

Business Operations
Ofelia San Pedro, Deputy Superintendent

**SUBJECT: REQUEST FOR RENEWAL OF EXISTING COVERAGES
AS PREVIOUSLY AUTHORIZED, INCLUDING
AUTHORITY TO PAY EMERGENCY FLORIDA
HURRICANE CATASTROPHE FUND ASSESSMENT AS
REQUIRED**

**COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL
RELATIONS**

**LINK TO DISTRICT IMPROVE FINANCIAL SERVICES
STRATEGIC PLAN:**

Pursuant to the provisions of Section 215.555(6)(b), Florida Statutes, an order signed by Governor Bush on May 31, 2006 provides for a special assessment to the Florida Hurricane Catastrophe Fund. This emergency assessment on direct written premiums for property and casualty lines of business in the State of Florida became effective January 1, 2007 until further notice and amounts to 1% of direct written premiums on each policy. As such, premiums for district coverages, including some which were previously authorized for multi-year renewals, will now be subject to the Florida Hurricane Catastrophe Fund Special Assessment ("assessment") of 1% in addition to the renewal premiums.

Renewal authorization is sought for the following coverages, including the "assessment" for selected coverages:

FACILITIES USE POLICY

At the Board meeting of March 14, 2007, the Board authorized additional premiums to be paid for the policy which became effective July 1, 2006 to July 1, 2007, based upon utilization of the facilities use policy, as well as authorizing the deposit premium for the renewal of the program which becomes effective July 1, 2007 to July 1, 2008. The deposit premium authorized for this program at that time was \$12,500. Authorization is now being sought to pay the required "assessment" of 1% in addition to the deposit premium for this policy, effective July 1, 2007 in the amount of \$12,625.

EXCESS LIABILITY INSURANCE

At the Board meeting of June 14, 2006, the Board authorized renewal of the third year of a five year program, effective July 1, 2006 to July 1, 2007 with annual premiums of \$455,246, consisting of the annual premium of \$440,452 and a surplus allocation of \$14,794, with authorization to renew the two remaining renewal terms of July 1, 2007 to July 1, 2008 and July 1, 2008 to July 1, 2009, subject to no increase in the recommended premiums, surplus allocation, or change in terms or conditions.

In addition to this program's premiums for the July 1, 2007 renewal being subject to the "assessment", staff is pleased to inform the Board that negotiations have proven successful for a premium **decrease** for the base premium to \$335,213, with no surplus allocation being applied. Authorization is now being sought for payment of the decreased premium, inclusive of the "assessment" of \$338,565.13, effective July 1, 2007.

POLICE PROFESSIONAL LIABILITY

At the Board meeting of June 14, 2006, the Board authorized renewal of its Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG)(A++ XV), through Arthur J. Gallagher & Co., effective July 1, 2006 to July 1, 2007 at a flat annual premium of \$141,750. This program has coverage limits of \$5 million per wrongful act / \$5 million annual aggregate, subject to a per wrongful act deductible, including defense costs of \$100,000. Authority was also received for renewal of this program for one additional year, effective July 1, 2007, subject to no change in premium terms and/or conditions.

Staff has successfully negotiated an attractive renewal of this program, taking into consideration that additional police officers have been hired and are covered by this program from last year. The recommended renewal consists of a flat annual premium of \$143,000, representing a .8% (.008) increase, effective July 1, 2007 to July 1, 2008, with a commitment for a flat renewal for the following year, effective July 1, 2008 to July 1, 2009. When the required "assessment" is added to this recommended premium, the total annual premium for this renewal is \$144,430.

WLRN PACKAGE LIABILITY

The district currently leases space on a broadcasting tower owned by Channel 2 to house its Channel 17 antenna. A requirement of the lease agreement with Channel 2 is to provide proof of acceptable liability insurance with limits not less than \$2 million. The district has purchased this stand alone coverage to meet the contractual liability obligations of the Channel 2 lease, in conjunction with property insurance which provides coverage for district-owned property utilized to support technical operations of the WLRN Radio/TV at four locations as follows with total values of \$2,797,000.

Following onsite inspections conducted by the carrier, the resultant package renewal quote did include a renewal for both the liability portion of the policy, as well as the property portion, however the minimum windstorm deductible on a per location basis was raised to \$250,000, with annual premiums, including assessments of \$40,009.12

Staff has conducted an analysis of that quote and is recommending renewal of the liability portions of the coverage, thus having the property previously covered by this program, moved under the district's blanket property insurance program, due to the deductible change. There are no additional property insurance premiums required for this action. Premiums for the liability coverage, including the required assessment, are \$4,285.43 for the primary \$1 million coverage with Vigilant Insurance Co. (CHUBB)(A.M. Best A+ XV) and \$2,216.95 for the \$1 million umbrella liability coverage with Federal Insurance Company (CHUBB)(A M. Best A+ XV).

