

Financial Affairs
Edward Marquez, Chief Financial Officer

**SUBJECT: RENEWAL OF POLICE PROFESSIONAL LIABILITY
INSURANCE COVERAGE**

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

As a result of recommendations of the Board's consultants, the Board has carried Police Professional Liability Insurance since 1998 which provides Law Enforcement and Professional Liability coverage for wrongful acts including, but not limited to the following:

- **FALSE ARREST**
- **DETENTION**
- **IMPRISONMENT**
- **CIVIL RIGHTS VIOLATIONS**
- **MALICIOUS PROSECUTION**
- **WRONGFUL ENTRY**
- **EVICITION OR OTHER INVASION OF PRIVATE OCCUPANCY**
- **HUMILIATION**
- **DISCRIMINATION**
- **LIBEL**
- **SLANDER**
- **ASSAULT AND BATTERY**
- **FIRST AID**
- **FALSE OR IMPROPER SERVICE OR PROCESS**
- **VIOLATIONS OF PROPERTY RIGHTS**

Staff is recommending that the Board renew this coverage with the incumbent carrier, Lexington Insurance Company (AIG) (A.M. Best A++XV), because the liability insurance market is extremely tight, and the current program's terms are very liberal, including coverage for defense costs, subject to the deductible. The Board is authorized to negotiate renewals for coverage, pursuant to the provisions of State Board Rule 6A-1.012(11), wherein the Board may purchase insurance by direct negotiations and contract.

Pursuant to the authority contained in State Board Rule, a renewal quotation has been secured from the Board's current carrier as follows:

INSURER: LEXINGTON INSURANCE COMPANY (AIG)(A++XV)

COVERAGES: LAW ENFORCEMENT AND PROFESSIONAL LIABILITY, INCLUDING COVERAGE FOR FALSE ARREST, DETENTION, IMPRISONMENT, CIVIL RIGHTS VIOLATIONS, MALICIOUS PROSECUTION, WRONGFUL ENTRY, EVICTION OR OTHER INVASION OF PRIVATE OCCUPANCY, HUMILIATION, DISCRIMINATION, LIBEL, SLANDER, ASSAULT AND BATTERY, FIRST AID, FALSE OR IMPROPER SERVICE OR PROCESS, AND VIOLATIONS OF PROPERTY RIGHTS

LIMITS: \$5,000,000 EACH WRONGFUL ACT
\$5,000,000 ANNUAL AGGREGATE

DEDUCTIBLE: \$100,000 EACH WRONGFUL ACT, INCLUDING DEFENSE EXPENSE

PREMIUM: \$141,075 MINIMUM AND DEPOSIT – FLAT ANNUAL PREMIUM

This important coverage is designed to insulate the Board from the liabilities associated from having its own police force, especially due to the fact that these types of claims typically fall outside the scope of those liabilities, where the Board enjoys sovereign immunity, pursuant to the provisions of Section 768.28, Florida Statutes. Since the program's inception on November 1, 1998, there have been 15 claims brought against the district, which have been turned over to the Police Professional Liability Insurance carriers.

This coverage does include defense costs, resulting in any incurred defense costs becoming part of the Board's deductible, with additional costs of defense being borne by the carrier. Defense costs do not affect the coverage limits, and the Board has been successful in having the carrier contract with one of the major firms which defends the Board in liability suits, thus eliminating the possibility that an inexperienced attorney would be hired by the carrier to defend the Board.

All terms and conditions of the renewal policy will be the same as expiring, except the annual premium. The Board has paid the same annual premium of \$133,500 for policy years 2002-2003 and 2003-2004, however, the Board has entered into additional joint use agreements with municipal police forces including North Miami, Opa Locka, and Sweetwater. The negotiated premium for policy year 2004-2005 is \$141,075, representing a 5.6% increase. This increase is well below the industry norm for the current marketplace, partly because staff and Arthur J. Gallagher & Co., the Board's broker, were successful in obtaining concessions due to the amount of business the Board has with AIG, including participation in the Board's property insurance program.

While the carrier was not able to provide a multi-year quotation, as a result of the reinsurance treaties, and the volatile market, staff is recommending that the Board renew this coverage for 2004-2005 for \$141,750, and provide authorization to renew this program, effective July 1, 2005 for one year, subject to no change in policy terms, conditions and premium.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida authorize renewal of its Law Enforcement and Professional Liability Insurance coverage, pursuant to the provisions of the received renewal quotation, from Lexington Insurance Company (AIG)(A++XV), through Arthur J. Gallagher & Co., effective July 1, 2004 through June 30, 2005, at a flat annual premium of \$141,750, and authorize renewal of this program for one additional year, effective July 1, 2005 through June 30, 2006, subject to no change in premium, terms, and/or conditions, with funds to be taken from the Board's liability insurance premium budget.

Funds for this premium will be included in the General Fund of the 2004-2005 Adopted Budget.

EM:sc