

June 2, 2004

Financial Affairs
Edward Marquez, Chief Financial Officer

**SUBJECT: STUDENT ACCIDENT INSURANCE PROGRAM AND
 CATASTROPHIC ATHLETIC ACCIDENT INSURANCE PROGRAM**

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

Pursuant to the provisions of State Board Rule 6A-1.012(11), wherein the Board has the authority to negotiate directly with companies for insurance coverages, staff is recommending that the Board renew its Student Accident Insurance program and Catastrophic Athletic Accident Insurance Program for coverages to be effective for the 2004-2005 school year.

As has been communicated at recent Tri-County School Board meetings, it is the intention of the risk management offices from Miami-Dade, Broward and Palm Beach School Boards to create a Request For Proposal (RFP) for both coverages during the 2004-2005 fiscal year to seek competitive proposals for tri-county programs.

STUDENT ACCIDENT

The Miami-Dade County School Board has provided a voluntary student accident insurance program for many years. This low cost accident coverage is offered to all students at the beginning of the school year, and is also offered to new students entering M-DCPS throughout the year. Students purchase the coverage voluntarily at their own expense, however, the following School Board Rules require the purchase of the Board-approved accident insurance programs:

6Gx12- 6A-1.34, Community Schools, and the Community School Manual, which is incorporated by reference as part of that rule, requires students upon registration who enroll in School Board run before/after school care programs, to purchase the basic "school time only" student accident insurance; and

6Gx13- 6A-1.61, Interscholastic Athletics – High School, which requires athletes participating in interscholastic athletics to purchase the appropriate accident insurance coverage (student accident insurance for all interscholastic athletics, other than football, and football accident insurance for interscholastic football).

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All three School Districts, Miami-Dade, Broward, and Palm Beach, currently use School Insurance of Florida for their student accident programs. While Broward and Palm Beach Counties are still under contract with Hartford Insurance for one remaining year, Miami-Dade County's contract with Hartford had expired and was forced to move the coverage to Reliance Standard Insurance Company last year. Hartford has decided to get out of the student accident business, therefore, all three counties will be in a position to enter into a new contract with a new carrier, for the beginning of the 2005-2006 school year.

Reliance Standard Insurance Company (A.M. Best A- VIII) has agreed to renew the Board's program for 2004-2005 at the expiring rates. Following last year's renewal where the out-patient hospital benefit when major surgery is performed was reduced from \$4,000 to \$3,000, the physicians participating in the district's Sports Medicine Program communicated their concerns about the reduced benefit. To that end, staff has been successful in negotiating an increase in that benefit back to the \$4,000 limit.

This benefit change is contingent upon the following policy clarifications:

1. Definition of Surgery – Surgery is defined as a) the repair of a laceration that requires sutures, or b) a cutting operation, or c) the reduction of a fracture or dislocation meaning putting a bone or bones back in place that had been displaced by a covered injury. Treatment of a non-displaced fracture is not a surgical procedure.
2. Exclusion for Karate-Tae Kawn Do/Kung Fu, or other types of martial arts that are non school-sponsored activities including practice and competition.
3. Exclusion for non-school sponsored organized amateur or intercollegiate or semi-pro or professional sports leagues practice or participation.

Staff feels that these policy clarifications are reasonable, based upon the inexpensive nature of the program, and its original intent. The recommended renewal premiums, which are the same as expiring are:

<u>GRADES COVERED</u>	<u>COVERAGE TYPE</u>	<u>PREMIUM</u>
PRE-K THROUGH 6 TH (Includes Before/After School Program)	SCHOOL TIME	\$6.00
7 th GRADE THROUGH 12 TH (Includes Vocational, Adult, and Faculty)	SCHOOL TIME	\$ 9.00
ALL ELIGIBLE PARTICIPANTS	24-HOUR COVERAGE	\$31.00
ALL ELIGIBLE PARTICIPANTS	ADDITIONAL DENTAL	\$ 2.00

Meetings between the three school districts' Risk Management Offices have been scheduled to begin working on a Request For Proposal (RFP) for a tri-county program to become effective for the first day of each county's 2005-2006 school year. Offers will be extended to other members of the Florida Educational Risk Managers Association (FERMA) in the event they would like to participate.

