

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR RENEWAL OF EXISTING COVERAGES
INCLUDING FACILITIES USE, EXCESS LIABILITY,
POLICE PROFESSIONAL LIABILITY AND EXCESS
WORKERS' COMPENSATION**

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

**LINK TO STRATEGIC
FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

At the Board meeting of December 15, 2010, the Board awarded its Property and Casualty Insurance Broker Services contract to Arthur J. Gallagher Risk Management Services, Inc. (Gallagher), pursuant to Request For Qualifications (RFQ) #004-LL10, Request For Qualifications for Property and Casualty Insurance Broker Services, effective January 1, 2011. The following recommended insurance renewals/placements are subject to the brokerage contract's provisions:

FACILITIES USE

School Board Policy 7510, Use of School Board Facilities, requires outside users of School Board facilities to provide proof of liability insurance coverage. If the renter does not carry their own liability coverage, the renter can procure such coverage through the Board's Facilities Use Liability Insurance Policy, which is administered by the Office of Risk and Benefits Management at very competitive rates.

As of May 29, 2013, premiums collected from users of the Facilities Use Policy for scheduled activities, which run through the end of the 2012-2013 school year, total \$12,238. These premium collections from outside organizations represent a cost offset to the total paid premiums for fiscal year 2012-2013 of \$13,323. In order to assure coverage availability for outside users, a maximum not to exceed threshold of \$15,000 was established and authorized by the Board at its meeting of June 13, 2012. A report listing entities that utilized this policy during fiscal year 2012-2013 is attached.

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Mesa Underwriters Specialty (formerly known as Montpelier US Insurance Company) proposed a renewal program with limits and coverages at terms, rates and conditions the same as the expiring program with the exception of a \$25.00 increase in the policy surcharge. Staff is recommending renewal terms for this coverage effective July 1, 2013 through June 30, 2014, inclusive of a deposit premium of \$13,348.03, with a maximum not to exceed threshold of \$15,000, including all State of Florida fees, with Mesa Underwriters Specialty (A.M. Best A+ XII) through the District's Broker, Arthur J. Gallagher.

POLICE PROFESSIONAL

At the Board meeting of June 13, 2012 the Board authorized renewal of the Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG) (A.M. Best A XV), through Arthur J. Gallagher Risk Management Services, Inc. (Gallagher) effective July 1, 2012 through June 30, 2013, with an annual premium of \$155,444.85.

Lexington Insurance Company has provided staff with a renewal quote in the amount of \$172,007.40 representing a 10.6% increase in premium due to ongoing claims exposure. Staff instructed Gallagher to obtain a quote based on increasing the Board's self-insured retention from \$100,000 to \$200,000. Lexington provided a renewal quote (with a self-insured retention in the amount of \$200,000), of \$151,342.20 which represents a savings of \$4,102.65 from the expiring rate.

Staff is recommending the renewal of the Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG) (A.M. Best A XV), through Arthur J. Gallagher Risk Management Services, Inc. effective July 1, 2013 through June 30, 2014, with an annual premium of \$151,342.20 including State of Florida fees, subject to an increase of the self-insured retention from \$100,000 to \$200,000. Lexington has instituted a newly filed coverage form but all other terms and conditions remain per the expiring policy term.

EXCESS WORKERS' COMPENSATION

At the Board meeting of June 15, 2011 the Board authorized renewal of the District's Excess Workers' Compensation Insurance Coverage with Liberty Mutual Insurance Company (Liberty Mutual) (AM Best A XV), through Arthur J. Gallagher Risk Management Services (AJG), Inc. for a two-year term, effective July 1, 2011 through June 30, 2013 at a rate of \$.06 per \$100 of annual payroll with a deposit premium of \$1,138,435.

The expiring coverage provides excess coverage for workers' compensation claims with Statutory limits for Coverage Part A, pursuant to Chapter 440, Florida Statutes, and \$3,000,000 per occurrence/annual aggregate for Coverage Part B, Employers Liability, subject to a per occurrence self-insured retention of \$1,000,000.

Based on current market conditions the cost of excess workers' compensation insurance has continued to rise, predominately due to increased medical costs. Liberty Mutual (the incumbent carrier) declined to provide a quote with the current self-insured retention of \$1,000,000 which has been in place since the 2005-2006 renewal. Due to these adverse market conditions, staff requested that Gallagher obtain quotes at self-insured retention levels of \$1,000,000, \$1,500,000 and \$2,000,000.

