

Managing Your Property Schedule to Maximize Coverage and Explore Savings Opportunities

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Main objective(s) of this presentation

- ▶ Define important property insurance terms.
- ▶ Discuss goals of property risk management - IOU
- ▶ Overall Risk Management - Throw a TARP on it!
- ▶ Discuss ways to reduce premiums
... (while mitigating risk!)
- ▶ Get your input and questions

Property Insurance Definitions

- ▶ **Real Property Risk** – fixed assets are susceptible to loss
- ▶ **Indemnification** – agreement that Insurer will financially compensate Insured for damages to Insured's assets
- ▶ **Coverage** – the promises of indemnification made by an Insurer to an Insured via an insurance policy
 - ▶ Causes of Loss (Wind, Water, Fire, Vandalism, etc.)
 - ▶ Deductibles & Coverage Amounts
 - ▶ Exclusions, Extensions & Endorsements (Flood, Pollution, etc.)
- ▶ **Insurance Premium** – Insured's cost for indemnification
- ▶ **Claim** – damages presented to an Insurer by an Insured seeking indemnification for losses.

Basic Property Insurance Definitions

- ▶ **TIV** – Total Insured Value – amount indemnified by Insurer
- ▶ **Property Schedule** – List of real property assets included for coverage as part of your insurance policy
- ▶ **Property in the Open (PITO)** – fixed assets, such as fencing, lighting, bleachers, pavilions - Most susceptible to loss
- ▶ **Non-Scheduled PITO** – assets you own, but are not scheduled separately on your insurance policy due to time, complexity and perceived lower cost/risk.
- ▶ **Hardened Assets** – assets less susceptible to catastrophic damage (i.e. Storage Tanks, Clarifiers, Vault-based assets)

Basic Property Insurance Definitions



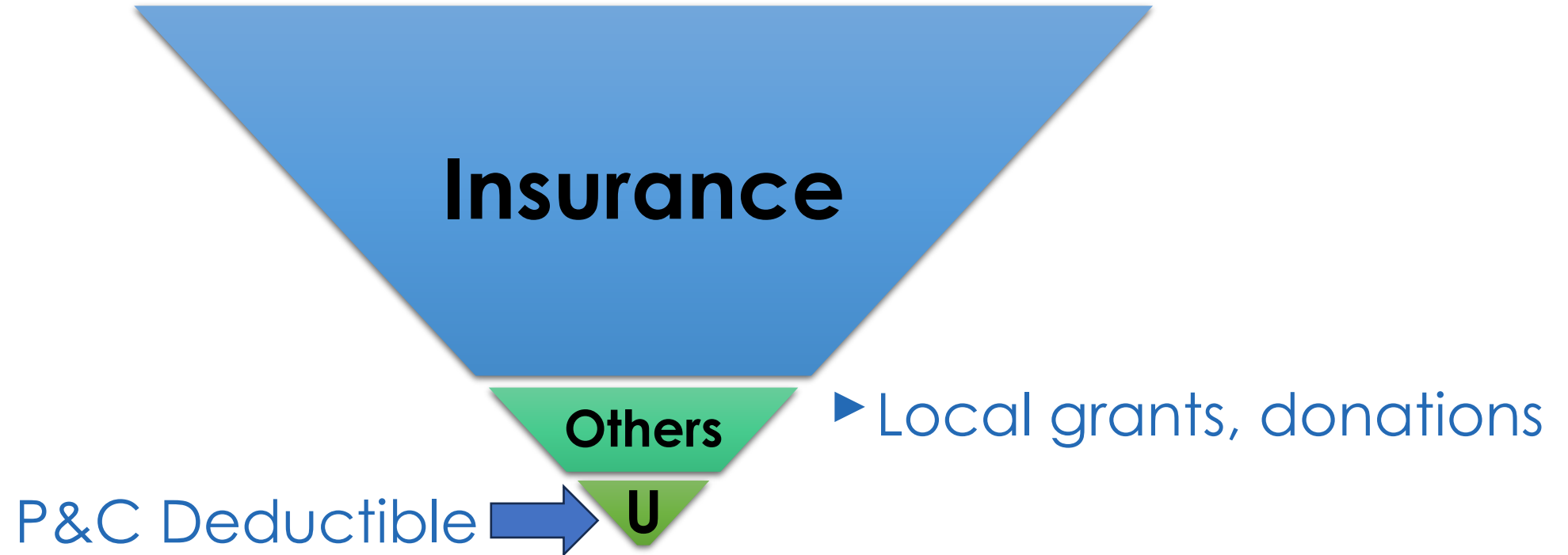
- ▶ **SIR** – Self-insured Retention – amount exposed to Insured
 - ▶ Non-covered Assets
 - ▶ Deductibles (Per Occurrence & Named Storm)
 - ▶ Coinsurance – non-agreed value policies (specified limits)
- ▶ **Risk Appetite** – amount of SIR your organization is willing to accept.

