TAMARAC
The City For Your Life

AGENDA ITEM NO. 5.c

STAFF AGENDA REVIEW WORKSHOP AGENDA ITEM REPORT

DATE: August 25, 2025

SUBMITTED BY: Kimberly Dillon

ITEM TYPE: Resolution

TEMP. RESOLUTION NUMBER: TR14298

AGENDA SECTION: **Consent Agenda:**

TITLE: TR14298 - A Resolution of the City Commission of Tamarac, Florida authorizing the renewal of General Liability, Automobile Liability, Automobile Physical Damage, Workers' Compensation, and Property Lines of coverage including any endorsements with the Florida Municipal Insurance Trust (FMIT) for a one (1) year period beginning October 1, 2025 at a cost of $1,858,195 and payment of any increase resulting from the annual premium audit and/or additions to the property schedule; providing for conflicts; providing for severability; and providing for an effective date.

RECOMMENDATION: It is recommended that the City renew its property and causality insurance for FY26 with the Florida Municipal Insurance Trust (FMIT)

BACKGROUND:

Background:

The City has maintained a relationship with FMIT for over 28 years, partnering with the organization to ensure access to comprehensive, reliable, and cost-effective insurance coverage tailored to the unique needs of municipalities in Florida.

FMIT, administered by the Florida League of Cities, offers a broad portfolio of insurance products and risk management services specifically designed for local governments. The Trust’s offerings include property, general liability, automobile liability, workers’ compensation, and, along with risk mitigation resources that have supported the City in

reducing losses and managing claims efficiently.

Benefits to the City:

Over the years, FMIT has consistently provided the City with financial stability, customized risk management solutions, responsive claim services and disaster recovery support.

Given FMIT's proven track record, alignment with municipal values, and deep understanding of governmental operations, it remains a trusted and strategic partner. The City of Tamarac continues to benefit from FMIT's guidance in maintaining a safe workplace, protecting public assets, and navigating the evolving insurance landscape.

Risk Management has routinely compared other insurance offerings in the past, but other carriers did not have the range of auxiliary coverage and benefits offered by FMIT. One main benefit is that FMIT provides catastrophic, turn-key assessment and recovery services that will save the City both time and personnel resources in the event of a major event such as a hurricane, and would expedite our return to business, as normal. Additionally, legal expenses incurred in connection with a claim are provided by FMIT. This means that the insurer pays these expenses separately from the per-claim limit of coverage. This provision ensures that the full policy limit remains available for the payment of settlements or judgments, regardless of the legal expenses incurred during the defense of a claim.

As a local government risk-sharing pool, FMIT's financial stability and strong solvency ratios allow it to effectively manage the risks of its members. This ability to pool risks and potentially absorb larger losses can translate into more favorable rates for member entities like municipalities, especially compared to commercial insurance providers who might be more sensitive to individual histories.
Furthermore, unlike a traditional assessment policy, FMIT provides for a non-assessable policy arrangement. In a non-assessable arrangement, the policyholder's liability is limited to the amount of premium paid. If the insurance pool

experiences losses that exceed its funds, it cannot request more money from its members to cover the deficit. The pool must find alternative ways to cover the losses.

FMIT Program Pricing for FY2026

Based on the negotiated pricing with the FMIT, the chart below reflects insurance pricing and deductible limits that we are recommending. **(Please see the chart in the attached memorandum).**

The City's overall property and casualty insurance premium for all lines for FY26 has decreased by a little more than 2% or -$41,408.00 from FY25. This is the first time since 2020 that the City has recognized a decrease in overall premiums. Although the cost of property insurance increased throughout the State over the last several years and experienced a significant increase in FY24. Additionally, Worker's Compensation rates are more favorable as we have lowered our experience modifier, which, in turn, gives us a greater discount in our worker's compensation rate. Lastly, the significant cost reduction is provided in the property renewal with premium decrease of $97,070.00.

General Liability/Professional Liability ($25,000 deductible)

General/Professional Liability premiums increased by 4.92% or $18,466.00, which remains within the projected increase of 15%. Florida's legal environment has historically prompted excessive litigation and high lawsuit settlements. While legal reforms – shifting from pure to modified comparative negligence – are underway, insurers continue to factor in past liabilities when setting premium rates.