Quotes were received from Liberty Mutual, Star Insurance Company, Arch Insurance Company and Safety National Casualty Corporation. All of the quotes were competitive, however, based on the value added services contained in the Safety National Casualty Corporation (Safety National) proposal, and the financial integrity of the company, staff is recommending placing the District's Excess Workers' Compensation Insurance Coverage with Safety National for a one-year term, effective July 1, 2013 through June 30, 2014, at a rate of \$.059 per \$100 of annual payroll with a deposit premium of \$1,098,137 and increasing the per claim self-insured retention to \$1,500,000, in order to keep premium levels from rising significantly.

Safety National provides services which will enhance the District's current Workers' Compensation Program such as "Ask Best Doctors" which is a pro-active, non-adversarial, consultative medical review by a *Best Doctors* specialist for injured workers at high risk for adverse developments in their medical condition as well as "CatCare", a Catastrophic Injury Claims program that provides real-time guidance from top experts in trauma, rehabilitation and other specialties, helping reduce errors and ensuring that best practices are being followed.

EXCESS LIABILITY

At the Board meeting of June 17, 2009 the Board authorized renewal of the District's Excess General/Automobile/Professional Liability/Errors and Omissions coverage with United Educators Risk Retention Group (United Educators) (A.M. Best A VIII) through Arthur J. Gallagher Risk Management Services, Inc (AJG). The renewal authorization was for five one-year terms effective July 1, 2009 through June 30, 2014, subject to annual re-rate and cancellation provisions with last year's premium totaling \$270,521.

The Primary Limits of liability are \$500,000 per occurrence per wrongful act subject to a \$3,250,000 annual aggregate. The Excess Professional Liability limits are \$500,000 excess of primary \$500,000 per wrongful act subject to annual aggregate of \$2,500,000. In addition the Board Maintains a Self-Insured Retention of \$200,000 per claim/\$300,000 per wrongful act.

United Educators continues to be a leader in providing insurance and risk management resources to educational institutions including K-12 public, private and parochial schools. In addition to providing excess coverage, the value added benefits of the Board's membership in this Risk Retention Group include access to materials related to school liability, loss prevention and resources including seminars provided by national experts in the field of education liability.

The renewal quote for the period of July 1, 2013 to June 30, 2014, is \$283,630, representing a 4% premium increase, due to severe loss trends in the public school sector. Staff feels that this slight premium increase is warranted due to market conditions and feels strongly that the program continues to provide appropriate protection to District assets, while providing premium savings since the program was re-structured from a traditional liability insurance program in 1991. Based upon that restructuring, there are realized premium savings of \$8,993,000 since 1991 on a paid-claim basis.

Staff is recommending renewal of its Excess General/Automobile/Professional Liability/Errors and Omissions coverage for a one-year term effective July 1, 2013 through June 30, 2014, with an annual premium of \$283,630.

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

1. authorize renewal of the District's Facilities Use Insurance Program with Mesa Underwriters Specialty (A.M. Best A+ XII), through Arthur J. Gallagher Risk Management Services, Inc. effective July 1, 2013 through June 30, 2014, with annual deposit premium, including Federal TRIEA/TRIPA coverage and state-required fees of \$13,348.03, with a maximum not to exceed threshold of \$15,000, subject to the per event rate schedule;
2. authorize renewal of Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG) (A.M. Best A XV), through Arthur J. Gallagher Risk Management Services, Inc. effective July 1, 2013 through June 30, 2014, with an annual premium of \$151,342.20 inclusive of all State of Florida required fees, subject to an increase in the self-insured retention from \$100,000 to \$200,000;

3. placement of the District's Excess Workers' Compensation Insurance Coverage to Safety National Casualty Corporation(AM Best A XI) through Arthur J. Gallagher Risk Management Services, Inc. for a one-year term, effective July 1, 2013 through June 30, 2014, at a rate of \$.059 per \$100 of annual payroll with a deposit premium of \$1,098,137, subject to an increase of the per claim self-insured retention from \$1,000,000 to \$1,500,000; and
4. authorize the renewal of the District's Excess General/Automobile/Professional Liability/Errors and Omissions coverage with United Educators Risk Retention Group (A.M. Best A VIII) through Arthur J. Gallagher Risk Management Services, Inc. for a one-year term effective July 1, 2013 through June 30, 2014, with an annual premium of \$283,630.

