

Financial Affairs
George M. Burgess, Chief Financial Officer

SUBJECT: STUDENT ACCIDENT INSURANCE

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

At the Board meeting of May 15, 2002, the Board authorized renewal of the student accident insurance program, pursuant to the terms and conditions of Request For Bid (RFB) # 298-RR10, for a one-year period, effective the first day of the fall term of the 2002-2003 school year, with an additional one-year renewal authorized for school year 2003-2004, subject to no change in rates, terms, or conditions. This authorization was provided to Hartford Life Insurance Company (A.M. Best A++ XI), through School Insurance of Florida. Negotiations have been underway with Mr. Tom Conaughty, who purchased School Insurance of Florida approximately two years ago from Mr. Joe Hughes, who founded the organization in 1958, to renew the Board's student accident program for the upcoming 2003-2004 school year, based upon the Board's authorization.

A letter dated March 24, 2003, was received by the Office of Risk and Benefits Management on March 28, 2003 from Hartford Life Insurance Company, indicating that Hartford was withdrawing from the student accident insurance market, and that the Board's present coverage would terminate effective August 26, 2003. Simultaneously, Mr. Joe Hughes notified the Office of Risk and Benefits Management on Monday, March 31, 2003 that he was forced to take back his business, School Insurance of Florida, due to the default on the part of the purchaser, which requires him to reincorporate the business.

This coverage is typically renewed with plenty of lead time, due to the requirements of the Florida Department of Insurance (DOI) for proper policy filing, the creation and distribution of brochures to all school sites, and the Board's current requirements that School Insurance of Florida make arrangements for armored car pick-up of student accident brochures and money during the first two weeks of the fall school term. Because of the unexpected coverage termination, and in an effort to have proper coverage available to students this coming fall, staff is seeking authority to negotiate replacement coverage through School Insurance of Florida, with other insurance companies they represent for the 2003-2004 school year, and begin work on a new Request For Proposal (RFP) for student accident insurance coverages to be effective the first day of the fall term of 2004-2005.

**GOOD CAUSE
G-48**

Included in this item is a letter from the Board's insurance consulting firm , Siver Insurance Consultants, Inc., regarding the Board's ability to negotiate renewals of such coverages, a copy of the cancellation letter from Hartford, and a letter from Mr. Joe Hughes notifying the Board of the change in ownership.

It is anticipated that a student accident insurance program with benefits and premium costs close to the expiring coverage can be negotiated, with final recommendations to be brought back to the Board meeting of May 14, 2003.

This item does not appear in the published agenda. The good cause to vary from the established agenda is that the cancellation letter from Hartford Life Insurance Company was not received until March 31, 2003, and since this program provides coverage for students, including interscholastic athletes, ample time is needed to negotiate a replacement program for implementation at the beginning of the 2003-2004 school year.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, acknowledge the notification of termination of its student accident insurance coverage provided by Hartford Life Insurance Company (A.M. Best A++ XI), through School Insurance of Florida, or its successor corporation, and authorize the Superintendent to negotiate a replacement program for the 2003-2004 school year, with terms, conditions and premium costs as close to expiring as possible, with final recommendations to be brought back to the Board at its meeting of May 14, 2003, including authorization to begin working on a Request For Proposal (RFP) to be issued for coverages effective the first day of the 2004-2005 school year.

GMB:sc

*Insurance
Consultants*
SIVER

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St. Petersburg, Florida 33742-1343
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15P

August 16, 2001

Mr. Scott Clark, Administrative Director
of Risk & Benefits Management
Miami-Dade County Public Schools
1500 Biscayne Blvd., Suite 127
Miami, FL 33132

Subject: Student Accident/Football Accident
No Apparent State Requirement To Bid

Dear Scott:

This letter will confirm our conversation of today. In an earlier conversation, I had indicated that I thought that the Student Accident and Football Accident insurance coverages might be subject to a specific statute, but I did not recall whether the statute would require bidding of the coverages. In our conversation of today, I reported on the results of my research.

NO APPARENT STATE BIDDING REQUIREMENT

F.S. 627.6551 - TEACHER AND STUDENT GROUPS

Florida Statute 627.6551 is the statute that I had recalled would apply to Student Accident and Football Accident insurance policies. F.S. 627.6551 provides:

A group of teachers or students of an institution of learning may be insured under a policy issued by an insurer authorized under chapter 624 or a health maintenance organization authorized under chapter 641 to a school, district school systems, college, university, or other institution of learning. Any policy or contract issued may insure the spouse, dependent children, parents, or siblings of the insured student or teacher.

This statute does not address how such insurance is to be acquired.

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F.S. 112.08 - GROUP INSURANCE

F.S. 112.08 establishes certain requirements for group insurance for public officers, employees, and certain volunteers. The statute provides in part that:

Every local governmental unit is authorized to provide and pay out of its available funds for all or part of the premium for life, health, accident, hospitalization, legal expense, or annuity insurance, or all or any kinds of such insurance, for the officers and employees of the local governmental unit and for health, accident, hospitalization, and legal expense insurance for the dependents of such officers and employees upon a group insurance plan and, to that end, to enter into contracts with insurance companies or professional administrators to provide such insurance. Before entering any contract for insurance, the local governmental unit shall advertise for competitive bids; and such contract shall be let upon the basis of such bids.

