

Ofelia San Pedro, Deputy Superintendent
Business Operations

SUBJECT: REQUEST TO NON-RENEW THE THIRD PARTY LOSS PREVENTION CONTRACT WITH GALLAGHER BASSETT SERVICES AND ESTABLISH A LOSS PREVENTION SECTION WITHIN THE OFFICE OF RISK AND BENEFITS MANAGEMENT

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

The District has contracted with Gallagher Bassett Services, Inc. (GB) to provide specific loss prevention services to assist in the reduction of workers' compensation and general liability claims brought against the District for the past several years with the most recent renewal being brought to the Board meeting of June 15, 2005 for a one year renewal effective July 1, 2005 to July 1, 2006 at an annual fee of \$166,538. At that time, the Board was told that staff would perform an analysis of the cost/benefits of having these loss prevention services continue to be contracted out, or have the services performed by District staff.

The objectives for this contract included:

- Identification and evaluation of the top ten worksites incurring losses to develop strategic loss prevention program to reduce losses
- Drafting of a district-wide safe driver plan
- Physical hazards surveys of maintenance and transportation sites
- Safety training for maintenance staff on aerial lifts and driver safety
- Continued development and participation in the District's Vehicle Accident Review Board
- Resuming of Occupational Safety & Health Administration (OSHA) required training program for District personnel

Last year as a result of the Superintendent's reorganization, one staff member was moved from the Safety Department to the Office of Risk and Benefits Management to further develop the tenants of a comprehensive loss prevention program. Over this time, staff has worked with contracted representatives from GB, as well as other loss prevention specialists to develop a plan to stem the tide of new losses.

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Staff now feels that the savings of not renewing the current contract for third party loss prevention services of \$166,358, should be re-allocated to hiring District staff to create a Loss Prevention Section within the Office of Risk and Benefits Management, which will be charged with the creation of imaginative loss prevention strategies to prevent claims and save the District money. It is anticipated that this amount of money could be used to hire two Loss Prevention Managers and one clerical to support the operation. Staff believes that an investment in a strategic loss prevention initiative could save funds which are currently being spent for claims which could be prevented.

It is anticipated that actual claims expenditures for workers' compensation and liability claims incurred during the 2005-2006 fiscal year will total approximately \$7 million, which does not include claims expenditures for open claims incurred in prior years. Statistically it has been proven by safety experts that even a slight increase in loss prevention awareness can reduce claims expenditures by as much as 10%, with additional savings realized as loss prevention programs become more sophisticated. An initial 10% savings in claims costs for the 2006-2007 fiscal year would generate \$700,000 in claims payments savings, which would more than offset the expenditure of creating and staffing the loss prevention section, and with savings which would be recurrent.

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

1. Non-renew its current contract with Gallagher Bassett Services, Inc. for Loss Prevention Services, effective July 1, 2006; and
2. direct the Superintendent to begin work on the creation of a Loss Prevention Section within the Office of Risk and Benefits Management utilizing the savings from the non-renewal, with specific recommendations, including requests to establish and classify loss prevention positions, to be brought back to the Board at a later Board meeting.

OSP:sc