

Financial Affairs
Richard H. Hinds, Chief Financial Officer

SUBJECT: RENEWAL OF COMPREHENSIVE FIDELITY BONDS AND RELATED PROGRAMS

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Procurement of fidelity bonds for School Board employees is required pursuant to Section 1001.42(10)(h), Florida Statutes. Various types of fidelity bonds cover District employees for risks which include crime and faithful performance. Such bonds include the following:

- Public Official Blanket Bond for all District employees
- Public Official Named Position Bond for 6 employees in Treasury Management
- Board Member Bonds
- Superintendent Bond
- Notary Bonds
- JROTC Bonds
- Police Officers Special Security Bond (pursuant to 6Gx13- [4A-1.095](#))

Following negotiations with various markets through Arthur J. Gallagher Risk Management Services, Inc., the District's Broker, and staff believe that the renewal provided by the current sureties represents the most aggressive terms available in today's surety market.

The recommended program as compared to the expiring program is as follows:

Current Program:

	Public Official Blanket Bond 3-year Term	Public Official Named Position Annual Term	Security Officers Annual Term
Surety:	Zurich/F&D (A.M. Best A+XV)	Liberty Mutual (A.M. Best A+XV)	Zurich/F&D (A.M. Best A+XV)
Limits:	\$25 million	\$15 million/emp.	\$5,000/officer
Deductible:	\$100,000/occ.	\$0	\$250/occ.
Ann. Premium:	\$88,010.93*	\$216,478.37*	\$3,232.00* (based on 213 officers)

Recommended Program:

	Public Official Blanket Bond 3-year Term	Public Official Named Position Annual Term	Security Officers Annual Term
Surety:	Zurich/F&D (A.M. Best A+XV)	Liberty Mutual (A.M. Best A+XV)	Zurich/F&D (A.M. Best A+XV)
Limits:	\$25 million	\$15 million/emp.	\$5,000/officer
Deductible:	\$100,000/occ.	\$0	\$250/occ.
Ann. Premium:	\$87,019.93*	\$218,016.00*	2,280.26* (based on 154 officers)

*premiums include 1.3% Florida Hurricane Catastrophe Fund Assessment, Florida Emergency Assessment Surcharge and Florida Insurance Guarantee Association Surcharge

Total Annual Premiums for Renewal Program: \$307,316.19

Total Annual Premium Savings: \$405.11

All terms and conditions of bonds are same as expiring. All other ancillary bonds (Public Official Bonds for School Board Members, Superintendent of Schools, and Governmental Bonds for JROTC programs and Notary Bonds) are renewing at the expiring rates of \$100 per bond, plus applicable state fees and surcharges.

Staff is recommending that the Board authorize a three-year program for the Public Official Blanket Bond and a one-year program for remaining bonds quoted, with two optional one-year renewals with any changes in premiums, terms or conditions to be brought back to the Board for further authorization.

RECOMMENDED:

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

1. authorize renewal of its Public Official Blanket Bond coverage for all employees and as excess coverage for those employees covered by the Public Official Named Position Bond, with limits of \$25 million per loss, subject to a per loss deductible of \$100,000, for a three-year term with annual installments of \$87,019.93 including all fees, effective June 1, 2011 to June 1, 2014 with coverage provided by Fidelity & Deposit Insurance Company/Zurich through Arthur J. Gallagher Risk Management Services, Inc.;
2. authorize renewal of its Public Official Named Position Bond coverage, covering six (6) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence with an annual premium of \$218,016.00 including all fees, with coverage provided by Liberty Mutual Insurance Company through Arthur J. Gallagher Risk Management Services, Inc., for a one-year term effective June 1, 2011 to June 1, 2012 with two optional one-year renewals with any changes in premiums, terms or conditions to be brought back to the Board for further authorization;
3. authorize renewal of its Public Employee Positions Bond for Security Officers with a per officer limit of \$5,000, subject to a per loss deductible of \$250 and based upon an initial reporting of 154 officers, with an annual premium of \$2,280.26 including all fees, with coverage provided by Fidelity & Deposit/Zurich through Arthur J. Gallagher Risk Management Services, Inc., for a one-year term effective June 1, 2011 to June 1, 2012 with two optional one-year renewals with any changes in premiums, terms or conditions to be brought back to the Board for further authorization; and

4. authorize renewal of ancillary Public Official Bonds, including, but not limited to Notary Bonds, Board Member Bonds, Superintendent's Bond and JROTC Bonds, at expiring rates of \$100 per bond plus applicable state fees and surcharges, with coverage provided by Liberty Mutual Insurance Company through Arthur J. Gallagher Risk Management Services, Inc., for a one-year term effective June 1, 2011 to June 1, 2012, with two optional one-year renewals with any changes in premiums, terms or conditions to be brought back to the Board for further authorization.

RHH:sbc