

Personnel Management and Services
Nelson E. Diaz, Deputy Superintendent

**SUBJECT: RECOMMENDATION TO AUTHORIZE NEGOTIATIONS WITH PRESENT
EXCESS WORKERS' COMPENSATION CARRIER FOR RENEWAL OF
JULY 1, 2002**

The terrorist attacks of September 11, 2001 have had significant negative effects on the insurance industry. A report issued by Morgan Stanley, dated September 17, 2001, reported that the losses may be in excess of \$40 billion. Among the hardest hit insurance coverages as a result of the destruction of the World Trade Centers, the plane crash in Pennsylvania, and the subsequent biochemical incidents, are property insurance markets, aviation insurance markets, and workers' compensation markets.

In anticipation of entering a very volatile marketplace on a variety of fronts, staff is recommending that the Board take a pro-active approach to securing renewals for certain insurance coverages, including its excess workers' compensation coverage. Current coverage is provided by Wexford Underwriters/Continental Casualty Company (CNA)(A.M. Best A+XV), through the joint venture of Arthur J. Gallagher & Co., Miami, Florida/Bendell Insurance Group, Inc., Miami, Florida, with statutory limits provided for workers' compensation and \$5 million per occurrence/annual aggregate for Employers' Liability. This coverage is excess to a per-claim, self insured retention of \$500,000, at a rate of .0185/\$100 payroll. Total premium for coverage period July 1, 2000 through June 30, 2001, based upon actual annual payrolls of \$1,690,717,122 was \$312,783.

Based upon the provision of State Board Rule 6A-1.012(11), which permits School Boards when purchasing insurance, entering risk management programs, or contracting with third party administrators, to make any such acquisitions through the bid process, or by direct negotiations and contract, staff is recommending that negotiations begin with the Board's current carrier, through its broker, Arthur J. Gallagher & Co., Miami, Florida, in order to achieve the best renewal possible. Final recommendations for specific renewal terms will be brought back to the Board for approval prior to the expiration of the present policy which is July 1, 2002.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to enter into negotiations with its current excess workers' compensation carrier, Wexford/CNA, through Arthur J. Gallagher & Co., Miami, Florida, for renewal terms and conditions of specific excess coverage with a current expiration date of July 1, 2002, with specific recommendations for renewal terms and conditions to be brought back to the Board at a future Board meeting.

NED:sc