

Financial Affairs
Edward Marquez, Chief Financial Officer

SUBJECT: RENEWAL OF WLRN RADIO AND TELEVISION INSURANCE COVERAGES

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

At the Board meeting of June 18, 2003, the Board authorized renewal of the Broadcaster's Package Policy for WLRN radio and television with Vigilant Insurance Company (CHUBB) (A.M. Best A++ XV), effective July 1, 2003 to July 1, 2004. Staff is recommending renewal of this program, pursuant to the authorization provided in State Board Rule 6A1-1.012(11), wherein the Board may purchase insurance by direct negotiations and contract. This insurance program is designed to protect property and equipment owned by the Board which is placed in four locations, as well as providing liability insurance coverages, including contractual obligations of the Board for having transmission antennae placed on non-owned towers.

The current Broadcaster's Package includes general liability coverage for \$1 million per occurrence with a \$2 million annual aggregate. The property portion provides coverage for loss of personal property and transmitter/studio equipment at four locations. The following chart reflects the locations with insured values, applicable deductibles:

<u>LOCATION</u>	<u>VALUES</u>	<u>DEDUCTIBLE</u>
#1 695 N.W. 199 St. Miami, Florida	\$ 1,147,000	\$1,000 per loss all perils except wind/ \$101,000 per loss wind
#2 3300 S.W. 52 nd Ave. Hollywood, Florida	\$ 1,000,000	\$1,000 per loss all perils except wind/ \$25,000 per loss wind
#3 1450 N.E. 2 nd Ave. Miami, Florida	\$ 150,000	\$1,000 per loss all perils except wind/ \$10,000 per loss wind
#4 111 N.W. 1 st Street Miami, Florida	\$ 300,000	\$1,000 per loss all perils except wind/ \$35,000 per loss wind
TOTAL INSURED VALUES	\$ 2,597,000	

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The Board currently carries all risk coverage, including coverage for windstorm on its existing broadcasting equipment for WLRN, as part of its comprehensive all risk property insurance coverage. The coverage, which renewed on May 1, 2004 is insured by Allianz Insurance Company (A.M. Best A XV), and covers equipment at 8 locations, including the towers located in Broward County, transmitting equipment in Monroe County, and equipment in Miami-Dade County, with limits of \$12, 315,000.

Following negotiations with the current insurers the annual premium for the package policy has increased slightly from the expiring premium of \$30,471 to \$31,992, representing a 4.96% increase. This coverage will renew July 1, 2004, and includes terrorism coverage, pursuant to the requirements of the Terrorism Act of 2002 (TRIA). The annual premium for the excess liability (umbrella) coverage of \$1 million, in excess of the primary package liability limits has increased from the expiring premium of \$1,995 to \$2,195, or a 10.3% increase. Staff is recommending renewal of these programs. Based upon the state of the insurance marketplace, especially in the reinsurance arena, staff believes that the premium increases as negotiated are very competitive.

While staff during the negotiations attempted to get a multi-year commitment from the insurance company underwriters, they were not able to provide the requested commitment due to reinsurance concerns. Staff is requesting authority to renew the program for one additional year, effective July 1, 2005 to July 1, 2006, subject to no change in program terms, conditions, or premiums.

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

1. renew the broadcaster's package policy with Vigilant Insurance Company (CHUBB)(A.M. Best A++ XV), through Arthur J. Gallagher & Co., for specified limits of property and liability coverages, effective July 1, 2004 to July 1, 2005, with an annual premiums of \$31,992;
2. renew the commercial excess umbrella policy with Federated Insurance Company (CHUBB)(A.M Best A++ XV), through Arthur J. Gallagher & Co., for specified limits of liability, effective July 1, 2004 to July 1, 2005, with an annual premium of \$2,195; and
3. authorize the ability to renew the program for one additional year, effective July 1, 2005 to July 1, 2006, subject to no change in the terms, conditions, or premiums.

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

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