

TAB 3

Diane Ponder

From: Ron Koper
Sent: Friday, May 22, 2009 1:22 PM
To: Diane Ponder
Cc: Allen Tusing
Subject: Workshop 6-8-2009
Attachments: 2009 - Special Function Permit Q&A.xls

Re: Proposed ordinance for Special Function Permits.

I have attached a summary of insurance coverage, to include principal sums and deductibles for your perusal.

According to the "Declarations", the permittee, who purchases this coverage, is covered for Commercial General Liability.

According to the Commercial General Liability Supplemental Declarations Limits of Insurance, the permittee, who purchases this coverage, is covered for "Damage to Premises Rented to You Limit" for \$100,000.

According to the Commercial General Liability Coverage Form, page 5 of 16, paragraph 2j(6) (exclusions)(other than damage by fire) the permittee, who purchases this coverage, is covered for "Damage to Premises Rented to You Limit" for \$100,000.

Therefore, the permittee, who elects to purchase this coverage, has (\$500,000) coverage for GL, and (\$100,000) for fire, along with other coverage's as outlined on the Supplemental Declarations page.

In my example, if the permittee rents the "Carnegie Library" Loc # 045 (per schedule valued at \$577,500), and through their own negligence burns it down, the coverage under the Special Events Master policy will be limited to \$100,000. The COP, under its "Property, Allied Lines, and Crime Declarations" coverage, would cover the remainder of the loss, with a \$1000 deductible, unless the permittee were contractually responsible for the full insured value.

According to the FLOC, "The best way to handle the loss exposure is a combination of direct damage insurance (e.g., property insurance) and contractual risk transfer. Under this approach one party (either the COP or the permittee) agrees in the rental agreement (lease) to purchase broad property insurance coverage on the rented premises and waive the insurer's right of subrogation against the other party. When a loss occurs – regardless of whether one of the parties is negligent – it is covered by the property insurance and there is no need for expensive litigation. (It is important for the rental agreement / lease to contain a waiver of subrogation in favor of the party not buying insurance to avoid having the property insurer subrogate) fire legal liability insurance should be relied upon only as a backup for incidental rental exposures that are not treated in this manner because of an oversight."

In the absence of coverage elected by the permittee, the city has adequate insurance coverage to handle the loss exposure.

In any event, it would be in the best interest of the city and considered the "best practice" to continue its present practice of inspecting and correcting any known deficiency before and after the permittee takes occupancy of the facility.

Accordingly, I hope this helps in your effort to improve the ordinance and procedures to provide service to the City of Palmetto residents.

Thanks for any wisdom you may wish to share,

Ron Koper, MS,CAGS,CSHM

5/22/2009

	Insurance Company	Type of Insurance	Policy Number	Principal Sum	Deductible	Effective Date	Expiration Date
	FMIT	SELF-INSURED PROGRAM	FMIT 460			10/1/2008	10/1/2009
		AUDITED NORMAL PREMIUM					
	Inception	GENERAL LIABILITY		\$1,000,000	\$25,000 (DSL)		
	October 1987	AUTO LIABILITY		\$1,000,000	\$25,000 (DSL)		
		AUTO PHYSICAL DAMAGE			Per Schedule		
		PROPERTY		90% Coinsured	\$1,000		
		WORKER'S COMP		\$1,000,000	None		
	FLOC	(All Below Coverages)	FLOC				
A3	FLC-TRAVELERS	A-3 POSITION SCHEDULE BOND	105184653	\$50,000		11/6/2008	11/6/2009
		Dir. Finance; Dep Dir; CityClerk; Dep CC					
B1	FLC-RELIANCE	B-1 POLLUTION / REMEDIATION	PLC1959199	\$1,000,000		10/1/2008	10/1/2009
		INCL PUMP/LIFT STATIONS(36)					
D3	FLC-HARTFORD	D-3 AD&D POLICE AUXILIARY	21SR275522	\$15,000 (AD&D)		6/15/2009	6/15/2010
				\$5,000 (Med)			
D5	FLC-AIG	D-5 AD&D-POLICE OFFICERS(59)	SRG8043155	\$60,000 (ILD)		10/1/2008	10/1/2009
				\$60,000 (FP)			
				\$180,000 (U/ID)			
D5	FLC-AIG	AD&D - OTHER EMPLOYEES(95)	SRG8043155	\$60,000 (ILD)		10/1/2008	10/1/2009
				\$60,000 (FP)			
				\$180,000 (U/ID)			
D6	FLC-HARTFORD	D-6 EXEC TRAVEL ACCIDENT	GTP9026442	\$250,000		10/1/2008	10/1/2009
	FLC-ESSEX INS. CO.	B-2 SPECIAL EVENTS	CLS1531378	\$500,000		10/23/2008	10/23/2009
	FLC-COMMERCE	AST 3rd Party Liability	FPL7510361	\$1,000,000		5/24/2009	5/24/2010
		Deductible		\$25,000			
		Anti-Terroism	FPL7510361			5/24/2009	5/24/2010
	FLC-U.S. SPECIALTY	FEDUCIARY LIABILITY	U708-50002	\$1,000,000		1/31/2009	1/31/2010
		Gen & PPD Pension Plans					
	ABBREVIATIONS DEFINED:	DSL-Deductible Stop Loss	Med-Medical	FP-Fresh Pursuit			
		AD&D-Accidental Death & Dismemberment	ILD-In Line of Duty	U/ID-Unlawful or Intentional Death			