

Financial Services  
Mr. Ron Y. Steiger, Chief Financial Officer

**SUBJECT:** REQUEST AUTHORIZATION TO RENEW EXISTING COVERAGES INCLUDING MEDIA LIABILITY COVERAGE, FACILITIES USE INSURANCE COVERAGE, CATASTROPHIC ATHLETIC ACCIDENT COVERAGE, POLICE PROFESSIONAL LIABILITY INSURANCE, EXCESS WORKERS' COMPENSATION, GENERAL/ AUTOMOBILE/ PROFESSIONAL LIABILITY INSURANCE, BOILER AND MACHINERY COVERAGE AND CYBER LIABILITY COVERAGE

**COMMITTEE:** FISCAL ACCOUNTABILITY

**LINK TO STRATEGIC BLUEPRINT:** EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

At the Board meeting of October 14, 2015, the Board awarded its Risk Management and Insurance Broker Services contract to Arthur J. Gallagher Risk Management Services, Inc. (AJG), pursuant to Request For Qualifications (RFQ) #14-058-ND, Request For Qualifications for Risk Management and Insurance Broker Services, effective January 1, 2016. The following recommended insurance renewals/placements are subject to the brokerage contract's provisions. The total cost for the District's casualty program has decreased by 1.14%, from \$2,248,630 to \$2,223,029. The casualty coverage renewals are described in further detail below:

#### **FACILITIES USE INSURANCE COVERAGE**

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.

In December, 2016, staff introduced an online pilot program for facilities use insurance coverage. This program is automated and it facilitates the placement of coverage and issuance of the user's certificate of insurance through an online purchase. The premium is based upon the event type, the duration (number of days), and the total attendance for the event to be insured. This alternative program is easily accessible to the users who need General Liability and Property Damage coverage in order to rent District facilities.

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This online program ran simultaneously with the traditional facilities use program. Based on the pilot, staff is recommending the online program provided by Atlantic Specialty Insurance Company (A.M. Best A X) through AJG replace the traditional facilities use program currently being utilized. There will be no cost for the online program to the Board as users pay premiums for the policies directly to the insurance carrier.

Staff is recommending replacing the traditional facilities use program with the online program with limits of \$1 million per occurrence and a zero deductible with Atlantic Specialty Insurance Company (A.M. Best A X) through AJG at no cost to the Board.

### **CATASTROPHIC ATHLETIC ACCIDENT COVERAGE**

At the Board Meeting of June 22, 2016, the Board authorized renewal of the Catastrophic Athletic Insurance coverage with Zurich American Insurance Company, (A.M. Best A+ XV) through AJG for a one-year period, effective August 1, 2016 to July 31, 2017 with an annual premium of \$76,514. The policy has a maximum benefit per insured per covered accident of \$6,000,000 with a \$25,000 deductible that must be met within the first 2 years of covered injury. Purchase of this coverage is a requirement of the Florida High School Activities Association, Article 8.1.

Zurich American Insurance Company (A.M. Best A+ XV), through AJG proposed a renewal program with a premium of \$73,361 which represents a 4.1% reduction in premium, with limits, terms, conditions and coverages the same as the expiring program for a one-year period effective August 1, 2017 to July 31, 2018. Staff is recommending renewal of this program based upon the terms presented for renewal for a one-year period effective August 1, 2017 through July 31, 2018, with a policy annual aggregate limit of \$6 million dollars and a \$25,000 deductible for a total premium of \$73,361.

### **LAW ENFORCEMENT AND PROFESSIONAL LIABILITY INSURANCE**

At the Board meeting of June 22, 2016, the Board authorized renewal of Law Enforcement and Professional Liability Insurance coverage with Lexington Insurance Company (AIG) (A.M. Best A XV), through AJG effective July 1, 2016 through June 30, 2017, with an annual premium of \$198,000, with a \$5 million each wrongful act/annual aggregate and a self-insured retention of \$200,000.

Lexington Insurance Company, through AJG has provided staff with a renewal quote in the amount of \$234,310. The increase is due to a nationwide increase in police related incidents which result in an increase in police professional liability claims. The program was remarketed; however, there was little interest from other carriers to provide a stand-alone police professional liability coverage. Staff believes that the renewal is the best possible option based on market conditions, current potential exposures, as well as the number of police related incidents nationwide.

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 AJG effective July 1, 2017 through June 30, 2018, with an annual premium of \$234,310, with a \$5 million each wrongful act/annual aggregate and a self-insured retention of \$200,000. All other terms and conditions remain per the expiring policy term.

### **EXCESS WORKERS' COMPENSATION INSURANCE**

At the Board meeting of June 22, 2016, the Board authorized renewal of the District's Excess Workers' Compensation Insurance coverage with Safety National Casualty Corporation (A.M. Best A XI) through AJG for a one-year term, effective July 1, 2016 through June 30, 2017, at a rate of \$.0745 per \$100 of annual payroll with a deposit premium of \$1,304,220 including State of Florida fees subject to a per claim, self-insured retention of \$1,500,000.