EXCESS WORKERS' COMPENSATION INSURANCE

At the Board meeting of June 14, 2006 the Board authorized purchase of its specific excess workers' compensation coverage with Liberty Mutual Insurance Company (A.M. Best A XV), through Arthur J. Gallagher & Co., effective July 1, 2006, with rate renewals for 2007-2008 and 2008-2009 subject to future Board approval and re-rate as determined by incurred claims, premiums for Terrorism Risk Insurance Extension Act (TRIEA), and actual incurred payrolls for these years.

The rate for this coverage is .1089/\$100 payroll, which includes premiums for the Terrorism Risk Insurance Extension Act (TRIEA). Premiums are paid on a deposit basis, based upon known payrolls, with actual premiums paid on an audit basis, subject to actual incurred payrolls. Staff is pleased to inform the Board that the program's second year renewal incorporates a rate reduction as a result of positive claims experience. The rate which will become effective July 1, 2007 to July 1, 2008 is .1088/\$100 payroll, which includes TRIEA, subject to a deposit payroll of \$1,949,303,991, which reflects a 6.2% increase, for a deposit renewal premium, effective July 1, 2007 to July 1, 2008. This amount, subject to final audit of payrolls for the 2007-2008 policy period, is \$2,120,843. The 1% emergency assessment does not apply as workers' compensation policies are excluded from the assessment.

INSURANCE CONSULTING

Siver Insurance Consultants, Inc. (Siver) provide consulting services to support the operations of the Office of Risk and Benefits Management, including policy review and issuance, risk analysis and preparation of required consultants reports on the many district property/casualty insurance programs including but not limited to casualty, property, workers' compensation and other related coverages.

Staff is recommending that the Board authorize continued consulting services to be performed by Siver with consulting fees of \$150/hour, with funding for such services to be taken from the Office of Risk and Benefit Management's Professional and Technical Budget (0100, 5310, 9112, 7760, 7790).

RECOMMENDED:

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

1. authorize payment of premium for the district's Facilities Use Insurance Program to Western Heritage Insurance Company (A.M. Best A+ XV), through Arthur J. Gallagher & Co., effective July 1, 2007 to July 1, 2008 with annual deposit premiums, including the required special assessment to the Florida Hurricane Catastrophe Fund of \$12,625;

2. authorize payment of premium for the fourth year of the district's current excess General / Automobile / Professional Liability Errors and Omissions coverage with United Educators Risk Retention Group (A.M. Best A VIII), through Arthur J. Gallagher & Co., effective July 1, 2007 to July 1, 2008, reflecting the negotiated premium decrease and required special assessment to the Florida Hurricane Catastrophe Fund of \$338,565.13;
3. authorize renewal of its Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG)(A++XV), through Arthur J. Gallagher & Co., effective July 1, 2007 to July 1, 2008 and July 1, 2008 to July 1, 2009 with flat annual premiums for each year, inclusive of the required special assessment to the Florida Hurricane Catastrophe Fund, of \$144,430;
4. authorize renewal of the district's liability insurance coverage for WLRN Radio/TV with Vigilant Insurance Company (A.M. Best A+ XV) for the primary coverage, and Federal Insurance Company (A.M. Best A+ XV) for the umbrella coverage, through Arthur J. Gallagher & Co., effective July 1, 2007 to July 1, 2008 with premiums of \$4,285.43 for the primary coverage and \$2,216.95 for the umbrella coverage, inclusive of the required special assessment to the Florida Hurricane Catastrophe Fund;
5. authorize the second year renewal of its specific excess workers' compensation coverage with Liberty Mutual Insurance Company (A.M. Best A XV), through Arthur J. Gallagher & Co., effective July 1, 2007 to July 1, 2008, at a rate of .1088/\$100 payroll, including coverage for TRIEA, with a deposit premium for 2007-2008, subject to audit of actual incurred payrolls for that period, of \$2,120,843; and
6. authorize consulting expenses to be paid to Siver Insurance Consultants, Inc. of \$150/hour, with funding to be paid from the Office of Risk and Benefit Management's Professional and Technical Budget (0100, 5310, 9112, 7760, 7790).