

Personnel Management and Services
Nelson E. Diaz, Deputy Superintendent

**SUBJECT: REQUEST TO RENEW CATASTROPHIC ACCIDENT INSURANCE
COVERAGE**

Pursuant to the State Board Rule 6A-1.012 (11), the Board is authorized to directly negotiate and enter into contract for insurance and risk management programs under such terms and for such period as may be in the best interest of the school district.

At the Board Meeting of June 4, 1997, the Board approved the renewal of the catastrophic accident insurance coverage for a three-year period, effective August 1, 1997 through July 31, 2000 at a flat annual premium of \$53,918 . This insurance provides excess medical benefits coverage for our students participating in sports and related activities, with benefits consisting of a \$5 million lifetime medical feature, and a maximum catastrophic cash benefit of \$500,000 for totally disabled athletes. The per accident deductible is \$25,000, which is covered by the Board's primary student accident/football accident insurance programs. The underwriter is CIGNA/Life Insurance Company of North America (A.M. Best Rating A+ X), through Arthur J. Gallagher & Company, Miami, Florida.

This program was competitively bid through the issuance of a Request for Proposal (RFP) issued by the Florida School Board Association/Florida School Board Insurance Trust (FSBA/FSBIT) to comply with the Florida High School Activities Association's (FHSAA) requirement that all school districts carry catastrophic medical coverage. The benefits of this insurance coverage were realized this past football season. An M-DCPS junior varsity football player was injured during a football game resulting in injuries severe enough to qualify for maximum disability payment of \$500,000, which provided him an initial payment of \$100,000, plus additional annual payments of \$40,000 for the next ten years. He is currently receiving proceeds from the lifetime medical benefit of \$5,000,000.

The current annual premium of \$53,918 is based on a charge of \$0.16 per athlete, and has remained constant for two years, even though the number of athletes covered by the program has increased. For the 1999/2000 school year however, a projected increase in the number of FTE student population has resulted in a 5% premium increase from \$53,918 to \$56,614 for the third year of this coverage. The insurer has offered to renew the policy for a fourth year, effective August 1, 2000 through July 31, 2001 with no increase in premium, even if the number of athletes increases.

Staff is recommending renewal of this program, effective August 1, 1999 for a two-year period with an annual premium of \$56,614. Because of the FHSAA requirement for certificates of insurance to be on file with that office by August 1, 1999, this recommendation for renewal is being brought to the Board at this time.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida renew its catastrophic athletic accident insurance coverage, including excess medical benefits of \$5 million and a maximum catastrophic cash benefit of \$500,000, with a per incident deductible of \$25,000, from CIGNA/Life Insurance Company of North America (A.M. Best A+X), through Arthur J. Gallagher & Co., Miami, Florida, with a flat annual premium of \$56,614, for a two-year period, effective August 1, 1999 through July 31, 2001.

NED:sbc