\$1,000,000	Per Occurrence – Sanibel Island Bridges (3).
	10%	Per Occurrence - \$2,000,000 min Windstorm- Sanibel Island Bridges (3) Only
	10%	Per Occurrence - \$2,000,000 min. Flood- Sanibel Island Bridges (3) Only
	5%	Per Occurrence- \$2,000,000 min. Windstorm- Others
	5%	Per Occurrence- \$2,000,000 min. Flood- Others

Business Income: 15 Days Per Occurrence

**VALUATION:** Replacement Cost if replaced, otherwise Actual Cash Value

**CO-INSURANCE:** None

**CANCELLATION:** 60 days notice of cancellation except 10 days for nonpayment

**TOTAL INSURED VALUE:** \$606,747,995.

**COMMENTS:** Attached please find a Disclosure Notice required by the Federal Terrorism Risk Insurance Act of 2002 ("The Act"). The premium charge for the terrorism coverage is set forth on the Disclosure Notice. This forms part of the overall premium quoted above for the Company's participation.

Please be advised that we do not review Certificates of Insurance issued by you, or by any party, relating to this policy of insurance either for content or accuracy. Accordingly, we request that you do not provide copies of certificates to us for review or for our records. Authority is granted to you for the limited purpose of issuing unmodified ACORD Certificates (ACORD 25-S for Casualty and ACORD 24 for Property and Inland Marine) only. It is your responsibility to see that any Certificate provides an accurate representation of the coverage form and endorsements applicable to this policy at the time the Certificate is issued. Any modification of the approved ACORD forms specifically set forth above, or the issuance of a non-approved Certificate of Insurance ACORD or other is prohibited. Certificates of Insurance may only be issued as a matter of information. You have no authority by virtue of a Certificate or otherwise, to amend, extend or otherwise alter coverage afforded under this policy. Certificates of Insurance are never recognized as endorsements or policy change requests. You must submit a separate written request if an endorsement or policy change (including but not limited to adding additional insureds, loss payees and mortgagees and/or alteration of notice requirements for cancellation) is requested. In the event a policy change is requested, the underwriter will advise if the request is acceptable to the Company.

**ATTACHMENTS:** Policyholders Disclosure Notice of Terrorism Insurance Coverage.

**Terms & Conditions:**

25% Minimum Earned Premium

Quote is Valid Until: October 01, 2006  
Premium is due 20 days from binding  
Signed Application by both the Agent & Insured due within 10 days of binding

**Exclusions:** Standard Company or ISO Exclusions are Applicable including but not limited to:  
ACE USA Pollution and Contamination exclusion wording, mold, and Electronic Media  
Endorsement apply.

**Premium:** \$2,414,497 + \$35 Admin. Fee + \$165,153.99 Citizens Fee + \$4 FL. Surcharge  
= \$2,579,689.99  
**Includes Terrorism Premium**  
(PSR to file S/L Taxes)

**Commission:** 0%

Please contact Peachtree Special Risk Brokers in writing to bind coverage. Thank you for this opportunity

Sincerely,

Billy Hammond for Liz White

This insurance is issued pursuant to the Florida Surplus Lines Law. Persons insured by Surplus Lines carriers do not have the protection of the Florida Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent unlicensed insurer.

Surplus Lines Taxes to be filed by Christina Strobach: 621 NW 53<sup>rd</sup> Street, Suite 135, Boca Raton, FL 33487; License No: E151593



**LEE COUNTY BOARD OF COUNTY COMMISSIONERS  
PREMIUM RECAPITULATION**

	<u>Annual Premium</u>	<u>Check Option</u>	
		<u>Yes</u>	<u>No</u>
Toll Bridges	\$ 2,579,689.99	<input type="checkbox"/>	<input type="checkbox"/>

\*Premium includes applicable fees & surcharges

I authorize PRIA to request the underwriters to bind coverage on the items indicated above and acknowledge receipt of the Compensation Disclosure(s) provided in this proposal.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)





**Notes of Importance:**

1. Premiums are subject to change if all lines of coverage quoted are not bound **Premiums are subject to 25% minimum premium upon binding.**
2. Not all coverages requested may be provided in this quotation.
3. Flood quotes from NFIP may be available. Please advise your agent if you have property located in zones A or V and would like to have separate NFIP quotes.
4. Should signed application reveal differing details/data than original application received, the entire quote/binder is subject to revision and possible retraction.
5. Higher limits of liability may be available. Please consult with your agent.
6. This proposal is based upon exposures to loss made known to the Public Risk Insurance Agency. Any changes in exposures (i.e. new operations, new acquisitions of property or change in liability exposure) need to be promptly reported to us in order that proper coverage may be put into place.
7. This proposal is intended to give a brief overview. Please refer to coverage agreements for complete information regarding deductibles, sub-limits, restrictions and exclusions that may apply.