RHH:sbc

Cert #	Policy #	NAMED INSURED-SCHOOL BOARD OF MIAMI DADE COUNTY-TULIP	City	State	Eff Date	Premium	Limits	Deductible (Per Claim)	Comments/Endorsements
MD-001	MP0009006001183	Doral SAT Prep Inc	Miami	FL	7/10/12	\$125.00	1/2/1/1	\$250	Instructional Classes/Class I
MD-002	MP0009006001183	TOAD Program of Miami Dade County	Miami	FL	7/12/12	\$189.00	1/2/1/1	\$250	Instructional Classes/Class I
MD-003	MP0009006001183	South Dade Amateur Orchid Club	Miami	FL	7/6/12	\$189.00	1/2/1/1	\$250	Meeting/Class I
MD-004	MP0009006001183	G.S.C. Community Involvement	Miami	FL	8/16/12	\$225.00	1/2/1/1	\$250	Church Service/Class I
MD-005	MP0009006001183	Fulfilled Life Church	Miami	FL	7/1/12	\$189.00	1/2/1/1	\$250	Church Meeting/Class I
MD-006	MP0009006001183	Centro Cristiano Nueva Vida	Miami	FL	7/1/12	\$189.00	1/2/1/1	\$250	Church Service/Class I
MD-007	MP0009006001183	Living the Life Ministry	Miami	FL	7/1/12	\$189.00	1/2/1/1	\$250	Church Service/Class I
MD-008	MP0009006001183	Shalom Development Center	Miami	FL	9/15/12	\$200.00	1/2/1/1	\$250	Music Concert/Class III
MD-009	MP0009006001183	Three Little Flowers	Miami	FL	8/4/12	\$125.00	1/2/1/1	\$250	Musical/Class I
MD-010	MP0009006001183	The Way Church	Miami	FL	7/1/12	\$189.00	1/2/1/1	\$250	Church Services/Class I
MD-011	MP0009006001183	South Florida Woodcarvers	Miami	FL	7/5/12	\$189.00	1/2/1/1	\$250	Meeting/Class I
MD-012	MP0009006001183	Community Bible Baptist Church	Miami	FL	7/1/12	\$189.00	1/2/1/1	\$250	Church Services/Class I
MD-013	MP0009006001183	Haitian Pastors Association of Homestead	Miami	FL	7/1/12	\$125.00	1/2/1/1	\$250	Church Meeting/Class I
MD-014	MP0009006001183	Helen Saunders Fraternity Church	Miami	FL	9/22/12	\$125.00	1/2/1/1	\$250	Choir Concert/ Class I
MD-015	MP0009006001183	Kingdom Empowerment Center	Miami	FL	7/8/12	\$94.00	1/2/1/1	\$250	Church Services/Class I
MD-016	MP0009006001183	Zion SDA Church	Miami	FL	7/8/12	\$189.00	1/2/1/1	\$250	Church Services/Class I
MD-017	MP0009006001183	Radys People	Miami	FL	7/8/12	\$225.00	1/2/1/1	\$250	Musical/Class I
MD-018	MP0009006001183	Contemporary Chinese School of South Florida	Miami	FL	8/18/12	\$189.00	1/2/1/1	\$250	Instructional Classes/Class I
MD-019	MP0009006001183	Impact Miami Inc	Miami	FL	7/15/12	\$189.00	1/2/1/1	\$250	Church Services/
MD-020	MP0009006001183	Palmiste Film	Miami	FL	7/14/12	\$125.00	1/2/1/1	\$250	Movie Release/Class I
MD-021	MP0009006001183	Proverb Brothers Production	Miami	FL	8/25/12	\$125.00	1/2/1/1	\$250	Movie Release/Class I
MD-022	MP0009006001183	Miami Jamz Production	Miami	FL	9/15/12	\$125.00	1/2/1/1	\$250	Dance Competition/Class I
MD-023	MP0009006001183	Miami Edison Over the Hill Gang	Miami	FL	8/4/12	\$150.00	1/2/1/1	\$250	High School Reunion
MD-024	MP0009006001183	Jesus Friend	Miami	FL	11/17/12	\$80.00	1/2/1/1	\$250	Meeting/Class I
MD-025	MP0009006001183	Miami Lyric Opera	Miami	FL	8/30/12	\$141.00	1/2/1/1	\$250	Choir Rehearsal/Class I
