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Establishing an In-House Brokerage

AGRiP Spring Conference
March 2022

Protecting Those Who Protect Us



Over Four Decades Ago Florida Sheriffs Agreed to Share the Cost of Risks

- To actively help one another to defend their fellow Sheriffs and employees against litigation.
- To improve safety of their employees and to support each other in good years and in bad years, with the goal of stabilizing and reducing costs.



Our Organizations

- **Florida Sheriffs Risk Management Fund Formed, Funds Merged and Operations Moved In-House (2013)**



- **Florida Sheriffs Insurance Agency, LLC (2013)**
 - **Currently serving 61 members**



Our Organizations

- **Florida Sheriffs Employee Benefits Trust Operations Moved In-House (2020)**



- **Florida Sheriffs Employee Benefits Agency, LLC (2020)**
 - Currently serving 26 members



Establishing an In-House Brokerage



- **Why?**
- **How?**
- **Outcomes**



Why Establish an In-House Brokerage





Why?



- ✓ **As a result of moving to in-house operations**
- ✓ **To facilitate continuation of coverages already in place**
- ✓ **To legally place coverages (meeting regulatory requirements)**
- ✓ **To retain policies that supplement pool coverages**



Why?



- ✓ **To provide a one-stop-shop, or single-source provider, for members**
 - **Eliminate multiple contact points that could cost you business**
 - **To retain members in your pool**
 - **To make the purchase of insurance products easy and efficient**
- ✓ **To eliminate the need for other agents**
- ✓ **To provide a source of excess insurance for limits higher than those you provide in your pool**



Why?



- ✓ **To place coverages your pool does not wish to cover or retain**
- ✓ **To improve and expand products and services available to members**
- ✓ **To enhance relationships with members**
- ✓ **To enhance relationships with carriers**



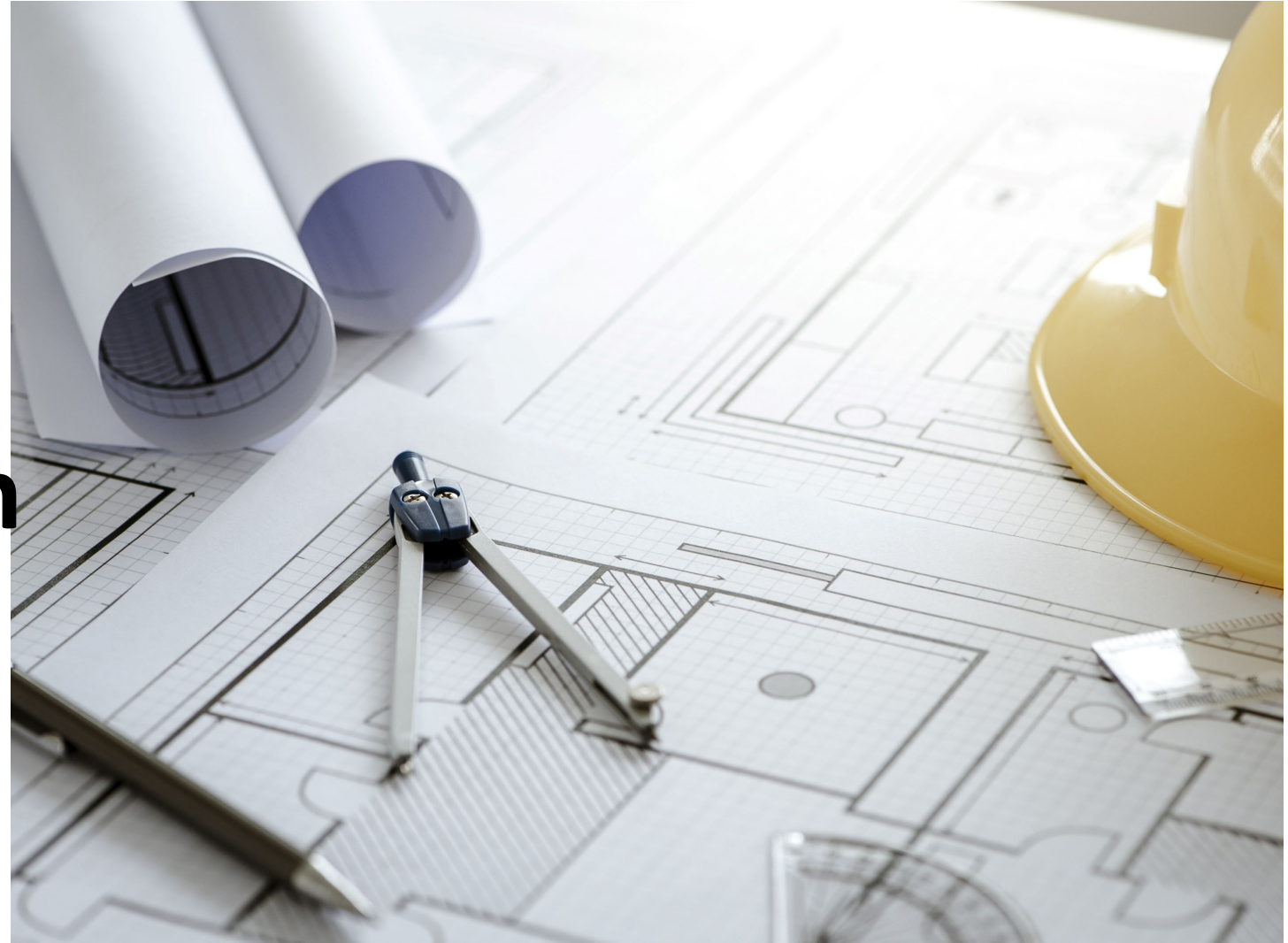
Why?



