

Financial Affairs
George M. Burgess, Chief Financial Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO RENEW CATASTROPHIC
ATHLETIC ACCIDENT INSURANCE COVERAGE**

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

Pursuant to the authority granted by State Board Rule 6A-1.012(11), whereby the Board is authorized to directly negotiate and enter into contracts for insurance or risk management programs, the current broker for the Catastrophic Athletic Accident Insurance Program, Arthur J. Gallagher & Co., has provided renewal quotations for this coverage.

This program was initially awarded to Life Insurance Company of North America (A.M. Best A+ XV), through the issuance of a Request For Proposal (RFP) issued by the Florida School Board Association /Florida School Board Insurance Trust (FSBA/FSBIT), through the Florida Educational Risk Managers Association (FERMA). This program is required to comply with the Florida High School Activities Association (FHSAA) requirement that all school districts carry catastrophic medical coverage.

At the Board meeting of August 21, 2001, the Board authorized the purchase of its catastrophic athletic accident insurance coverage from Mutual of Omaha (A.M. Best A XIV), through Arthur J. Gallagher & Co. with a two year policy period, with annual premiums of \$59,590 and \$61,500, respectively. As this market is very volatile, the incumbent carrier, Mutual of Omaha has quoted a renewal rate of \$151,391.52, reflecting an increase of almost 150%. An alternative quotation was received from American International Group (AIG)(A.M. Best A++ IX) through Maskin, a large intermediate broker of student accident insurance programs, which is willing to underwrite the expiring program for an annual premium of \$57,814, resulting in a **premium decrease from the current program of 6% or \$3,686.**

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The benefits of the recommended program are as follows:

Accidental Death Maximum Limit:	\$ 10,000
Accidental Medical Expense Benefit Maximum Limit:	\$5,000,000
Deductible (paid by primary student or football accident insurance):	\$ 25,000
Catastrophic Benefit Maximum (consisting of a lump sum payment of \$100,000 following a six month disability, with subsequent payments of \$40,000 per year for the next 10 years):	\$ 500,000

Staff is recommending this coverage be purchased for policy year August 1, 2003 to August 1, 2004, covering all interscholastic athletes, including interscholastic football and cheerleaders (senior high), and participants of non-sport extracurricular activities of the Miami-Dade County School Board (middle/junior and senior high).

The Florida Educational Risk Managers Association (FERMA) educational meeting is scheduled for July 16-18, 2003. At that meeting, a discussion is scheduled to take place regarding the issuance of a RFP for competitive proposals for Catastrophic Athletic Accident Coverage for interested district members. Staff is recommending that competitive proposals be sought for this coverage by participating in an RFP which will be issued through FERMA, possibly in conjunction with FSBA/FSBIT, for coverage beginning in August, 2004.

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

1. authorize renewal of its catastrophic athletic accident insurance coverage, including an accidental death limit of \$10,000, an excess medical benefits limit of \$5 million, and a maximum catastrophic cash benefit of \$500,000, with a per incident deductible of \$25,000, from American International Group Life Insurance Company (A.M. Best A++ IX), through Arthur J. Gallagher & Co., effective August 1, 2003 to August 1, 2004, with an annual premium of \$57,814; and
2. authorize the Superintendent to work with interested district members of the Florida Educational Risk Managers Association (FERMA), to construct and issue a Request For Proposal (RFP) for a Catastrophic Athletic Accident Program, for a program to be effective August 1, 2004, with final recommendations for coverage to come back to the Board prior to that effective date.

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