

Financial Affairs
George M. Burgess, Chief Financial Officer

**SUBJECT: RENEWAL OF COMMERCIAL GENERAL LIABILITY FACILITIES
USE POLICY**

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

To provide the community access to Board-owned properties, and to insulate it against risk of loss while those properties are being utilized, the Board carries a Commercial General Liability Facilities Use Policy. The program provides general liability insurance, including bodily injury and property damage liability coverages, with limits of liability of \$500,000 per occurrence/general aggregate, subject to a \$250 per claim deductible, and provides a separate medical expense limit of \$5,000 for any one person.

At the Board meeting of June 19, 2002, the Board authorized renewal of its Commercial General Liability Facilities Use Policy with American Heritage Insurance Company (A.M. Best A+ XV), through Arthur J. Gallagher & Co., effective July 1, 2002 to July 1, 2003. Authorization is now sought to renew this coverage for the upcoming policy year of July 1, 2003 to July 1, 2004, pursuant to the provisions of State Board Rule 6A-1.012(11), which permits School Board, when purchasing insurance, entering risk management programs, or contracting with third party claims administrators, to make any such acquisitions through the bid process, or by direct negotiations and contract.

Pursuant to the provisions of School Board Rule 6Gx13- 1D-1.10, Use of School Facilities - Application and Approval, a renter of School Board facilities shall provide a certificate of insurance, showing evidence of Commercial General Liability Insurance, with minimum limits of \$300,000 per occurrence. As it does with all outside vendors, including General Contractors, Architects and Engineers, as well as those under contract through the Office of Procurement Management, the Office of Risk and Benefits Management is responsible for obtaining and verifying coverages provided by third parties.

If the renter does not carry the required insurance, then the renter can procure such insurance through the Board-provided Facilities Use Insurance Policy. In these instances, the renter provides all of the necessary information regarding the function to be held, the number of expected attendees, dates, etc., to the Office of Risk and Benefits Management, which then obtains the necessary underwriting from Arthur J. Gallagher & Co. The premiums for the functions are determined by the carrier, and the renter pays for its use of the policy and is provided with a certificate of coverage.

The deposit premium for this program for policy period July 1, 2002 to July 1, 2003 was \$10,000 plus a \$35 policy fee. For the ten months of July, 2002 through May, 2003, \$9,190 in premium was collected from renters utilizing the policy. Since it is expected that the month of June will generate at least \$500 in premium, this program actually costs the Board little, except staff time. However, it does provide a very important insulation vehicle to the Board for liability purposes, thus protecting our taxpayers. A spreadsheet reflecting the certificate holders, description and classification of events, and collected premiums for the ten month period July 2002 to May 2003 is being provided to the Board under separate cover.

The renewal of this program, effective July 1, 2003, requires a minimum and deposit premium of \$11,500, plus a \$35 policy fee. Additionally, due to the passage of The Terrorism Risk Insurance Act of 2002, all policies provided by admitted companies must provide notice of terrorism insurance coverage. For this policy, the acceptance of coverage for "certified acts of terrorism", pursuant to Section 102(1) of the act has an additional annual premium of \$1,150, or 10% of the minimum and deposit premium.

Staff is recommending that this terrorism coverage be accepted, and that the additional 10% premium charge be added to the cost of using the policy by the renters. To do otherwise could result in a liability to the Board since the individual renters do not have the ability to either accept or reject the coverage on a case by case basis.

The types of events and associated premiums which will be charged to the renter have changed slightly from that which is expiring. Events are categorized by Class I, II, and III, with the premium charged for the events increasing by class. For example, an entity who rents a Board-owned facility for antique or art shows will pay less premium than an entity who rents Board facilities for an event which includes food concessions. Also, the type of events for which this policy does not provide coverage, therefore, necessitating the renter to procure their own coverage continue to include such events as aircraft or balloon events, circus and carnivals, as well as boxing, wrestling, hockey, contact karate, and pro sporting events. A detailed listing of premiums charged by event class, as well as a letter from the Board's insurance consultant, Siver Insurance Consultants, Inc., is also being provided to the Board under separate cover.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida authorize renewal of its Commercial General Liability Facilities Use Policy with American Heritage Insurance Company (A.M. Best A+ XV), through Arthur J. Gallagher & Co., effective July 1, 2003 to July 1, 2004, with a minimum and deposit premium of \$11,500, certified terrorism coverage of \$1,150, plus a \$35 policy fee, for a total of \$12,685, subject to the provisions of the policy outlining premium charges for events based upon Class I, II, and III, based upon number of attendees and admissions.

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