- ✓ **To expand to potential members outside of your pool**
- ✓ **To react to legislative changes and work with carriers to create custom products**
- ✓ **To demonstrate your value proposition**



How to Establish an In-House Brokerage





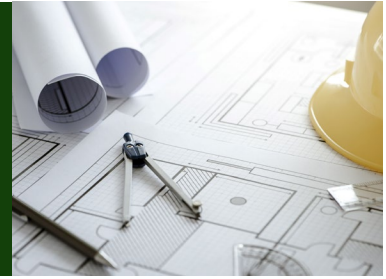
How?



- 1. Form a legal entity in your state, county, city**
- 2. Obtain licensing from the state regulator**
- 3. Create written agreements/governing documents between the agency and the pool**



How?



4. **Determine staffing needs**
 - **Qualifications/Licensing**
 - **In-house personnel**
 - **New personnel**
 - **Number needed**
 - **Compensation for Sales**
 - **Accounting**



How?



5. **Look within your pool to determine the best employees for the job**
 - **Are licenses required in your State to produce insurance business? Do your employees have those licenses?**
 - **Are there employees who currently interact with members on a routine basis?**
 - **Are there employees who can readily identify coverage gaps and recommend coverages to fill them?**
 - **Do you have sufficient Accounting staff to manage the proceeds from your operations?**



How?



6. **Determine the coverages you would like to provide**
 - **What coverages do your members already have?**
 - **What coverages would your members like to have?**
 - **What coverages are not included in your self-insurance programs?**
 - **Fully Insured Products**
 - **Stop-Loss, Excess and Reinsurance**



FSIA Coverage Examples



- ✓ **Aviation (Hull and Liability)**
- ✓ **Cyber Insurance**
- ✓ **Mobile Equipment**
- ✓ **Inmate Medical Reimbursement**
- ✓ **Accidental Death & Dismemberment**
- ✓ **Special Events**
- ✓ **Bonds (Forfeiture, Public Official)**