Although the statute literally requires bidding "[b]efore entering any contract for insurance," in our opinion, the statute, and its bidding requirement, applies only with respect to contracts for "life, health, accident, hospitalization, legal expense, or annuity insurance, or all or any kinds of such insurance, for the officers and employees of the local governmental unit and for health, accident, hospitalization, and legal expense insurance for the dependents of such officers and employees." [Underlining added for emphasis.]

In our opinion, because the Student Accident and Football Accident insurance programs do not solicit coverage for officers and employees of the Board, or for the dependents of such officers and employees, F.S. 112.08 would not apply. However, we have seen no judicial holdings or Attorney General opinions directly on the issue.

RULE 6A-1.012

The Department of Education has recognized that circumstances with respect to insurance are sometimes such that negotiation rather than bidding is appropriate. These circumstances are specifically recognized in State Board of Education Rule 6A-1.012(11) which, except where otherwise specifically required by statute, authorizes a district school board to purchase insurance and risk management programs by direct negotiations and contract. We are not aware of any statute (or for that matter, any Board of Education rule) which would require the Student Accident and Football Accident insurance to be bid.

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DID NOT ADDRESS ANY BOARD RULE

Our opinion is limited to whether there is a state statute or state rule which would require the coverages to bid. We do not have a copy of the Board's current rules, and offer no opinion with respect to the extent, if any, the Board's own rules or policies might require bidding.

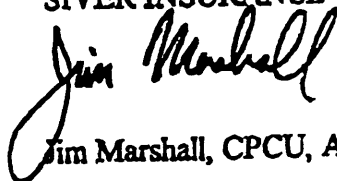
SUMMARY AND CLOSING

In summary, we are not aware of any state statute or state rule which would require the Student Accident or Football Accident insurance to be bid. However, we offer no opinion with respect to any Board rules.

As always, our opinions are offered in our capacity as insurance consultants. We are not in the practice of law, and our opinions must be considered as being from lay persons only. Prior to acting (or not acting) on the opinions in this letter, the issues should be addressed by the Board Attorney.

Very truly yours,

SIVER INSURANCE CONSULTANTS



Jim Marshall, CPCU, ARM, JD

JM/kk
HP&C\CORR\MDSB01\MDSB030.WPD

IMPORTANT NOTICE
Dade County School District



Monday, March 24, 2003

Michael Fox
Dade County School District
1500 Biscayne Boulevard #127
Miami, Florida 33132
Phone Number 305.995.7182
Fax Number 305.995.7199

Re: Limited Student Accident Insurance
Policy Number: 21 LSA 100025
Expiration Date: August 26, 2003

Dear Michael Fox,

This letter is to inform you that Hartford Life Insurance Company will be exiting the market for Limited Student Accident coverage. Therefore, in accordance with the terms outlined in the above-mentioned policy, your coverage with Hartford Life will terminate as of August 26, 2003.

We have notified your insurance agency, School Insurance of Florida. Please contact your agent as soon as possible regarding replacement of coverage.

We appreciated the opportunity to serve you and wish you much success.

Sincerely,

Susan Peterson
Director, Accident Underwriting
Hartford Life Insurance Company
Accident Underwriting
SP/jab

cc: School Insurance of Florida

Hartford Life Insurance Companies
Accident Underwriting
Group Benefits Division
Two Point Royal Office Building
4550 North Point Parkway
Alpharetta, GA 30022
Mailing Address: P. O. Box 2250
Alpharetta, GA 30023
Telephone 770 753 0085
Toll Free 888 560 9632
Facsimile 678 762 0325

Joe Hughes Insurance Inc.
~~SCHOOL INSURANCE OF FLORIDA Inc.~~

Student Accident Insurance

April 1, 2003

Mail Address: P.O. Drawer 4250, Winter Park, FL
32793

Physical Address: 3097 Camp Road, Oviedo, FL 32765

Toll Free: 1-800-432-6915

Fax: (407) 365-2754

Regular Lines: (407) 365-8819 or (407) 365-8820

Mr. Scott Clark:
Risk Manager
Dade County School Board
1500 Biscayne Blvd. # 127
Miami, Fla. 33132

Dear Scott:

This letter follows up our telephone conversation of this date.

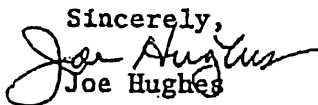
On Friday March 28, 2003, I purchased the assets of School Insurance of Fla Inc from Tom Conaughty and due to legal requirements, I established a new corporation.

The Hartford advised me they were withdrawing from Student accident insurance and will honor all policies with expiration dates in 2004 and 2005 but will not new or solicit policies with expiration date of 2003.

I am working with them to take care here of run off services plus those policies still in effect after 2003.

I am working with another insurance company already admitted to Florida by the Fla. insurance Dept whose rating is A and financial category either VIII or IX to file the identical policy already approved for The Hartford. I anticipate the filing approval in plenty of time to enable them to offer a policy to many of the school districts The Hartford will not renew.

I appreciate your confidence in me and will do my best to keep your current policy in force.

Sincerely,

Joe Hughes