CATASTROPHIC ATHLETIC ACCIDENT

This program was initially awarded through the issuance of a Request For Proposal (RFP) issued by the Florida School Board Association/Florida School Board Insurance Trust (FSBA/FSBIT), through the Florida Educational Risk Managers Association (FERMA). This program is required to comply with the Florida High School Activities Association (FHSA) requirement that all school districts in the State of Florida carry catastrophic medical coverage.

At the Board meeting of June 18, 2003, the Board authorized renewal of its catastrophic athletic accident insurance coverage through a different carrier, National Union Fire Insurance Company of Pittsburgh, P.A. (AIG)(A.M. Best A++ IX). The company was willing to underwrite the expiring program for an annual premium of \$57,814, which was a 6% reduction in premium from the previous year.

Following negotiations with the incumbent carrier, a renewal quotation consisting of a premium increase of 6% over the expiring premium, or \$61,283, has been achieved. Based upon the current volatile insurance marketplace, staff feels that this is a very competitive renewal quotation, especially in light of the significant medical benefit in the policy.

The policy covers all interscholastic athletes, including interscholastic football and cheerleaders and participants of non-sport extracurricular activities. The policy's benefits are as follows:

ACCIDENTAL DEATH MAXIMUM LIMIT:	\$ 10,000
ACCIDENTAL MEDICAL EXPENSE BENEFIT MAXIMUM:	\$ 5,000,000
Deductible (paid by primary student or football accident)	\$ 25,000
CATASTROPHIC BENEFIT MAXIMUM (Consisting of a lump sum payment of \$100,000, following a six month disability, with subsequent payments of \$40,000 per year for the next 10 years):	\$ 500,000

At the Board meeting of June 18, 2003, where the Board recommended renewal of the program, the Board also authorized that staff work with interested district members of FERMA to construct and issue a Request For Proposal (RFP) for a statewide catastrophic program. Unfortunately, there was little interest across the state for this, therefore, staff is recommending that the RFP for the tri-county Student Accident Insurance Program include a component for the Catastrophic Athletic Accident Program, to be effective for the 2005-2006 school year.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida:

1. authorize renewal of its student accident insurance program, pursuant to negotiations including increased outpatient surgery, revised surgical definition, and coverage exclusions, to Reliance Standard Life Insurance Company of Philadelphia, P.A. (A.M. Best A-VIII), through Joe Hughes Insurance Inc., d/b/a School Insurance of Florida, for a one-year period, effective August 16, 2004 through the first day of the 2005-2006 school year, at the following rates:

SCHOOL TIME ONLY: \$ 6.00
(Pre-K through 6th Grade)

SCHOOL TIME ONLY \$ 9.00
(7th through 12th Grades)

24-HOUR COVERAGE: \$ 31.00
(All Grades)

OPTIONAL DENTAL \$ 2.00
(All Grades)

2. authorize renewal of its catastrophic athletic accident insurance coverage, including an accident death limit of \$10,000; an excess medical benefit limit of \$5 million; and a maximum catastrophic cash benefit of \$500,000, with a per incident deductible of \$25,000, from National Union Fire Insurance Company of Pittsburgh, P.A. (AIG)(A.M. Best A++ IX), through Arthur J. Gallagher & Co., effective August 1, 2004 to August 1, 2005, with an annual premium of \$61,283; and
3. authorize staff to begin working on a Request For Proposal (RFP) for student accident insurance and Catastrophic Athletic Accident Insurance coverage, for students of the Tri-County School Districts, including Miami-Dade County, Broward County, and Palm Beach County, with coverage for both coverages to be in place for the first day of the 2005-2006 school year.