

Four Seasons of a Property & Casualty Renewal

Property & Casualty Team



Clay Austin

Director, Insurance
Member Services
caustin@flcities.com



Tom Conley

Account Executive
tconley@flcities.com



Mike Morrill

Account Executive
mmorrill@flcities.com



Lyndsey Johannesen

Account Executive
ljohannesen@flcities.com



Tyler Denahan

Account Executive
tdenahan@flcities.com

Purpose: Understanding The FMIT Calendar Year

**Timeline from the FMIT's
perspective for the 'when' and
'why' of the renewal process**



First Season: Audits

October – January

- ▶ Each year, your City's workers comp policy is audited to "true up" the projected payrolls you provided back in June to the actual payrolls now that the year has ended.
- ▶ FMIT uses third-party audit firms. The auditor may move a particular employee's payroll to a more appropriate class code based on their duties or title.
- ▶ Changes to property & auto schedules made between 6/1 – 10/1 are also captured at audit.
- ▶ Refunds/invoices are typically issued around March.

Audit Example

| WC Payroll Class Code | FY 23/24 Estimated Payroll | FY 23/24 Rate per \$100 Payroll | FY 23/24 Renewal Manual Premium Paid | FY 23/24 Actual Payroll | FY 23/24 Manual Premium based on Actual Payroll | Difference |
|-----------------------|----------------------------|---------------------------------|--------------------------------------|-------------------------|---|------------|
| 5509 | \$35,000 | \$8.51 | \$2,979 | \$27,480 | \$2,339 | \$(640) |
| 8810 | \$56,160 | \$0.15 | \$84 | \$44,827 | \$67 | \$(17) |
| 8820 | \$15,000 | \$0.11 | \$17 | \$21,600 | \$24 | \$7 |

| | | | | | | |
|-------|-----------|--|---------|----------|---------|---------|
| Total | \$106,160 | | \$3,079 | \$93,907 | \$2,430 | \$(650) |
|-------|-----------|--|---------|----------|---------|---------|

Balance due to Member

Estimated Payroll collected in May of 2023

Audited Payroll collected in October – December 2024

Second Season: Budgeting

February – May

- ▶ What are the factors involved in predicting premiums?
- ▶ Brief overview of market
- ▶ Rate, exposure, experience
- ▶ Property: Not experience rated but based on exposure and largely global property insurance market rates for Florida commercial risks
- ▶ Details on CAT modeling – what metrics do we use to understand geographic risk
- ▶ Liability
- ▶ Auto in FL – GL/PL – Sovereign Immunity Update – WC, double-checking class codes

Insurance Budgeting Basics

- ▶ **Three elements considered for your premiums:**
 - ▶ **Exposure Changes:** Exposure is the rating basis and differs by line of coverage
 - ▶ **Payroll (\$):** GL, E&O, Cyber, Workers Compensation
 - ▶ **LEOs (#):** Law Enforcement Liability
 - ▶ **Autos:** AL (#) and APD (\$)
 - ▶ **Property (\$):** Values of covered property
 - ▶ **Rate Changes:** Determined by the Board annually (June), this rate per unit of exposure is proposed by an independent actuary and applies consistently across all Members
 - ▶ **Experience:** Calculated factor by Member used to understand whether losses are running better/worse than expected. Protections are in place within the calculations to limit the impact of severe “shock loss” claims.

Third Season: Underwriting

May – August

- ▶ Underwriting requests updated exposure information:
 - ▶ The underwriting team begins preparing insurance policies for the upcoming year in May. It is essential to submit your renewal information in a timely manner to ensure a timely renewal.
- ▶ May 1 is a good time to reach out to HR and Finance if you are not in one of those divisions and ask for:
 - ▶ Projected payrolls/new hires/department changes – understand payroll changes especially for police/fire/public works/parks and recreation
 - ▶ Auto changes by department
 - ▶ New buildings or property acquired or plans to acquire/renovate/occupy

Third Season: Underwriting

May – August

- ▶ Depending on the size of your city, you may know all of the assets the city has, or you may have several people/departments/divisions that are responsible for maintaining assets/schedules. To be the best steward of city resources, it is best practice to have a process in place annually to review what assets are still owned/maintained by the city and which ones have been sold/retired.
 - a) Fleet services may have autos/inland marine
 - b) Public works may have building schedule additions/deletions

Third Season: Underwriting

May – August

- ▶ NCCI Experience Modification Factor
 - ▶ Workers Compensation is a key coverage to provide care/compensation for your injured workers
 - ▶ The National Council on Compensation Insurance (or NCCI) is an independent organization that calculates loss experience modification factors (“Mod”) by Member.
 - ▶ Your Mod is published each year around May, based on your three-year losses as of March 31. This NCCI Mod will be used as one of the factors to calculate your premiums for the upcoming year.
 - ▶ Understanding your Mod and the change from one year to the next will help you budget. An enhanced focus on your Mod will have a direct impact on your premiums, including employee health and safety culture and effective return-to-work programs.

Third Season: Underwriting

May – August

- ▶ Property Appraisals / Asset Surveys
 - ▶ Have you recently had an appraisal or asset survey?
 - ▶ Were the updated values already endorsed onto your policy or are the value changes effective October 1?
 - ▶ Was the appraisal reviewed with all responsible departments?
 - ▶ Is there general agreement to add any newly identified assets that aren't currently covered?
 - ▶ Specific to new assets, has an insurance decision been made and communicated prior to June 1 (the start of hurricane season)?
 - ▶ Did you include the premium-impact in your budget for the next fiscal year?

Fourth Season: Renewal & Policy Issuing

Sept – Nov

- ▶ October 1 renewal and the start of the new fiscal/policy year. FMIT representatives attend commission meetings or city management/staff to secure continued coverage.
- ▶ Obtain updated Certificates of Insurance (COI's)
- ▶ First Installment Payments due
- ▶ Policies made accessible on FMIT dashboard typically in early November
- ▶ Set expectations for the year ahead. Claims reviews, policy reviews, policy changes, schedule appraisal

Property and Casualty **QUESTIONS?**