

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: REQUEST FOR RENEWAL OF EXISTING COVERAGES INCLUDING FACILITIES USE, NEW WORLD SCHOOL OF THE ARTS COMMERCIAL PACKAGE POLICY & POLICE PROFESSIONAL LIABILITY

COMMITTEE: INNOVATION, EFFICIENCY, AND GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

State Board Rule 6A1-1.012(11) allows District School Boards to purchase insurance, enter into risk management programs, or contract with third party administrators by direct negotiations and contract. Staff is recommending the renewal of the following insurance coverages with an effective date of July 1, 2010 based upon market conditions:

FACILITIES USE

School Board Rule 6Gx13- 1D-1.10, Use of School Board Facilities – Application and Approval, requires outside users of School Board facilities to provide proof of liability insurance coverage. The Office of Risk and Benefits Management is responsible for obtaining and verifying all coverages provided by outside entities that rent District facilities. If the renter does not carry their own liability coverage, the renter can procure such coverage through the Board's Facilities Use Liability Insurance Policy at very attractive rates.

As of June 5, 2010, premiums collected from users of the Facilities Use Policy for scheduled activities which run through the end of the 2009-2010 school year total \$8,394. These premium collections from outside organizations represent a cost offset to the total paid premiums for fiscal year 2009-2010 of \$12,660.35, which was authorized by the Board at its meeting of June 17, 2009.

Renewal terms for this coverage, effective July 1, 2010 through June 30, 2011, include a deposit premium of \$12,660.35, including all State of Florida fees, which reflects no increase in premium from the expiring program. A report listing entities that utilized this policy during fiscal year 2009-2010 is being provided to the Board under separate cover.

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POLICE PROFESSIONAL

At the Board meeting of June 17, 2009, the Board authorized renewal of this coverage through Lexington Insurance Company with limits of \$5 million per wrongful act/\$5 million annual aggregate, subject to a per wrongful act deductible, including defense costs of \$100,000. The annual premium for the expiring program is \$140,895, including State of Florida fees.

Staff has been successful in obtaining renewal terms for this coverage, effective July 1, 2010 through June 30, 2011, subject to an annual premium of \$135,163, including State of Florida fees, representing a 5% reduction in premium. The terms and conditions remain per the expiring policy term, including selection of counsel to be determined by the Board Attorney's Office.

COMMERCIAL PACKAGE POLICY FOR NEW WORLD SCHOOL OF THE ARTS

Since the school's creation, Miami-Dade County Public Schools (M-DCPS) and Miami-Dade College (MDC) have jointly purchased appropriate insurance coverages to adequately protect New World School of the Arts (NWSA). Over the past several years, MDC secures proposals for the coverage through their brokers and provides the information to the Office of Risk and Benefits Management to ensure the coverage is appropriate and at a competitive cost for the South Florida marketplace.

Annually, the Board has authorized payment for one-half of the annual premium for such coverages pursuant to the authority provided by State Board Rule 6A-1.012(11), wherein the Board is authorized to directly negotiate and enter into contracts for insurance, risk management programs, or third party administrators, making such acquisitions through the bid process or by direct negotiations and contract.

At the Board meeting of June 17, 2009, the Board was asked to authorize payment for the renewal of the program based upon one-half of the expiring premium of \$16,361.15. The actual coverage renewal was August 13, 2009; however due to the fact that the broker utilized by MDC for this placement had not finalized the terms of the renewal for the August, 2009 Board meeting, advanced authority was required. District staff is concerned that this upcoming renewal may also be delayed due to the fact that the MDC broker has just begun work on the renewal, and positions within the MDC Risk Management Department have been eliminated due to budget cuts.

In order to provide uninterrupted coverage, staff is requesting that the Board authorize funds for one-half of the premium for the upcoming renewal, not to exceed \$20,000 in order that coverage can be bound effective August 13, 2010. Subsequent to the successful renewal, staff will prepare an item for the September, 2010 Board meeting confirming the placement and renewal premiums.

Current authorizations for renewal terms exist for the Excess Workers' Compensation Insurance coverage and Boiler and Machinery coverage for the 2010-2011 school/policy year. Staff is pleased to inform the Board that staff has successfully negotiated a premium reduction in the amount of \$164,789 (-7.3%) on the Excess Workers' Compensation coverage renewal. The 2009-2010 deposit premium was \$1,834,648 and the 2010-2011 deposit premium has been reduced to \$1,669,859. In addition, staff has negotiated a premium reduction of \$10,866.59 (-5.8%) on the Boiler and Machinery Insurance coverage renewal. The 2009-2010 premium was \$185,939.99 and the 2010-2011 premium has been reduced to \$175,073.40

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

1. authorize renewal of the District's Facilities Use Insurance Program with Western Heritage Insurance Company (A.M. Best A+ XV), through Arthur J. Gallagher & Co., effective July 1, 2010 through June 30, 2011, with annual deposit premiums, including Federal TRIEA/TRIPA coverage and state-required fees of \$12,660.35;
2. authorize renewal of Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG)(A XV), through Arthur J. Gallagher & Co., effective July 1, 2010 through June 30, 2011, with an annual premium of \$135,163; and
3. authorize staff to negotiate renewal terms and bind coverage for the Commercial Package Policy secured by Miami-Dade College and Miami-Dade County Public Schools for the operations of New World School of the Arts, effective August 13, 2010, subject to a maximum premium expenditure of \$20,000 for one-half of the annual premium, with confirmation of coverage and actual premium expenditures to be brought back to the Board meeting of September 7, 2010

RHH:sbc