Staff has received a renewal quote from Safety National Casualty Corporation with a deposit premium of \$1,305,364 at a rate of \$.0745 per \$100 of annual payroll including surcharges and with a self-insured retention of \$1,500,000. The rate remains flat however, there is a slight increase from the expiring premium due to a slight increase in total payroll.

In addition to standard excess workers' compensation coverage Safety National Casualty Corporation (Safety National) provides additional value added services which provides enhancements to the District's current Workers' Compensation Program. These Services include "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. In addition, they have provided a suite of online safety training tools, programs and classes which are in the process of being integrated into the District's loss control program.

Staff is recommending renewing the District's Excess Workers' Compensation Insurance Coverage with Safety National Casualty Corporation (AM Best A XI) through AJG for a one-year term, effective July 1, 2017 through June 30, 2018, at a rate of \$.0745 per \$100 of annual payroll with a deposit premium of \$1,305,364 including surcharges, with a self-insured retention of \$1,500,000.

### **GENERAL/AUTOMOBILE/PROFESSIONAL LIABILITY INSURANCE**

At the June 18, 2014 Board meeting the Board authorized renewal of its General/Automobile/Professional Liability coverage with United Educators Risk Retention Group (United Educators) (A.M. Best A VIII) through AJG for five one-year terms effective July 1, 2014 through June 30, 2019, subject to annual re-rate and

cancellation provisions with the third year's premium totaling \$306,776, effective July 1, 2016 through June 30, 2017.

This unique program provides the School Board Attorney's Office and the Office of Risk and Benefits Management needed latitude to use the excess coverage, when necessary to settle claims which if taken to the Legislature as Legislative Claim Relief Acts would cost the District significantly more money. Additionally, the existence of the coverage allows the District to produce needed proof of insurance to comply with contractual requirements for student field trips, and other District requirements where insurance is required.

The program consists of General and Automobile liability coverage with primary limits of liability of \$500,000 per occurrence per wrongful act subject to a \$3,250,000 annual aggregate. The Professional Liability/Errors and Omissions coverage provides coverage consisting of an additional \$500,000 excess of primary \$500,000 per wrongful act subject to annual aggregate of \$2,500,000. The coverage is subject to a self-insured retention for the General/Automobile coverage, commensurate with the current levels of limited Sovereign Immunity of \$200,000 per claim/\$300,000 per accident and a flat, per wrongful act self-insurance retention of \$200,000 for Professional Liability claims.

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.

United Educators provided a quote of \$306,776 for the renewal term of July 1, 2017 through June 30, 2018 which is same as the expiring premium. The program continues to provide invaluable protection to District assets, while providing premium savings since the program was re-structured from a traditional liability insurance program in 1991.

Continuity in the District's liability insurance programs is paramount. As such, staff is recommending the fourth year renewal of the five-year policy with annual rating and billing of its General/Automobile/Professional Liability/Errors and Omissions coverage with United Educators Risk Retention Group (United Educators) (A.M. Best A VIII) through AJG subject to annual re-rate and cancellation provisions with the fourth year's premium totaling \$306,776 effective July 1, 2017 through June 30, 2018.

#### **BOILER AND MACHINERY COVERAGE**

The District purchases insurance coverage on its boilers, air conditioning systems and other vessels pursuant to the requirements contained within Section 230.23(9) (d), Florida Statutes. In addition to providing coverage for equipment breakdown, the

District's boiler and machinery program with Hartford Steam Boiler Insurance and Inspection Company (HSB) provides full inspection services with a dedicated representative from the carrier inspecting and filing inspection certificates with the State of Florida.

At the June 22, 2016 Board Meeting, the Board authorized the renewal of the Boiler and Machinery coverage with Hartford Steam Boiler Insurance and Inspection Company (A.M. Best A+ XV) through AJG for the third and last year of the three-year term, effective September 13, 2016.

Staff remarketed the coverage and received several options. The most aggressive quote includes a premium of \$157,860 representing a 22.4% decrease from the expiring premium. The policy limits remain at \$100 million per loss at the new rate of .00167 per \$100 total insured values, subject to a base of \$9.44 billion for the current renewal, subject to a \$10,000 deductible.

Staff is recommending renewal of the Boiler and Machinery coverage with Hartford Steam Boiler Insurance and Inspection Company (A.M. Best A+ XV) through AJG effective September 13, 2017 through September 12, 2018, with policy limits of \$100 million per loss at a rate of .00167 per \$100 total insured values, subject to a base of \$9.44 billion with the annual premium for 2017-2018 being \$157,860.

#### **CYBER LIABILITY COVERAGE**

At the Board meeting of June 22, 2016, the Board authorized the renewal of the Cyber Liability coverage with Brit-Lloyd's (A.M. Best A, XV) through AJG for a one year period effective July 1, 2016 through June 30, 2017, for a total premium of \$139,500 with coverage limits of \$10 million per claim/annual aggregate subject to a \$250,000 self-insured retention.

