

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: RENEWAL OF STUDENT PROFESSIONAL LIABILITY INSURANCE FOR SECONDARY STUDENTS ENROLLED IN HEALTH SCIENCE PROGRAMS WITH CLINICAL SETTINGS

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

The Health Science Education Division of Career & Technical Education of Miami-Dade County Public Schools prepares students to become competent workers who meet the needs and demands of the changing healthcare industry. They accomplish this mission by providing planned learning experiences, which include placing students in clinical settings as an integral and critical component of health science education.

In order to provide student training and education in clinical settings, the District has entered into various affiliating agreements with healthcare providers including hospitals and clinics. A contractual requirement for students to be able to participate in these programs is that they must be covered by professional liability insurance.

Based upon direction from the School Board Attorney's Office to the Health Science Education Division, the District cannot require students to use their own funds to purchase this coverage. Therefore, at the Board meeting of October 17, 2007, the Board authorized purchase of Student Professional Liability insurance coverage to protect the enrolled students and the District. The Board authorized renewal of this coverage last year at the Board meeting of October 14, 2009. This item is recommending renewal of such coverage with an effective date of October 17, 2010.

Staff is recommending renewal of this program pursuant to the authority under State Board Rule 6A-1.012(11), which provides authorization for a district School Board when purchasing insurance, entering into risk management programs, or contracting with third party administrators to make such acquisitions through the bid process, or by direct negotiations and contract

Due to changes in available coverages, the District's Broker, Arthur J. Gallagher Risk Management Services, Inc. has marketed the program to several markets resulting in two competitive quotes.

EXPOSURE SUMMARY

The expected student count shows a slight increase in the number of participants in the program.

Number of Students	2009-2010 Expiring	2010-2011 Renewal	Variance
Class I	2,295	2,355	+ 2.6%
Class II – first responders	550	600	+ 9.0%
TOTAL	2,845	2,955	+ 3.9%

The following two renewal options contain identical terms and conditions which are the same as the expiring program:

RENEWAL RATE SUMMARY – OPTION I – CHICAGO INSURANCE COMPANY

Number of Students	Expiring Rates	Renewal Rates	Variance
Class I	\$11.60	\$10.875	- 6.25%
Class II	\$48.80	\$45.750	- 6.25%

RENEWAL PREMIUM SUMMARY CHICAGO INSURANCE COMPANY

- Writing Company – Chicago Insurance Company – as expiring
- Wholesale Partner – Health Care Insurance, a division of RPS

Topic	2009-2010 Expiring	2010-2011 Renewal	Variance
Premium	\$53,462.00	\$53,061.00	- 0.8%
FIGA	\$1,015.78	\$748.16	- 26.3%
TOTAL PREMIUM	\$54,477.78	\$53,809.16	- 1.2%

RENEWAL RATE SUMMARY – OPTION II – LIBERTY MUTUAL

Number of Students	Expiring Rates	Renewal Rates	Variance
Class I	\$11.60	Not provided	
Class II	\$48.80	Not provided	

RENEWAL PREMIUM SUMMARY LIBERTY MUTUAL

- Writing Company – Liberty Insurance Underwriters
- Wholesale Partner – Marsh Affinity, a division of Seabury and Smith

Topic	2009-2010 Expiring	2010-2011 Renewal	Variance
Premium	\$53,462.00	\$61,905.00	+15.8%
FIGA	\$1,015.78	NA	-
TOTAL PREMIUM	\$54,477.78	\$61,905.00	+13.7%

Staff is recommending Option I, with the program consisting of a blanket Student Professional Liability program with coverage limits of \$1 million per occurrence/\$3 million annual aggregate, and naming the School Board of Miami Dade County, Florida as the additional insured.

Insurer: Chicago Insurance Company (A.M. Best A XV)

Rating Base: \$10.875/student for non-first responder programs
 \$45.75/student for first responder programs

Estimated Premiums: 2,355 students x \$10.875 = \$25,611.00
 600 students x \$45.75 = \$27,450.00
 \$53,061.00
 FIGA (State mandated guarantee fund fee) \$ 748.16
 Total Estimated Premium based on enrollment \$53,809.16

Basic premiums for this coverages renewal have decreased slightly (-1.2%) from \$54,477.78 to \$53,809.16, while the number of students enrolled in these programs has increased from approximately 2,845 to 2,955.

Staff has negotiated a fixed cost premium for this policy based upon the number of students enrolled at the time of the renewal, with any additional students to be added at no additional cost. Premiums for this program will be paid from the Board’s liability premium budget.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize purchase of Student Professional Liability Insurance coverage through Arthur J. Gallagher Risk Management Services, Inc. from Chicago Insurance Company (A.M. Best A XV) with coverage limits of \$1 million per occurrence/\$3 million annual aggregate, with the District to be named as an additional named insured, to cover students enrolled in a program through the Health Science Education Division of Career & Technical Education where proof of coverage is required, with total premiums for such coverage, including all premiums and state required fees of \$53,809.16, with additional students added during the year to be at no additional cost, effective October 17, 2010 to October 16, 2011.

RHH:sbc