



FLORIDA MUNICIPAL INSURANCE TRUST

Dear FMIT Membership Family,

This past policy year, we were proud to celebrate the 40th anniversary of the Florida Municipal Insurance Trust (FMIT or Trust) with you. Throughout our 40 years, FMIT has stood strong as a benchmark-setting market leader among Florida public entity risk pools and among state league-sponsored risk pools across the country. The credit for this success belongs to you and your organization's trust in FMIT as your risk management partner. Whether you have been an FMIT Member for one year or all 40 years, we would like to **Thank You** for your support and membership.

We would also like to take this opportunity to share with you FMIT's financial results for the Trust's financial year concluded September 30, 2017. We are proud to report that your Trust remains in tremendous financial health with an **audited net position (or "surplus") of \$202.4 million and total assets of \$496.1 million**. One of the primary financial strength indicators of an insurance carrier is the premium-to-surplus ratio, which represents how much surplus there is to pay claims for every dollar of written premium. With \$131.9 million of net written premium, your Trust has a fantastic premium-to-surplus ratio of 0.65 (the lower, the better). Flipping this ratio around – FMIT has \$1.53 in surplus to pay claims for every \$1 of written premium. This \$202.4 million in surplus acts as additional "cushion" to \$274.1 million the Trust has already set aside to satisfy claim obligations. It is this financial strength that makes FMIT more than just another insurance company but instead, a true "partner" in risk management. As your risk management partner, we routinely retain a bigger portion of risk to keep your premiums competitive; we offer the Return-of-Premium Property Program; we put forth coverage enhancements uniquely geared toward the needs of public entities and we invest in risk and safety management programs designed to lower your insurance costs.

Enclosed you will find the annual *Notice of Change in Policy Terms* for the upcoming 2018-2019 policy year. While some are technical in nature and simply seek to clarify coverage intent, we are very excited to offer you several coverage enhancements approved by your FMIT Board of Trustees. These changes reflect the Board's continued commitment to provide beneficial coverages custom-tailored to the unique insurance needs of public entities. Some of the highlights include:

- **Wind Driven Rain Property Coverage (Property):** Last year following Hurricane Irma, we saw many other insurance carriers and risk pools denying claims due to wind driven rain property losses. While this is a common exclusion for typical commercial and residential property insurers and risk pools, your Board quickly took action to cover these types of losses for FMIT Members and issued a mid-year coverage endorsement. I am proud to report that your FMIT Board has amended the 2018-2019 property coverage agreement to make this Wind Driven Rain Property Coverage enhancement a permanent addition to your FMIT property coverage.

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- **Property Damage Mitigation Coverage (Property):** With any Named Storm, whether a tropical storm or hurricane, many Members will experience property losses where water has intruded into buildings, but the damages fall below the building's Named Storm Deductible. This new coverage enhancement allows FMIT to provide immediate stabilization services (such as water extraction and remediation services), through its disaster recovery partnership and vendor network. Our goal is getting your buildings operational and returning you to business-as-usual as efficiently as possible. This new coverage offers you a \$500,000 per-occurrence limit with no deductible, and is in addition to your Extra Expense coverage and limits.
- **Terrorism-Related Active Shooter Coverage (Property):** Unfortunately, there has been a significant increase in active shooter incidents over the past few years. FMIT has expanded coverage under its terrorism coverage to include crisis management coverage at Member locations for terrorist incidents, including active shooter incidents. This new coverage offering can provide experienced crisis management professionals to help you, your organization, and your community effectively manage in the aftermath of these terrible events.