CRIS Coverage Examples



- ✓ Equipment Breakdown
- ✓ Course of Construction and Wrap-Up Liability
- ✓ Pollution/Environmental Impairment Liability
- ✓ Excess Crime
- ✓ Terrorism
- ✓ Reinsurance/Stop Loss
- ✓ Piers, Wharves and Docks
- ✓ Cyber





FSEBA Coverage Examples

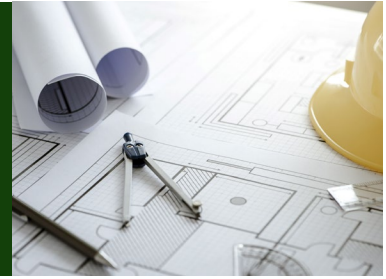


Employee Benefits Coverages:

- ✓ Medical
- ✓ Dental
- ✓ Vision
- ✓ Life
- ✓ Short and Long-Term Disability
- ✓ Voluntary Worksite Benefits
- ✓ Medicare Advantage Plans



How?

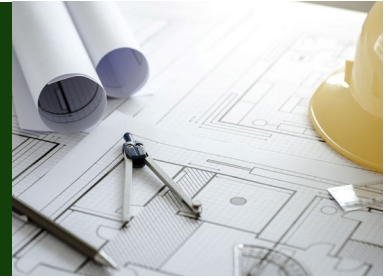


7. Contract with carriers

- **Current carriers**
- **New carriers**
- **Look for opportunities to expand current coverages, save premiums and leverage relationships**



How?



8. Agent of Record Process

- **Facilitate this process for members**
- **Make it as painless as possible**

9. Transfer of Policies



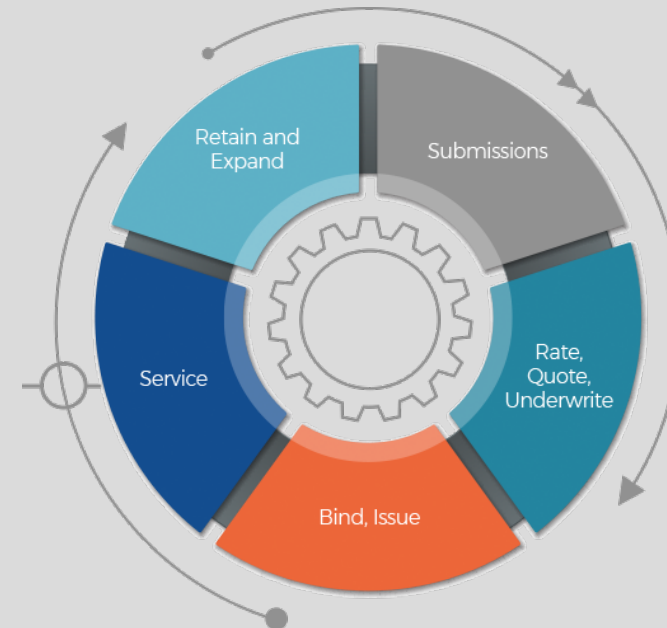
How?



10. Implement an agency management system for policy management, marketing and accounting



- Policy Management
- Marketing
- Separate Accounting for Agency Revenues



11. Market your agency products and services to current and potential members



Outcomes

FLORIDA SHERIFFS
INSURANCE AGENCY, LLC



**CIVIC RISK
INSURANCE
SOLUTIONS**



FLORIDA SHERIFFS
EMPLOYEE BENEFITS AGENCY, LLC





Outcomes

- ✓ **Commission revenue**
- ✓ **Offset to overhead costs**
- ✓ **Additional income available to develop new programs for members**
- ✓ **Ceding commissions earned on reinsurance placement**
- ✓ **Less direct exposure to your pool financials and claims experience**





Outcomes

- ✓ **Bolstering your financials**
- ✓ **Overall growth - You have more to offer your potential member base**
- ✓ **Better picture of your membership's overall risk profile**
- ✓ **Improved pricing for coverages**