MD-026	MP0009006001183	Red Riders Crime Watch	Miami	FL	9/6/12	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-027	MP0009006001183	Miami Chinese Language School	Miami	FL	8/25/12	\$141.00	1/2/1/1	\$250	Instructional Classes/Class I
MD-028	MP0009006001183	Tri Community Homeowners Association	Miami	FL	9/20/12	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-029	MP0009006001183	Oasis Center Inc/ Kevin Jordan	Miami	FL	8/5/12	\$189.00	1/2/1/1	\$250	Meeting/Class I
MD-030	MP0009006001183	The Multicultural Educational Center	Miami	FL	8/11/12	\$125.00	1/2/1/1	\$250	Art Festival/Class I
MD-031	MP0009006001183	Yieglise Baptiss De La Renaissance	Miami	FL	9/29/12	\$125.00	1/2/1/1	\$250	Fund Raiser/Class I
MD-032	MP0009006001183	National Sorority of Phi Delta Kappa Inc	Miami	FL	9/22/12	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-033	MP0009006001183	Gladys Vega	Miami	FL	9/8/12	\$125.00	1/2/1/1	\$250	Reception /Class I
MD-034	MP0009006001183	South Dade Expressions	Miami	FL	12/6/12	\$375.00	1/2/1/1	\$250	Show/Rehearsals
MD-035	MP0009006001183	Robert Cooper	Miami	FL	10/27/12	\$225.00	1/2/1/1	\$250	Party/Class I
MD-036	MP0009006001183	Coach Kenol Productions	Miami	FL	12/16/12	\$125.00	1/2/1/1	\$250	Recital/Class I
MD-037	MP0009006001183	Building for Tomorrow	Miami	FL	9/13/12	\$80.00	1/2/1/1	\$250	Conference/Class I
MD-038	MP0009006001183	Scott Lake Neighborhood Crime Prevention	Miami	FL	9/27/12	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-039	MP0009006001183	Antiheroes Project Inc.	Miami	FL	12/15/12	\$125.00	1/2/1/1	\$250	Theatrical Performance/Class I
MD-040	MP0009006001183	Homestead Community Concert Assoc.	Miami	FL	12/2/12	\$325.00	1/2/1/1	\$250	Concerts
MD-041	MP0009006001183	Building for Tomorrow	Miami	FL	9/26/12	\$80.00	1/2/1/1	\$250	Conferences/Class I
MD-042	MP0009006001183	God's Shelter	Miami	FL	10/28/12	\$141.00	1/2/1/1	\$250	Church Services
MD-043	MP0009006001183	Haitian Charismatic Renewal of Archdiocese of Miami	Miami	FL	11/9/12	\$225.00	1/2/1/1	\$250	Church Event
MD-044	MP0009006001183	Sistah's CaNect Inc	Miami	FL	10/9/12	\$125.00	1/2/1/1	\$250	Meetings
MD-045	MP0009006001183	P.U.L.S.E	Miami	FL	12/15/12	\$225.00	1/2/1/1	\$250	Dance Competition/Class I
MD-046	MP0009006001183	Andover Civic Association	Miami	FL	11/15/12	\$80.00	1/2/1/1	\$250	Meeting/Class I
MD-047	MP0009006001183	Building for Tomorrow	Miami	FL	10/20/12	\$80.00	1/2/1/1	\$250	Conference/Class I
MD-048	MP0009006001183	Pentecostal Church of Miami	Miami	FL	1/25/13	\$225.00	1/2/1/1	\$250	Church Services/Class I
MD-049	MP0009006001183	Body Modification Inc.	Miami	FL	11/17/12	\$115.00	1/2/1/1	\$250	Aerobic Event
MD-050	MP0009006001183	Zion Seventhday Adventist	Miami	FL	11/10/12	\$150.00	1/2/1/1	\$250	Basketball Game/Class III
MD-051	MP0009006001183	Building for Tomorrow	Miami	FL	11/6/12	\$80.00	1/2/1/1	\$250	Convention/Class I