In addition to the coverage enhancements discussed above, the FMIT continues to offer the following coverage benefits and services that distinguish FMIT as a leader among its competitors:

- **Dedicated Property Limits:** For FMIT property Members, the property limit in your policy is dedicated solely to you and not shared among the rest of the FMIT Membership. As an FMIT property Member, you can take comfort that there will not be a pro-rata limit payout in the event of a significant loss across the Membership. Your full coverage limit will always be available to you, especially after a natural disaster when you need it the most.
- **No Annual Aggregate Limits on Professional Liability Coverages:** FMIT continues to offer per-occurrence limits on professional liability coverages (Public Officials Liability, Errors & Omissions Liability, Employment Practices Liability) with no annual aggregate limit. These types of claims are often not subject to sovereign immunity caps and, thus, can be quite costly. If there were an annual aggregate limit on these coverages, one claim could exhaust your entire limit for the policy year. Recognizing that this coverage is essential to public entities, FMIT continues its practice of providing you coverage without annual aggregate limits to help safeguard your organization's reserves.
- **Return-of-Premium Property Program:** For more than a decade, FMIT's renewing property Members have enjoyed this dividend program where the Trust returns a portion of your property premium. Over the past 11 years, FMIT will have **returned \$78 million to the FMIT property Membership**. In some cases, FMIT's Return-of Premium dividend checks have helped Members make critical decisions such as funding for essential projects or providing employee raises or bonuses.

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- **Return-to-Work Focus:** For FMIT Workers' Compensation Members, one of our primary goals is your injured employees' return to work, as safely and timely as possible. Not only does this focus help you maintain productivity levels among your workforce, but it also helps in stabilizing your workers' compensation premium.
- **Best-in-Class Disaster Preparedness and Recovery Program:** Since the major hurricanes in 2004-2006, FMIT has built a proactive Disaster Preparedness and Recovery Program unmatched by any commercial property insurance carrier. The Program benefits are robust and our philosophy is simple – FMIT will be there for you before, during and after a major weather event. Through our partnership with Synergy, FMIT can place resources on the ground before the storm, help ensure your impacted buildings receive immediate stabilization resources to avoid additional damages and return your organization to normal operations as efficiently as possible.
- **Hometown Health Program:** Health and wellness are the goals behind FMIT's Hometown Health Program. Similar to our Disaster Preparedness and Recovery Program, the Trust's health insurance programs are driven by prevention and proactiveness. For FMIT Health Members, our Hometown Health Program and its many wellness initiatives aim to proactively improve the overall well-being of your employee population – designed to not only reduce your health claims and premiums but, more importantly, increase the overall physical and mental fitness of your workforce. Studies have shown a healthier workforce helps improve organizational safety, health and productivity; attract and retain a high-performing workforce; and minimize healthcare costs. Recognizing this connection between workforce well-being and organizational benefits, FMIT continues to enhance its Hometown Health Program with you and your organization in mind.

We are proud to share this update about your Trust's financial health and we are extremely excited about the upcoming 2018-2019 policy year. We truly value your continued partnership with the FMIT, as you and the rest of the FMIT Membership Family are the reason for your Trust's long-term success. As part of our family, you can always count on us to be ***your Resource, your Advocate and your Partner*** for all your insurance needs.

If you ever have any questions, please contact your designated *Account Executive*, our *Director of Trust Services* (Clay Austin at CAustin@flcities.com), or me personally at CKrepcho@flcities.com. And again, **Thank You** for your trust and partnership as a Member of FMIT.

Sincerely,

Chris Krepcho | *Director of Insurance Services*

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NOTICE OF CHANGE IN POLICY TERMS Florida Municipal Insurance Trust 2018-2019 Coverage Year

GENERAL LIABILITY/PUBLIC OFFICIALS LIABILITY COVERAGE

Base Coverage Agreement (FMIT CA)

Definitions:

- E. **“Blanket Coverage.”** Amended to clarify that the term refers to certain covered first-party property damage claims.
- G. **“Claim.”** Added new definition for this previously undefined but common term used throughout the Coverage Agreement.
- HH. **“Damages.”** Amended to state the term means sums sought or ordered by a court to be paid as compensation for loss or injury.
- L. **“Employment Practices Liability.”** Amended to remove Public Employee Relations Commission (PERC) from scope of covered Employment Practices Liability (EPL) claims. Also, rearranged misplaced wording related to covered civil rights claims arising from EPL actions.
- M. **“Errors and Omissions.”** Amended to clarify scope of coverage applies to any error, omission, misstatement, neglect or breach of duty for which a Claim alleging Member liability for Damages is made. Further, amended definition to specify that other types of liability covered elsewhere in the policy or that are expressly excluded from the policy are excluded from this definition.
- N. **“Incidental Contract.”** Amended to add “Interlocal Agreements” to existing list of covered contracts.
- O. **“Incidental Medical Malpractice Injury.”** Amended to clarify coverage applies to non-medical professional employees or agents of insured Member.
- V. **“Occurrence.”** Amended to remove list of all liability types for brevity and restated definition to include an event or accident which results in a claim for damages covered by the Coverage Agreement.