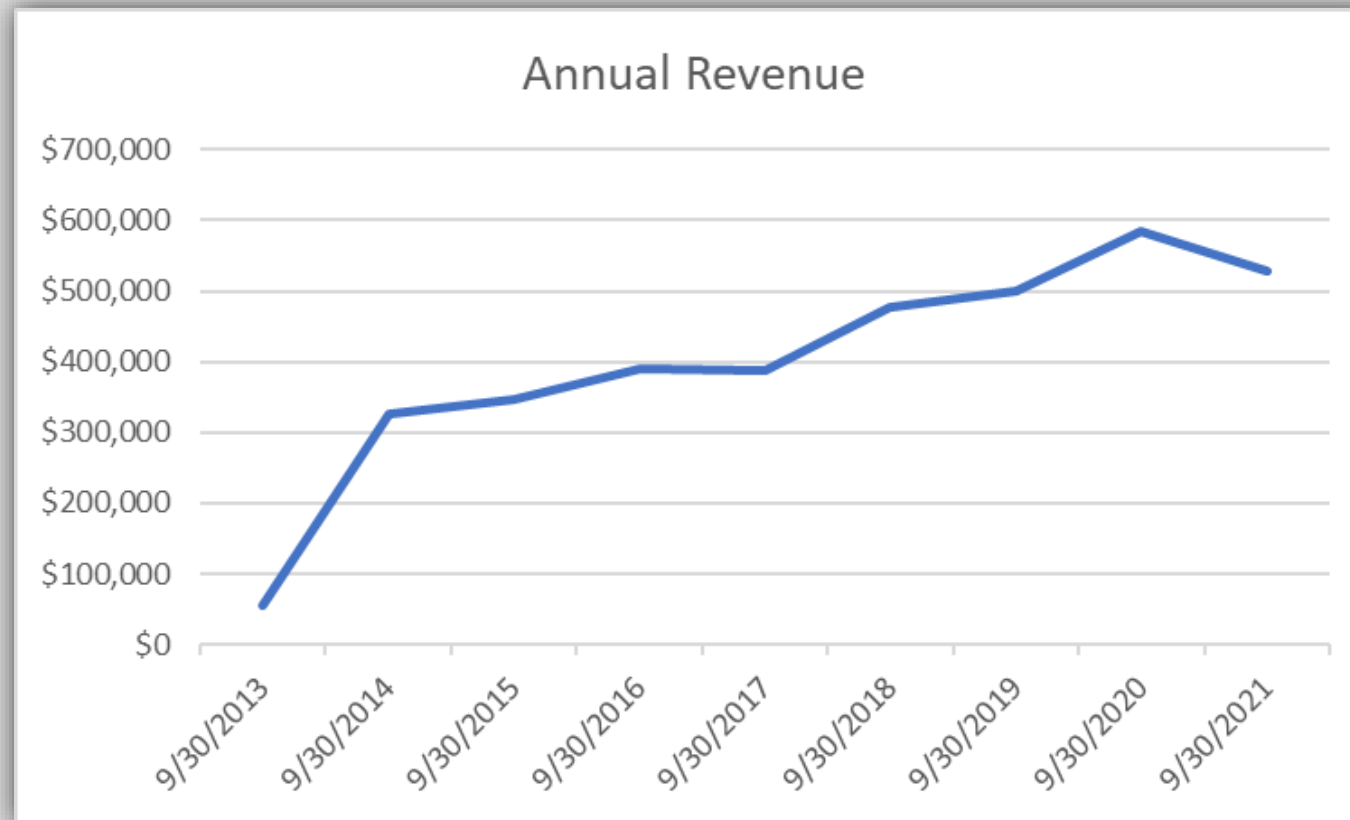
Outcomes



- ✓ Improved coverages – ability to create unique programs
- ✓ Building long-term relationships with members and partners
- ✓ Carriers willing to accommodate new coverage requests
- ✓ Confusion between the governmental entity and the corporate entity
- ✓ Potential tax status issues due to too much revenue (consult your financial advisor)

