

Personnel Management and Services  
Nelson E. Diaz, Deputy Superintendent

**SUBJECT: REQUEST FOR AUTHORIZATION TO RENEW THE BOARD'S EXCESS WORKERS' COMPENSATION INSURANCE**

The Board last re-marketed its specific excess workers' compensation insurance coverage in 1997 for a three-year period, effective July 1, 1997 through June 30, 2000. For the last three years the rate has been .0174/\$100 payroll, plus a flat \$4000 annual premium for increased employer's liability limits, resulting in an actual rate of .0176/\$100 of payroll. A description of the current program which expires June 30, 2000, along with premiums based upon actual reported payrolls, are as follows:

Carrier: Continental Casualty Company (CNA) (A.M. Best A+XV)  
Limits of Coverage: Part A - Statutory Benefits (F.S. 440)  
Part B - Employer's Liability \$5 Million/Occurrence/Aggregate  
Self Insured Retention: \$500,000 per claim

Premiums: July 1, 1997 – June 30, 1998 \$247,893  
July 1, 1998 – June 30, 1999 \$260,164  
July 1, 1999 – June 30, 2000 \$270,000\*

\*ESTIMATED PREMIUM - ACTUAL PREMIUM WILL BE DETERMINED AFTER PAYROLL FOR 99-00 YEAR IS DETERMINED

Based on the provisions of State Board Rule 6A-1.012(11), which permits School Boards to negotiate with carriers, negotiations for renewal of the current program for a two-year period, subject to annual re-rate, have been successful with a moderate rate increase, and no restriction in coverage. A comparison of the current rate and recommended renewal rate are as follows:

- ▶ Specific Excess Workers' Compensation, Statutory Benefits, Employer's Liability \$5,000,000 Per Occurrence and Aggregate subject to a \$500,000 per occurrence retention except \$500,000 for each employee for disease.

| <u>1999-2000 Annual Rate</u>   | <u>2000-2002 Annual Rate</u> | <u>Increase</u> |
|--|------------------------------|-----------------|
| .0176  | .0185                        | .0009 (5.1%)    |
| (Combined Rate including increased Employer's Liability/\$100 payroll) |                              |                 |

Deposit premium for 2000-2001 program will be \$273,468, based upon payroll of \$1,478,204,030. Actual premiums for the two year program will be based upon actual incurred payroll for fiscal year 2000-2001 and 2001-2002.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida authorize renewal of its specific excess workers' compensation coverage with Wexford Underwriters/Continental Casualty Company (CNA), A.M. Best Rated A + XV, through the joint venture of Arthur J. Gallagher & Co., Miami, Florida/Bendell Insurance Group, Inc., Miami, Florida, for two years, effective July 1, 2000, subject to re-rate in year two, with the ability to automatically renew the second year, if no increase in rate, with a per-claim self-insured retention of \$500,000, Statutory benefits for workers' compensation and \$5,000,000 per occurrence/annual aggregate for Employer's Liability coverage, at a rate of .0185/\$100 of payroll, with a deposit premium of \$273,468, final premium subject to audit of actual payrolls incurred as of July 1, 2000 through June 30, 2001, and July 1, 2001 through June 30, 2002.

NED:sc