

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

SUBJECT: COMPREHENSIVE FIDELITY BONDS AND RELATED PROGRAMS

COMMITTEE: FISCAL ACCOUNTABILITY

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

Procurement of fidelity bonds for School Board employees is required pursuant to Section 1001.42(10)(h), Florida Statutes as well as Board Policy 8740-Bonding. Various types of fidelity bonds cover District employees for risks which include crime and faithful performance. Such bonds include the following:

- Public Official Blanket Bond for all District employees
- Public Official Named Position Bond for employees in Treasury Management
- Board Member Bonds
- Superintendent Bond
- Notary Bonds
- JROTC Bonds

In anticipation of the expiration of the current term, staff conducted negotiations with various markets through Arthur J. Gallagher Risk Management Services, Inc., the District's Broker. Following negotiations with various markets, the renewal provided by the current sureties represents the most aggressive terms available in today's surety market.

Blanket Employee Dishonesty Bond

The expiring carrier, Fidelity Deposit Company of Maryland provided a quote of \$100,367, a decrease of \$5,139, representing approximately a 5% decrease from the expiring premium.

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Staff is recommending renewal of the expiring Blanket Employee Dishonesty Bond Program with coverage provided by Fidelity Deposit Company of Maryland (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2017 through May 31, 2020 with limits of \$25 Million per occurrence and a \$100,000 deductible with annual premium of \$100,367 including all fees subject to an annual re-rate or non-renewal if any losses are incurred with any changes in premiums, terms or conditions to be brought back to the Board for further authorization.

Public Official Named Position Bonds

The expiring Named Position Bond Program has coverage provided by Liberty Mutual Insurance Company (AM Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc.; covering five (5) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with an annual premium of \$180,803 including all fees. Liberty Mutual Insurance Company has agreed to renew The Named Position Bonds at the expiring rates with limits of \$15 million per occurrence and \$0 deductible with an annual premium of \$180,803 including all fees.

Staff is recommending that the Board authorize the renewal of the named Position Bond Program at the expiring rates with coverage provided by Liberty Mutual Insurance Company (AM Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc.; covering up to five (5) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with an annual premium of \$180,803 including all fees, with coverage provided for a one-year term, effective June 1, 2017 to May 31, 2018.

Ancillary Public Official Bonds

Staff is recommending the renewal of the ancillary Public Official Bonds which include Notary Bonds (which are issued upon request), nine Board Member Bonds, one Superintendent's Bond and 28 JROTC Bonds. These bonds renew during the period of June 1, 2017 through May 31, 2018 at expiring rates of \$100 per bond, with coverage provided by Liberty Mutual Insurance Company (AM Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc.

RECOMMENDED:

That The School Board of Miami-Dade County Florida:

1. authorize renewal of The expiring Blanket Employee Dishonesty Bond Program with coverage provided by Fidelity Deposit Company of Maryland (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2017 through May 31, 2020 with limits of \$25 Million per occurrence and a \$100,000 deductible with annual premium of \$100,367 including all fees subject to an annual re-rate or non-renewal if any losses are incurred. with any changes in premiums, terms or conditions to be brought back to the Board for further authorization
2. authorize the renewal of the named Position Bond Program at the expiring rates with coverage provided by Liberty Mutual Insurance Company (AM Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc.; covering up to Five (5) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with an annual premium of \$180,803 including all fees, with coverage provided for a one-year term, effective June 1, 2017 to May 31, 2018.
3. authorize renewal of the following ancillary Public Official Bonds: Notary Bonds, Board Member Bonds, Superintendent's Bond and JROTC Bonds, at expiring rates of \$100 per bond plus applicable state fees and surcharges, with coverage provided by Liberty Mutual Insurance Company (AM Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a one-year term effective June 1, 2017 to May 31, 2018.