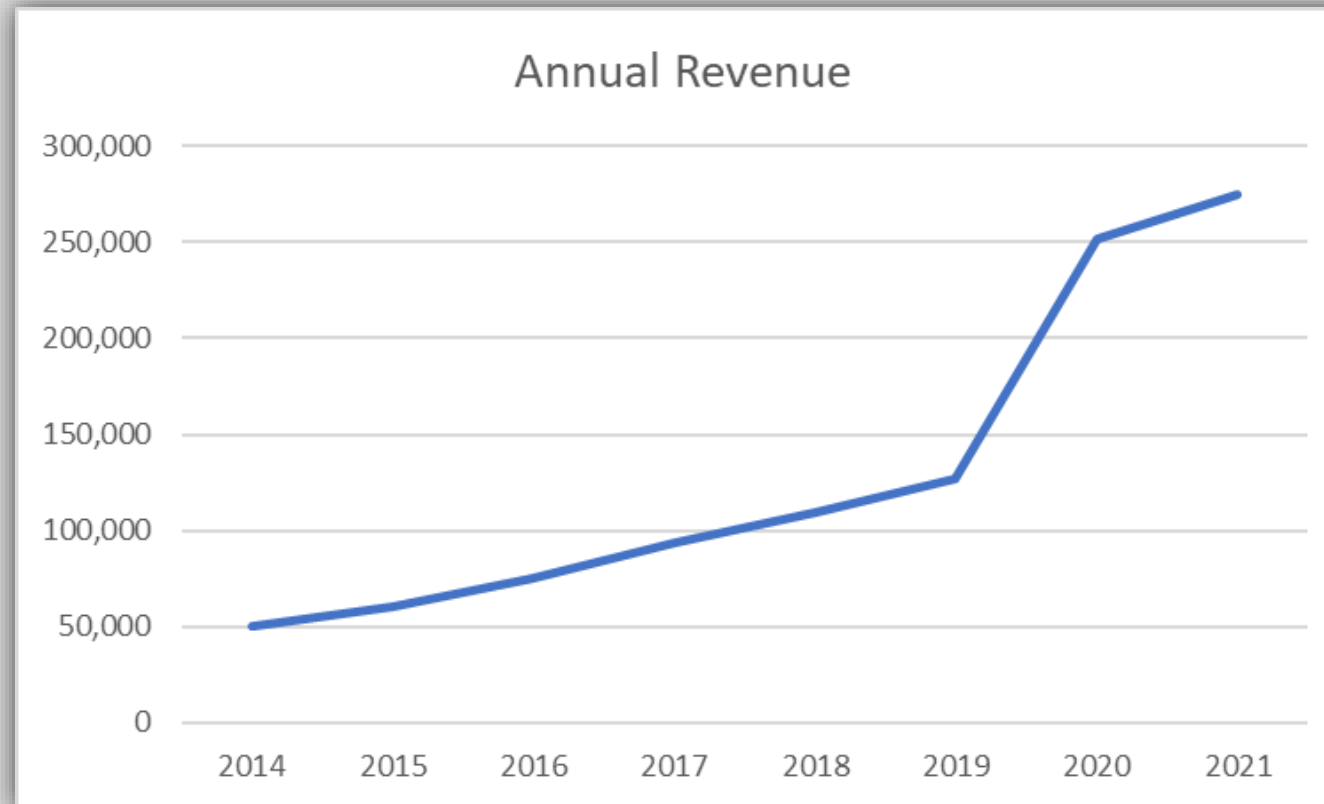


Florida Sheriffs Insurance Agency Revenue





Civic Risk Insurance Solutions Revenue





Florida Sheriffs Employee Benefits Agency Revenue

September 30, 2021

\$521,591



Questions and Contact Information

Questions?



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