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MD-052	MP0009006001183	Building for Tomorrow	Miami	FL	11/1/12	\$80.00	1/2/1/1	\$250	Teleconference/Class I
MD-053	MP0009006001183	Building for Tomorrow	Miami	FL	11/5/12	\$80.00	1/2/1/1	\$250	Teleconference/Class I
MD-054	MP0009006001183	Building for Tomorrow	Miami	FL	11/7/12	\$80.00	1/2/1/1	\$250	Conference/Class I
MD-055	MP0009006001183	Omega PSI Phi Fraternity Sigma Alpha Chapter	Miami	FL	5/1/13	\$125.00	1/2/1/1	\$250	Speaking Engagement/Class I
MD-056	MP0009006001183	Townsend Entertainment Inc.	Miami	FL	11/10/12	\$300.00	1/2/1/1	\$250	Film Audition
MD-057	MP0009006001183	Program & Project Management Services	Miami	FL	12/4/12	\$94.00	1/2/1/1	\$250	Tutoring
MD-058	MP0009006001183	ENVISION PRODUCTIONS	Miami	FL	11/15/12	\$80.00	1/2/1/1	\$250	Filming Documentary
MD-059	MP0009006001183	Townsend Entertainment Inc.	Miami	FL	11/17/12	\$300.00	1/2/1/1	\$250	Meetings/Class I
MD-060	MP0009006001183	Townsend Entertainment Inc.	Miami	FL	12/1/12	\$200.00	1/2/1/1	\$250	Filming Documentary /Class III
MD-061	MP0009006001183	The Sigma Beta Club of Phi Beta Sigma	Miami	FL	12/21/12	\$125.00	1/2/1/1	\$250	Talent Show/Class I
MD-062	MP0009006001183	Express Pub Tax & Multi Services	Miami	FL	12/9/12	\$125.00	1/2/1/1	\$250	Live Theater Event/Class I
MD-063	MP0009006001183	Cassa Pictures & Zafe Pa Nou	Miami	FL	12/23/12	\$125.00	1/2/1/1	\$250	Film Showing /Class I
MD-064	MP0009006001183	Armando Perez	Miami	FL	1/26/13	\$80.00	1/2/1/1	\$250	Reunion/Class I
MD-065	MP0009006001183	Kingdom Empowerment Center	Miami	FL	1/6/13	\$94.00	1/2/1/1	\$250	Church Service/Class I
MD-066	MP0009006001183	Jeanie Ruffin	Miami	FL	1/18/13	\$80.00	1/2/1/1	\$250	Funeral Services/Class I
MD-067	MP0009006001183	Office of State Representative Kionee McGhee	Miami	FL	1/29/13	\$125.00	1/2/1/1	\$250	Speaking Engagement/Class I
MD-068	MP0009006001183	SAFEPANOU/ Smith Cassamajor	Miami	FL	2/10/13	\$125.00	1/2/1/1	\$250	Live Theater Event/Class I
MD-069	MP0009006001183	HAITIANDIASPARA/ Smith Cassamajor	Miami	FL	5/26/13	\$125.00	1/2/1/1	\$250	Live Theater Event/Class I
MD-070	MP0009006001183	Miami Dade Co. Council Teachers of Mathematics	Miami	FL	3/16/13	\$125.00	1/2/1/1	\$250	Math Tournament
MD-071	MP0009006001183	Jean Rene Charles	Miami	FL	3/30/13	\$125.00	1/2/1/1	\$250	Church Services
MD-072	MP0009006001183	Nueva Vida Miami	Miami	FL	2/10/13	\$225.00	1/2/1/1	\$250	Church Services
MD-073	MP0009006001183	Coach Kenol Productions	Miami	FL	3/23/13	\$125.00	1/2/1/1	\$250	Live Theater Event/Class I
MD-074	MP0009006001183	State Representative Florida House	Miami	FL	2/28/13	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-075	MP0009006001183	Rise4Miami of Leadershipmiami	Miami	FL	3/20/13	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-076	MP0009006001183	Express Pub Tax & Multi Services	Miami	FL	5/26/13	\$125.00	1/2/1/1	\$250	Movie Release/Class I
MD-077	MP0009006001183	Nu Flamenco Collaborative Inc	Miami	FL	4/7/13	\$125.00	1/2/1/1	\$250	Theatrical Performance/Class I
MD-078	MP0009006001183	Miami High Hall of Fame	Miami	FL	4/20/13	\$125.00	1/2/1/1	\$250	Fund Raiser/Class I
MD-079	MP0009006001183	Barracuda Endzone Club	Miami	FL	4/20/13	\$125.00	1/2/1/1	\$250	Fund Raiser/Class I
MD-080	MP0009006001183	National Action Network South Florida Chapter	Miami	FL	4/22/13	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-081	MP0009006001183	Walk My Shoes	Miami	FL	6/10/13	\$80.00	1/2/1/1	\$250	Instructional Classes/Class I
MD-082	MP0009006001183	Norland Crime Prevention	Miami	FL	5/30/13	\$80.00	1/2/1/1	\$250	Meeting/Class I
MD-083	MP0009006001183	Homestead Haitian Pastor Association	Miami	FL	6/23/13	\$125.00	1/2/1/1	\$250	Meeting/Class I
MD-084	MP0009006001183	Miami SHS Class of 1963 Reunion Committee	Miami	FL	6/15/13	\$80.00	1/2/1/1	\$250	Social Reception/Class I
		Total				\$12,238.00			