

Financial Affairs  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO RENEW WLRN RADIO AND TELEVISION INSURANCE COVERAGES**

At the Board meeting of July 11, 2001, the Board authorized renewal of the Broadcaster's package policy for WLRN Radio and Television, with Vigilant Insurance Company (Chubb)(A.M. Best A++ XV), as well as renewal of its commercial excess umbrella coverage with Federal Insurance Company (CHUBB)(A.M. Best A++ XV), effective July 1, 2001, with the ability to automatically renew these coverages for one additional year, subject to no increase in premiums. This authorization was obtained pursuant to the provisions of State Board Rule 6A-1.012(11), wherein the Board may purchase insurance by direct negotiations and contract.

The expiring Broadcaster's package includes general liability coverage for \$1 million each occurrence/\$2 million annual aggregate. The property portion provides coverage for loss of personal property and transmitter/studio equipment at four locations. Total insured values of equipment are reviewed annually, and for the renewal, the values have increased from \$1,700,000 to \$1,870,000.

Present insured values are as follows:

	<u>LOCATION</u>	<u>VALUES</u>
1.	695 N.W. 199 <sup>th</sup> St. Miami, Florida	\$1,060,000
2.	3300 S.W. 52 <sup>nd</sup> Avenue Hollywood, Florida	\$525,000
3.	1450 N.E. 2 <sup>nd</sup> Avenue Miami, Florida	\$85,000
4.	111 N.W. 1 <sup>st</sup> Street Miami, Florida	\$200,000
	<b>TOTAL</b>	<b>\$1,870,000</b>

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The liability portion of the policy is rated on total revenue/budget, which upon a comprehensive review has been determined to be \$8,053,067, which is 58% higher than the \$5,097,851 reported in the previous year. The main difference in these figures are monies generated by Friends of WLRN and Federal grants.

Following lengthy negotiations, pricing for the package policy has increased from the expiring annual premium of \$20,807 to \$22,174.89, representing a 6.5% increase. The annual premium for the umbrella policy, which provides excess liability coverage of \$1,000,000 over the package limits, has increased from \$1,560 to \$1,811, representing a 16% increase.

With the insurance marketplace in the state it currently is in, subsequent to the events of September 11, 2001, staff feels that the premium increases are in line with the increased exposures being insured, and is recommending renewal of this program. Unfortunately, insurers are unwilling to commit their capacity beyond one year; therefore, a second year renewal of this program is not able to be recommended.

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

1. approve renewal of the Board's Broadcaster's Package Policy with Vigilant Insurance Co. (CHUBB)(A.M. Best A++ XV), through Arthur J. Gallagher & Co., for specified limits of liability and coverages, effective July 1, 2002 to July 1, 2003, with an annual premium of \$22,174.89; and
2. approve the renewal of the commercial excess umbrella policy with Federal Insurance Co. (CHUBB)(A.M. Best A++ XV), through Arthur J. Gallagher & Co., for specified limits of liability, effective July 1, 2002 to July 1, 2003, with an annual premium of \$1,811.

Funds for this premium will be included in the General Fund of the 2002-2003 Adopted Budget.

RHH:sc