Goals of Property Risk Management

- ▶ **To be indemnified as much as my municipality can afford.**
 - ▶ Cover as much as possible for as little as possible!
- ▶ **Minimize the overall amount of resources expended when a loss occurs**
 - ▶ Employee Labor
 - ▶ Repair Costs
 - ▶ Liability while repairs occur
 - ▶ Liability after repairs are completed
- ▶ **Employ the I.O.U hierarchy of costs**
 - ▶ Insurance -> Others -> U

I.O.U. Cost Hierarchy:

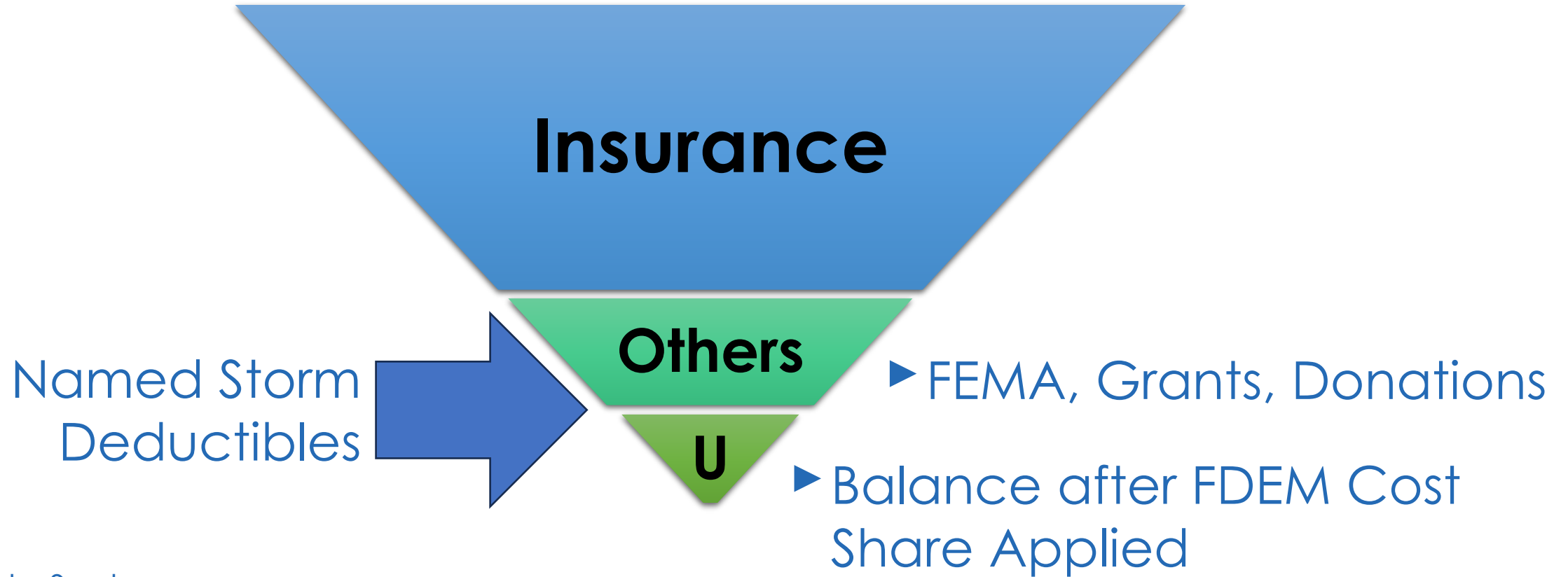
- ▶ Non-Named Storm Claim (Fire, Water, Vandalism, Theft)



*Not to Scale

I.O.U. Cost Hierarchy:

▶ Named Storm Claim (Tropical Storm & Hurricane)



*Not to Scale

How to achieve overall property risk reductions?

- ▶ **Cover yourself with TARP**

- ▶ Know your **Team**

- ▶ Know your **Assets**

- ▶ Know your **Resources**

- ▶ Know Your **Policy**

Achieve property risk reduction

▶ Know your Team

- ▶ Who is responsible for scheduling and updating your Property Schedule of Values with your Insurer?
- ▶ Who reports changes in assets to Risk?
 - ▶ Capital improvements (new, upgraded, modified)
 - ▶ Disowned (demolished, sold, donated)
- ▶ Who makes the final decision to schedule an asset?

Achieve property risk reduction

▶ Know your Assets

- ▶ Which assets are the most exposed to loss?
 - ▶ PITO, older buildings, located in high exposure
- ▶ Which assets are least exposed?
 - ▶ Hardened assets, low exposure locations, new
- ▶ Are any changes to assets occurring now or in the near future?

Achieve property risk reduction

▶ Know your Resources

- ▶ Does your municipality have a fund dedicated for property losses? If so, how much is it?
- ▶ Do you have an emergency fund in the case of large-loss scenarios?
 - ▶ FEMA deductibles paid before grants awarded
- ▶ Do you have an Emergency Response Plan?
 - ▶ Is it exercised annually?