Brit-Lloyd's (A.M. Best A, XV) through AJG proposed a renewal program with same limits and coverages, terms, and conditions at a slight reduction of overall premium in the amount of \$139,000. Staff is recommending renewing the cyber liability coverage with Brit-Lloyd's (A.M. Best A, XV) through AJG for a one-year period effective July 1, 2017 through June 30, 2018, for a total premium of \$139,000 with coverage limits of \$10 million per claim/annual aggregate subject to a \$250,000 self-insured retention.

#### **MEDIA LIABILITY COVERAGE**

WLRN produces original television content for local, national and international broadcast. This requires contracting with multiple distributors include; Public Broadcasting Services (PBS), American Public Television (APT) and the National Educational Telecommunications Association (NETA). Each distributor requires WLRN to secure an errors and omissions television production insurance policy ("E&O Policy") for the program with a claims limit of not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate with \$10,000 deductible. Now that WLRN is expanding its

distribution into new media to include streaming video over mobile devices and third party commercial platforms such as Netflix, the coverage requirement increases to \$1,000,000 per occurrence and \$5,000,000 in the aggregate with \$10,000 deductible.

Additionally, the policy will provide media liability coverage for the District as it expands its use of social media, increases its web presence and continues to utilize other traditional media opportunities.

Media Liability Coverage is a specific form of errors and omissions insurance which is designed to protect the District against claims resulting from slander, defamation, copyright infringement, unauthorized use of material, and plagiarism among other perils.

At the Board meeting of June 22, 2016 the Board authorized the purchase of Media Liability coverage with Atlantic Specialty Insurance (A.M. Best A, X) through AJG with coverage limits of \$1 million per claim and \$5 million annual aggregate subject to a self-insured retention of \$10,000 with an annual premium of \$7,164 for a one-year period effective July 1, 2016 through June 30, 2017.

Atlantic Specialty Insurance (A.M. Best A, X) through AJG proposed a renewal program with same limits and coverages, terms, and conditions with a premium of \$6,358, which represents an 11.3% reduction from the expiring premium.

Staff is recommending that The School Board of Miami-Dade County, Florida, authorize the renewal of media liability coverage with Atlantic Specialty Insurance (A.M. Best A, X) through AJG with coverage limits of \$1 million per claim and \$5 million annual aggregate subject to a self-insured retention of \$10,000 with an annual premium of \$6,358 for a one-year period effective July 1, 2017 thru June 30, 2018.

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

1. authorize the replacement of the traditional facilities use program with the online program for facilities use insurance coverage with limits of \$1 million per occurrence, with zero deductible with Atlantic Specialty Insurance Company (A.M. Best A X) through the District's Broker, Arthur J. Gallagher Risk Management Services, Inc. at no cost to the Board inclusive of TRIA terrorism coverage;
2. authorize renewal terms of the Catastrophic Athletic Accident insurance with Zurich American Insurance Company, (A.M. Best A+ XV) through Arthur J. Gallagher Risk Management Services, Inc for a one-year period effective August 1, 2017 through July 31 2018, with a policy annual aggregate limit of \$6 million dollars and a \$25,000 deductible for a total premium of \$73,361;
3. authorize 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, 2017 through June 30, 2018, with an annual premium of \$234,310, with a per wrongful act and a self-insured retention of \$200,000;
4. authorize renewal of the District's Excess Workers' Compensation Insurance coverage with Safety National Casualty Corporation (A.M. Best A XI) through Arthur J. Gallagher Risk Management Services, Inc. for a one-year term, effective July 1, 2017 through June 30, 2018, at a rate of \$.0745 per \$100 of annual payroll with a deposit premium of \$1,305,364 subject to a per claim, self-insured retention of \$1,500,000;
5. authorize the fourth year renewal of the five-year one-year terms of its 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) subject to annual re-rate and cancellation provisions with the second year's premium totaling \$306,776 effective July 1, 2017 through June 30, 2018, subject to a self-insured

retention for the General/Automobile coverage, commensurate with the current levels of limited Sovereign Immunity of \$200,000 per claim/\$300,000 per accident and a flat, per wrongful act self- insurance retention of \$200,000 for Professional Liability claims;

6. authorize renewal of the Boiler and Machinery coverage with Hartford Steam Boiler Insurance and Inspection Company (A.M. Best A+ XV) through Arthur J. Gallagher Risk Management Services, Inc effective September 13, 2017 through September 12, 2018, with policy limits of \$100 million per loss at a rate of .00167 per \$100 total insured values, subject to a base of \$9.44 billion with the annual premium for 2017-2018 being \$157,860;
7. authorize the renewal of the Cyber Liability coverage with Brit-Lloyd's (A.M. Best A, XV) through Arthur J. Gallagher Risk Management Services, Inc for a one year period effective July 1, 2017 through June 30, 2018, for a total premium of \$139,000 with coverage limits of \$10 million per claim/annual aggregate subject to a \$250,000 self-insured retention; and
8. authorize the purchase of Media Liability coverage with Atlantic Specialty Insurance (A.M. Best A, X) through Arthur J. Gallagher Risk Management Services, Inc. with coverage limits of \$1 million per claim and \$5 million annual aggregate subject to a self-insured retention of \$10,000 with an annual premium of \$6,358 for a one-year period effective July 1, 2017 thru June 30, 2018.

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