

Personnel Management and Services
Nelson E. Diaz, Deputy Superintendent

SUBJECT: RENEWAL OF BOILER AND MACHINERY INSURANCE COVERAGE

Pursuant to the requirement of Section 230.23(9)(d), Florida Statutes, the Board carries insurance coverage on its boilers, air conditioning systems and other vessels. This coverage is provided by Hartford Steam Boiler and Inspection Insurance Company (HSB) (A.M. Best A+ XV) who in addition to the insurance coverage, provides a full time boiler inspector to provide state mandated inspection services. The current program consists of per loss limits of liability of \$10 million, subject to per occurrence deductibles of \$10,000 for all equipment except for air conditioning systems, electric motor driving air conditioning compressors, and air conditioning compressors in excess of 125 Horse Power, which carries a per occurrence deductible of \$25,000.

State Board Rule 6A-1.012(11) authorizes the Board to directly negotiate and enter into contracts for insurance and risk management programs. At the Board Meeting of August 25, 1999, the Board approved three, one-year renewals of this program, subject to annual re-rate. At the Board Meeting of September 13, 2000, the Board authorized the second renewal of its boiler and machinery coverage at the existing rate with an annual premium of \$75,000. The company has provided renewal terms for the third year renewal, effective September 13, 2001 at the existing rate, however the annual premium will increase to \$80,624 as a result of increased values of Board-owned property.

As this renewal represents the third and final year of the current program, it is recommended that the Board authorize staff to begin negotiations with HSB for a renewal program to be brought back to the Board prior to the next renewal of September 13, 2002.

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

1. authorize the renewal of its Boiler and Machinery Insurance coverage for the third year of its three year renewal, effective September 13, 2001 to September 13, 2002, with Hartford Steam Boiler and Inspection Insurance Company (A. M. Best A+XV), through Arthur J. Gallagher & Co., at an annual premium of \$80,624; and
2. authorize staff to begin negotiations with Hartford Steam Boiler Inspection and Insurance Company, through Arthur J. Gallagher & Co., for a three year renewal program, with specific recommendations to be brought back to the Board prior to the current coverage expiration of September 13, 2002.