

Ofelia San Pedro, Deputy Superintendent
Business Operations

**SUBJECT: DISTRICT FACILITIES USE LIABILITY INSURANCE
AND COMMERCIAL PACKAGE/WINDSTORM
INSURANCE FOR NEW WORLD SCHOOL OF THE
ARTS**

**COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL
RELATIONS**

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

At the Board meeting of June 14, 2006, authorization was received to renew the district's Commercial General Liability Facilities Use Policy with Western Heritage Insurance Company (A.M. Best A+ XV), through Arthur J. Gallagher & Co., effective July 1, 2006 to July 1, 2007 with a minimum and deposit premium of \$10,035.

Pursuant to the provisions of School Board Rule 6Gx13- 1D-1.10, Use of School Board Facilities – Application and Approval, a renter of School Board facilities shall provide a certificate of insurance showing evidence of Commercial General Liability insurance, with minimum limits of \$300,000 per occurrence. The Office of Risk and Benefits Management is responsible for obtaining and verifying coverages provided by third parties including all outside vendors such as General Contractors, Architects and Engineers, as well as those companies under contract to the Board through the Office of Procurement Management, including private bus companies.

If the renter of School Board facilities does not carry the required insurance, the renter can procure such insurance through the Board-provided Facilities Use Policy for a specific premium charge determined by the insurer. The premium charge is determined by the type of function being held, the number of participants and the number of events being covered. Upon payment of the premium by the renter they are provided with a certificate of insurance coverage for the event(s). This program is designed to make School Board facilities more available to the community, while protecting the district from claims and lawsuits stemming from the community's use of those facilities. All premiums collected from the renters are deposited to offset the cost of procuring the policy.

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The annual premium is determined by estimating the usage of this policy by outside entities for the upcoming year, which also determines the minimum and deposit premium, subject to audit of actual events/premium collected. During fiscal year 2005-2006, events were held which generated the collection of \$6,109 in premiums. As of February, 2007, the number of community members utilizing this policy has significantly increased resulting in the collection of \$10,712 in premiums. These collected premiums exceed the minimum and deposit premium for this policy year of \$10,035. Therefore, additional premiums are due to the carrier. The carrier will issue quarterly audits/invoices at the end of the quarters ending March 31, 2007 and June 30, 2007 in order to be paid the additional premiums due.

Therefore, staff is recommending that the Board authorize payment of additional premiums based upon actual utilization for the remainder of fiscal year 2006-2007, not to exceed \$5,000, with actual expenditures subject to audit and not to exceed \$15,035 for policy year July 1, 2006 to July 1 2007. Because the premiums collected from entities utilizing the policy offset the premiums paid by the Board, there is no impact on the fiscal year 2006-2007 budget.

At the Board meeting of June 14, 2006, the Board also authorized a one year extension of the program, effective July 1, 2007 to July 1, 2008, subject to no change in terms, conditions or deposit premiums. This authorization was provided pursuant to the Board's authority under State Board Rule 6A-1.012(11), wherein district school boards may purchase insurance, enter into risk management programs, or contract with third party administrators through the bid process, or by direct negotiations and contract. As a result of the popularity and increased use of this policy, staff is recommending that the renewal terms previously authorized by the Board be altered to provide for a minimum and deposit premium of \$12,500, subject to audit of actual policy usage.

Additionally, the carrier has provided staff with revised premiums for utilizing the Facilities Use Policy by event. In some instances, the premium charges have decreased by \$27 to \$60 for individual events and have increased by \$50 for annual events (typically monthly meetings of an organization for an entire year). Staff has analyzed the revised premium charges and believes that they are fair and is recommending that the revised premium structure become effective at the renewal, effective July 1, 2007. All organizations which have previously used Board-owned facilities and procured coverage through the Facilities Use Policy will be notified of the revised premium structure prior to the renewal of their events.

At the Board meeting of September 13, 2006, authorization was received to reimburse Miami-Dade College for one-half of the annual premiums for commercial package /windstorm insurance for New World School of the Arts in the amount of \$14,463.96 for the package and \$1,018 for the windstorm coverage. The policy term for these coverages is 8-13-06 – 07.

Miami-Dade College has provided invoices reflecting additional amounts paid for these coverages as a result of State of Florida surcharges, including the state's CAT reinsurance fund for which they are seeking reimbursement in the amount of \$240.50. Staff is recommending that this amount be reimbursed to Miami-Dade College.

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

1. authorize additional premiums, not to exceed \$5,000, to be paid to Western Heritage Insurance Company, through Arthur J. Gallagher & Co. for events covered by the Commercial General Liability Facilities Use Policy, subject to audit and actual utilization for the remainder of fiscal year 2006-2007;
2. increase the deposit premium for the renewal of the Commercial General Liability Facilities Use Policy underwritten by American Heritage Insurance Company through Arthur J. Gallagher & Co., to \$12,500 for the policy year effective July 1, 2007 to July 1, 2008, subject to actual usage and audit;
3. authorize a revised premium structure for events covered by the Commercial General Liability Facilities Use Policy, effective July 1, 2007; and
4. authorize reimbursement to Miami-Dade College for additional premiums/surcharges paid for insurance to cover New World School of the Arts in the amount of \$240.50 for the policy term of August 13, 2006 to August 13, 2007.

OSP:sbc