Achieve property risk reduction

▶ Know your Policy

▶ What does it cover?

- ▶ Scheduled Buildings/Structures

- ▶ Non-Scheduled Structures (PITO)

- ▶ Damaged Building Mitigation Coverage

- ▶ Extra Expense

- ▶ Business Interruption

Achieve property risk reduction

▶ Know your Policy

- ▶ Does it have built-in support to minimize your exposure after a catastrophe?
 - ▶ Insurance Managed Repair Program (IMRP)
 - ▶ Damage Assessment Support
 - ▶ Mitigation & Stabilization Support
 - ▶ Permanent Repair Management & Support

To reduce premiums, we must understand primary factors that affect premiums

- ▶ Building Occupancy – what occurs inside the building?
 - ▶ City Hall, Library, Fire Station, Warehouse, etc.
- ▶ Asset Construction Type
 - ▶ Frame – wood/plastic frame – roof not important
 - ▶ Joisted masonry – concrete walls w/wood roof
 - ▶ Non-Combustible – metal or other NC construction
 - ▶ Masonry Non-Combustible – concrete walls, metal roof
 - ▶ Fire Resistive – employs additional fire protection measures

To reduce premiums, we must understand primary factors that affect premiums

- ▶ Asset loss mitigating factors
 - ▶ Fire Suppression System (decreases fire risk)
 - ▶ Fencing (reduces potential for vandalism/theft)
- ▶ Location of assets (coastal vs inland, flood zone, etc.)
 - ▶ Coastal FL sees much higher premiums per dollar insured
- ▶ Amount of coverage provided in your insurance policy
 - ▶ Paying for better coverage may save more than price shopping in the short run

Ways to reduce insurance premiums

...while mitigating risk

- ▶ Reduce amount of “Scheduled” assets
 - ▶ Assets with low likelihood of loss:
 - ▶ Water Treatment Plants – Storage Tanks, Clarifiers, etc.
 - ▶ Assets covered under other “general” policy provisions
 - ▶ Property in the Open
- ▶ Assets you no longer own or have been demolished
- ▶ Assets you have built or installed, but may not be responsible for insuring – Lights (DOT) Parks (County)

Ways to reduce insurance premiums

...while mitigating risk

- ▶ Elect a higher Named Storm Deductible (7.5% to 10+%)
 - ▶ NSD applies in catastrophic events where assistance with payments by Others will **likely** mitigate recovery costs.
- ▶ Ensure that Construction Types and Occupancies of assets are correct.
- ▶ Employ an Asset Management plan that includes communication of changes to appropriate parties
 - ▶ Eliminates premiums on assets no longer owned & ensures new assets are reviewed for addition to policy

Ways to reduce insurance premiums

...while mitigating risk

- ▶ Remove Wind coverage from hardened assets
 - ▶ Discussed in Q&A
 - ▶ Can have AOP coverage (fire, vandalism, water damage), but eliminate wind coverage
 - ▶ Potential savings of 80-85% premium.

Conditions to be aware of when reducing premiums.

- ▶ **Assets previously paid by public grant by FEMA**
 - ▶ Obtain and maintain requirements?
 - ▶ Insurance commitments for damage to same asset with same cause of loss.
- ▶ **“Gifted Assets” should be scheduled if above P&C deductible (statues, sculptures, etc.)**
- ▶ **Ensure emergency reserves can respond to “worst case scenarios” where U may be responsible for payment**

Questions?

- ▶ Does anyone in the audience have additional premium reduction strategies that they have employed?
- ▶ How has the increased cost of 2023 and ongoing hard market insurance premiums affected municipalities?
- ▶ How do other Members get their departments involved and committed to participating with various Asset Survey/Appraisal programs offered by Insurers?
- ▶ What are some non-insurance benefits to regularly updating your fixed asset list?

Conclusion:

Thank you!

Enjoy the rest of the Summit!

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Introductions



Tony Scott

- ▶ Co-Founder & Principal
- ▶ Director, FMIT Asset Survey Program (2012-Present)
- ▶ 600+ Asset Surveys, \$20+ Billion of Assets Surveyed
- ▶ CTO, Synergy NDS, Inc. - FMIT Turnkey Recovery Mgrs.

Introductions



Jason Meinert

- ▶ Safety Training Coordinator (Risk Management Team)
- ▶ Organizes city safety program focused on identifying, evaluating and mitigating risks.
- ▶ Uses the Asset survey as a tool to assist with property management and to assess the condition of property on a continuous cycle.[Info](#)

Introductions



Tyler Denahan

- ▶ FLC Account Executive – Eastern Territory
- ▶ Guides Members during asset survey review
- ▶ Assists Members through insurance procurement
- ▶ Supports day-to-day insurance operations