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- Z. **“Property Damage.”** Amended to clarify the definition excludes inverse condemnation, takings or private property rights deprivations.
- DD. **“Suit.”** Amended to remove list of all liability types for brevity.

Exclusions:

Amended the following exclusions respectively, to provide the exclusions apply to any claim, suit or liability arising when such claim types occur:

- A. **Breach of contract claims**
- F. **Airport or airfield claims**
- G. **Pollution claims**
- H. **Lead exposure claims**
- S. **Inverse condemnation claims**
- RR. **Cyber liability claims**

- DD. **Non-monetary relief claims.** Amended exclusion to specify additional types of claims for non-monetary relief which are excluded from coverage. Further, clarified that when non-monetary claims are the only causes of action contained in a suit, such claims or suits are also excluded.

COVERAGE ENDORSEMENTS

Errors and Omissions (E&O) Liability Endorsement

Amended endorsement name to “Public Officials E&O and Employment Practices Liability Endorsement” to more accurately reflect coverage content. Reorganized subsections. Amended coverage grant wording to mirror base general liability form. Amended Definitions subsection by adding a “Civil Rights Liability” definition. Amended E&O Exclusion subsection by excluding Employee Benefits Program E&O from ordinary E&O coverage. Also, amended E&O Exclusion section by clearly limiting coverage to defense only for claims that allege fraudulent, dishonest acts, etc. and for which a final judgment confirms such deliberate or fraudulent acts.

Employee Benefit Program Administration Errors and Omissions Endorsement

Amended coverage grant wording to mirror base general liability form. Amended Definitions subsection with clearer definition of “Employee Benefit Program Errors and Omissions.” Also,

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amended Exclusions subsection to exclude all other types of liability from Employee Benefit Program Errors and Omissions coverage.

Law Enforcement Liability Endorsement

Added coverage grant wording to mirror base general liability form. Also, amended Definitions subsection by adding a “Civil Rights Liability” definition.

Medical Directors/EMTs Endorsement

Amended endorsement to specify the phrase “Medical Attendants” refers to Emergency Medical Technicians and Paramedics. Further, amended Exclusions section to state the potentially relevant coverage exclusion “T.” does not apply to this endorsement.

FMIT 2-Year Rate Program

Amended endorsement to add Member deductible as one of the coverage terms which must remain unchanged from year one to year two as a condition for fixed rate.

Base Coverage Agreement (FMIT CA- School Entities)

Amended school entity General/Professional Liability Coverage Agreement form to conform with all changes to non-school entity General/Professional Liability Coverage Agreement form.

PROPERTY COVERAGE

COVERAGE EXTENSIONS

Immediate Stabilization and Property Damage Mitigation Services

Added a new coverage extension “x.” to provide new coverage for immediate damage stabilization and loss mitigation services.

COVERAGE ENDORSEMENTS

Named Storm Percentage Deductible Endorsements (A and B)

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Amended endorsements to add coverage for wind driven rain. Further, added clarification that all non-storm surge flooding is excluded from this endorsement, and is therefore covered as elsewhere provided in the Coverage Agreement.

Broad Form Property Damage Endorsement (Damage to Property of Others)

Amended endorsement by creating subsections for coverage grant, coverage exclusions and coverage limit. Further, amended Exclusions section to state the potentially relevant coverage exclusion "M." does not apply to this endorsement."

Terrorism-Related Property Damage Endorsement

Amended endorsement to add new coverage for approved crisis management firm services following Terrorism events.

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