FMIT FLORIDA MUNICIPAL INSURANCE TRU

FMIT vs. PRM — Key Differences for Florida Cities

COMPARISON BRIEF

EXECUTIVE SUMMARY

This brief outlines several practical differences between the Florida Municipal Insurance Trust (FMIT) and Public Risk Management (PRM) in areas particularly important to Florida's local governments, including coverage design, claims handling, catastrophe response, and overall structure. At a high level, the comparison focuses on:

- A **unified administration with a singular mission** through the Florida League of Cities
- **Claims handled in-house** with a focus on service and outcomes, not caseload volume
- A **disaster recovery program that's been tested by major hurricanes**, including Property TurnKey Recovery Coverage built directly into the policy
- **Dedicated property limits** that aren't shared or diluted across the membership
- A **96-hour named storm occurrence window**, helping ensure one storm results in one deductible
- **Early mitigation services** through Property Damage Mitigation Coverage (PDMC), provided with no deductible
- **Defense costs treated outside the member's liability limit**, preserving coverage through litigation
- **Member flexibility**, with no administrative or financial barriers restricting exit at renewal

PURPOSE OF THIS BRIEF

This comparison is intended to give Florida municipalities a clear, high-level view of key differences between the Florida Municipal Insurance Trust (FMIT) and Public Risk Management (PRM) related to structure, coverage, and claims handling.

For a detailed coverage comparison, FMIT can provide a complete policy specimen for your city attorney's review alongside your current policy.

FMIT'S MISSION

- When private insurers pulled away from the municipal market, cities across Florida were left without options. FMIT was created to change that.
- Since day one, our mission has been clear: deliver long-term insurance solutions that serve cities through every season—grounded in responsible rates, sound policy, and a deep commitment to public service.
- We understand your budget cycle, we recognize and value your stewardship of public funds, and we work to help you protect your community.

ADMINISTRATIVE STRUCTURE

FMIT

- **Sole administrator:** The Florida League of Cities, Florida's oldest and largest municipal association, founded in 1922 and representing cities statewide
- **Operating model:** One office, one team, one mission: serving Florida local governments

PRM

- **Distributed operating model:** Key program functions are handled by multiple third-party organizations
- **Limited in-house staffing:** Certain functions are maintained internally, with others outsourced
- **Underwriting and program management:** Provided by World Risk Management (WRM), PRM's exclusive broker and program manager, operating as part of the Ballator Insurance Group
- **Claims administration:** Handled by Johns Eastern Company, Inc.

FMIT's unified structure means fewer handoffs between service providers, clearer accountability, and more consistent decision-making for members.

SERVICE-CENTERED CLAIMS APPROACH

FMIT

- **In-house claims handling:** Property and casualty claims are managed by insurance professionals employed by the Florida League of Cities.
- **Member-service alignment:** Because FMIT does not have shareholders, claims operations are structured around member service rather than profit targets, allowing adjuster workloads to prioritize responsiveness and outcomes.
- **Single policy-form focus:** Adjusters work with one policy form, supporting consistency and familiarity with coverage intent.

When adjusters are trained on and focused on a single policy form, claims can be handled more efficiently and consistently for members.

PROVEN DISASTER RECOVERY AND POST-STORM SUPPORT

Following multiple major hurricane seasons, FMIT's disaster recovery program has been tested, refined, and strengthened. During these events, FMIT supports members through expedited mitigation and recovery services designed to reduce out-of-pocket costs and help cities return to normal operations as quickly as possible.

Property TurnKey Recovery Coverage

- **Written into the policy:** FMIT is the only insurance trust that includes TurnKey Recovery Program Coverage directly in the insurance policy.
- **Faster recovery:** This coverage supports expedited mitigation and coordinated recovery services following a covered event.
- **Member experience:** Members using TurnKey Recovery Coverage have reduced out-of-pocket costs on covered property by up to 95% after a storm, helping preserve cash flow for other post-event needs.

Early, coordinated recovery efforts can significantly reduce downtime and overall loss severity after a major storm.

PROPERTY LIMIT STRUCTURE

FMIT — Dedicated Limits

- Property declarations clearly label limits as **"Dedicated Limits"**
- Each city's limit is **reserved for that city alone** and is not shared with other members' hurricane claims

PRM — Shared Named Windstorm Limit

- PRM provides **$100 million for Named Windstorm**, a limit that is shared across the entire PRM membership (60+ members)
- When a major hurricane affects multiple PRM members on the same day, that $100 million becomes the total limit available for all covered losses across the membership
- As a result, individual claims may be subject to reduction based on losses incurred by other members

Under FMIT's structure, a city's property coverage is not reduced based on hurricane losses experienced elsewhere in the membership.

NAMED STORM OCCURRENCE WINDOWS

FMIT

- **96-hour** named storm occurrence window
- Helps ensure slow-moving storms are treated as a single occurrence, resulting in **one** Named Storm Deductible

PRM

- **72-hour** named storm occurrence window
- Slow-moving storms may trigger multiple occurrences and deductibles

Illustrative example: For a city with a **5%** deductible on **$50 million** of insured property, the difference between one deductible (FMIT) and two deductibles (PRM) could mean up to **$2.5 million** in additional out-of-pocket deductible costs for a single storm event.

POST-STORM MITIGATION SERVICES

FMIT — Property Damage Mitigation Coverage (PDMC)

- FMIT is the **only** insurance program that offers **Property Damage Mitigation Coverage**
- After a hurricane, FMIT can deploy teams to pump out water, install emergency tarps, and perform temporary demolition—**all with no deductible**
- **Addressing water intrusion within the first 72 hours** can prevent moderate damage from turning into extensive mold and reconstruction losses

PRM

- PRM does not offer Property Damage Mitigation Coverage.

Early mitigation following a storm can reduce the severity and cost of a claim.

DEFENSE COSTS AND COVERAGE LIMITS

FMIT

- FMIT advantageously considers the costs to defend members on full-limit liability claims as "outside" the member's limit.
- Defense costs do not reduce FMIT's limit of insurance provided to the member.

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PRM

- PRM treats defense costs as "inside" the limit.
- Defense costs erode the limit available to pay judgments/settlements.

When defense costs are inside the limit, a contested $1 million case can exhaust limits before a verdict is rendered, leaving the member unprotected for the judgment.

MEMBER FLEXIBILITY AT RENEWAL

FMIT

- FMIT does not impose administrative or financial restrictions that limit a city's ability to explore other insurance options at renewal.
- Member retention is based on ongoing service, coverage design, and overall value rather than contractual or procedural barriers.

PRM

- PRM includes a formal exit process that can introduce administrative steps and financial obligations that may extend beyond the end of membership.
- Claims incurred during PRM membership may continue to generate costs after a city exits, including claims reported after departure (for claims-made coverages) and expenses associated with run-off claims.
- Missing PRM's required notice deadline may result in the obligation to pay an additional full policy year's premium.

Under FMIT's approach, continuation in the program is not tied to administrative hurdles or post-exit financial obligations.

SUMMARY

FMIT's policy design, claims-handling model, and overall structure are intentionally built to support Florida cities in both day-to-day operations and during catastrophic events. The differences outlined in this brief reflect a distinct approach to municipal insurance focused on stability, transparency, and dedicated protection.

NOTES

- Financial data is based on publicly available FMIT and PRM financial statements for the year ended September 30, 2024.
- This brief is intended for high-level comparison purposes only. Coverage is subject to policy terms, conditions, and exclusions.

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