## **Retail Compensation Disclosure**

In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverage, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date the premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

Should you have any questions, or require any additional information, please contact this office. If for any reason you prefer not to contact this office, you can submit a report concerning any entity related to Brown & Brown, Inc. through Ethicspoint by e-mail via [www.ethicspoint.com](http://www.ethicspoint.com), or by toll-free call to 866-384-4277.



## **Wholesale Business Compensation Disclosure**

Wholesale Broker/Managing General Agent: Peachtree Special Risk Brokers

This intermediary is owned in whole or part by Brown & Brown, Inc., the parent company of Public Risk Insurance Agency. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc. In addition to providing access to the insurance company, the Wholesale Insurance Broker/ Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance

The compensation received by the Wholesale Insurance Broker/Managing General Agent for the services above is based upon fee. The fee for the services above is typically in the range of 5% to 15% of policy premium.

Should you have any questions, or require any additional information, please contact this office. If for any reason you prefer not to contact this office, you can submit a report concerning any entity related to Brown & Brown, Inc. through Ethicspoint by e-mail via [www.ethicspoint.com](http://www.ethicspoint.com), or by toll-free call to 866-384-4277.

We have included copies of the quotes from our Wholesale Broker in this proposal.



Guide to Bests Ratings		
Best Category	Rating	Description
Secure	A++	Superior
Secure	A+	Superior
Secure	A	Excellent
Secure	A-	Excellent
Secure	B++	Very Good
Secure	B+	Very Good
Vulnerable	B	Fair
Vulnerable	B-	Fair
Vulnerable	C++	Marginal
Vulnerable	C+	Marginal
Vulnerable	C	Weak
Vulnerable	C-	Weak
Vulnerable	D	Poor
Vulnerable	E	Under Regulatory Supervision
Vulnerable	F	In Liquidation
Vulnerable	S	Rating Suspended
Not Rated	NR-1	Insufficient Data
Not Rated	NR-2	Insufficient Size and/or operating experience
Not Rated	NR-3	Rating Procedure Inapplicable
Not Rated	NR-4	Company Request
Not Rated	NR-5	Not Formally Followed
Rating Modifier	u	Under Review
Rating Modifier	q	Qualified
Affiliation Code	g	Group
Affiliation Code	p	Pooled
Affiliation Code	r	Reinsured

Guide to Best's Financial Size Categories		
Reflects size of insurance company based on their capital, surplus and conditional reserve funds in U S dollars	I	Less than \$1,000,000
	II	\$1,000,000 - \$2,000,000
	III	\$2,000,000 - \$5,000,000
	IV	\$5,000,000 - \$10,000,000
	V	\$10,000,000 - \$25,000,000
	VI	\$25,000,000 - \$50,000,000
	VII	\$50,000,000 - \$100,000,000
	VIII	\$100,000,000 - \$250,000,000
	IX	\$250,000,000 - \$500,000,000
	X	\$500,000,000 - \$750,000,000
	XI	\$750,000,000 - \$1,000,000,000
	XII	\$1,000,000,000 - \$1,250,000,000
	XIII	\$1,250,000,000 - \$1,500,000,000
	XIV	\$1,500,000,000 - \$2,000,000,000
	XV	Greater than \$2,000,000,000

Public Risk Insurance Agency always strives to place your coverage with highly secure insurance companies. We cannot, however, guarantee the financial stability of any carrier.



**LEE COUNTY BOARD OF COUNTY COMMISSIONERS**  
**STATEMENT ACKNOWLEDGING THAT PROPERTY COVERAGE HAS**  
**BEEN PLACED WITH A NON-ADMITTED CARRIER**

The undersigned hereby acknowledges that (s)he has instructed Risk Management Associates, Inc. d/b/a Public Risk Insurance Agency to place insurance coverage(s) with a surplus lines company and understands that the insurance coverage(s) written are **not** subject to the protection and benefits of the Florida Insurance Guaranty Association.

\_\_\_\_\_  
(Name of Insured)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)