Automobile Physical Damage and Automobile Liability

($10,000 Physical Damage Deductible (most vehicles) and $25,000 Liability Deductible):

This year's automobile premium increased by 31.10% or $42.950.00. The premium charges for these lines of coverages tend to fluctuate as we add and remove vehicles. The increase is also influenced by our claim's history and the rising market value of our vehicles. Currently, the City has 220 vehicles on schedule with more than 23 of them valued at more than $100,000. These higher values are largely due to advanced vehicle technologies, such as electric and hybrid systems, as well as enhanced features like sensory bumpers. While these innovations improve vehicle performance and safety, they also lead to higher repair costs, which in turn contribute to increased premium rates set by the insurer.

Property Insurance:

The Florida Legislature has deployed multi-pronged, multi-year legislative strategy to help reduce property insurance costs. The cost reduction strategies have provided marketplace incentives for property carriers throughout the State, to provide competitive premium renewals. For the first time since 2018 the City has received a reduction in property premiums of -8.74% or -$97,070.00.

The City's windstorm deductible (per-named storm) remains at 5% of the covered loss or damage per occurrence, per location, caused by the named storm. This is comparable to hurricane deductibles statewide and for other municipalities in Broward County.

Worker's Compensation ($25,000 deductible):

The City's workers compensation premium recognized a decrease of -2.70% or -$7,105.00. The workers' compensation premium continues to recognize a sizeable premium discount as a direct result of our exceptional loss

experience.

Miscellaneous:

This year's Cyber liability increased by 10.25% or $1,351.00. Cyber liability provides coverage for a possible financial loss, disruption, or reputational damage from a cyber incident such as a data breach or cyber-attack.

Additional FMIT Benefits:

FMIT offers several unique services that are not available through other carriers. Notably, they provide the turn-key on-site recovery support both before and after a loss. This includes deploying insurance personnel who establish a base location either nearby or within our Emergency Operations Center. This immediate presence allows for rapid damage assessment and response as soon as conditions permit following a storm. As of FY2021, FMIT added a "property mitigation coverage" extension with no deductible for emergency stabilization service, which included water removal, emergency repairs, demolition and tarping up to $500,000 per named storm. The City has already benefited from this benefit at Fire Station 36 during Hurricane Nicole in 2022. The City's total cost was $0 for the repair as FMIT covered the full expense.

Throughout the year, FMIT also offers a quarterly safety grant program, and the City has been successful in obtaining this grant the last several years. To date, we have received over $50,000 in safety grants. The City expects to receive an additional $6,000 to assist the City in purchasing safety-related equipment in FY26 for safety equipment, training and/or apparel.

Lastly, FMIT offers on-site safety program assistance and online or in-person safety training for employees at no additional cost, which the City utilizes on a regular basis.

Premium History

The following graph shows the total FMIT premium costs per fiscal year for all lines of coverage. The premiums change based on insurance market rates in a particular year, catastrophic losses, legislative action, reinsurance pricing, City's property values and loss experience. In addition, due to additions and deletions of vehicles and property during the year, the premium will decrease and increase accordingly. These fluctuations are reflected in the graph below. **(Please see the graph in the attached memorandum).**

Annual Premium Audits

In the event the City acquires a new property, or an automobile valued over $100,000 during the fiscal year, FMIT will endorse the item onto the policy and will adjust the premium accordingly – either adding or deducting the prorated amount for the remainder of the fiscal year. Conversely, if a covered piece of equipment or automobile is removed from the schedule, the City will be entitled to a prorated premium reimbursement.

The information below reflects the past five (5) FMIT premium audits:

- FY20/21 Balance owed $26,639.00
- FY21/22 Balance owed $20,570.00
- FY22/23 Balance refunded ($4,094.00)
- FY23/24 Balanced owed $23,225.00
- FY24/25 Balance owed $33,092.00

Claims History

The chart below outlines the total number of claims reported

over the past five years.

Please note that the miscellaneous coverage item was not included in the graph, as there have been no reported losses. **(Please see the graph on the attached memorandum).**

Conclusion

Following a thorough analysis of all available information including current market conditions, insurance carriers, financial statements, the staff recommends that the City renew its Property, General Liability, Automobile Liability, Automobile Physical Damage, and Workers' Compensation lines of coverage with the Florida Municipal Insurance Trust (FMIT) for FY26 for $1,858,195.00.

Fiscal Impact

Funds for this expenditure are available in Account #504-8410-519.45-01 - Premiums Property/Liability and Account #504-8410-519.45-02 - Insurance Premiums Workers' Compensation. This is an annual contract (October 1, 2025, through September 30, 2026), with options to renew each year based on acceptable conditions and premium pricing.

ISSUE: Florida Municipal Insurance Trust (FMIT) FY26 Insurance Coverage Renewal.

STRATEGIC GOALS: Goal #1: Tamarac is Home

ATTACHMENTS: