

Financial Services  
Mr. Ron Y Steiger, Chief Financial Officer

**SUBJECT: COMPREHENSIVE FIDELITY BONDS AND RELATED PROGRAMS**

**COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS**

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

Procurement of fidelity bonds for School Board employees is required pursuant to Section 1001.42, 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

The current sureties represent the most aggressive terms available in today's surety market.

### **Blanket Employee Dishonesty Bond**

At the Board Meeting of May 24, 2017, the Board authorized renewal of the Blanket Employee Dishonesty Bond Program with coverage provided by Fidelity and 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.

The current carrier, Fidelity and Deposit Company of Maryland offered a renewal proposal with reduced limits of \$15 Million per occurrence and a \$100,000 deductible with an annual premium of \$76,618 representing a 23.7% reduction in premium. The reduced limits reflect an overall reduction in capacity in the marketplace as no other carrier was willing to underwrite a policy with the same terms conditions and limits as expiring. However, the \$15M per occurrence limit will provide the necessary protection to the Board and is still one of highest limits carried by a school board in the State. As such, staff recommends that the Board accept Fidelity and Deposit Company of

Maryland's proposal (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2020 through May 31, 2023 with limits of \$15 Million per occurrence and a \$100,000 deductible with annual premium of \$76,618 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**

Staff is recommending that the Board authorize the renewal of the Named Position Bond Program with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) through Arthur J. Gallagher Risk Management Services, Inc.; covering two (2) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with a flat renewal with an annual premium of \$121,725, with coverage provided for a one-year term, effective June 1, 2020 to May 31, 2021.

### **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 JROTC Bonds. These bonds renew during the period of June 1, 2020 through May 31, 2021 at expiring rates up to \$100 per bond, with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) and Universal Surety of America (AM Best A, XIV) (for Notary Bonds only) through Arthur J. Gallagher Risk Management Services, Inc.

### **RECOMMENDED:**

That The School Board of Miami-Dade County Florida:

1. authorize the renewal of The Blanket Employee Dishonesty Bond Program with coverage provided by Fidelity and Deposit Company of Maryland (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for the first year of a three-year term effective June 1, 2020 through May 31, 2023 with limits of \$15 Million per occurrence and

a \$100,000 deductible with annual premium of \$76,618 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 two (2) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with an annual premium of \$121,725 including all fees, with coverage provided for a one-year term, effective June 1, 2020 to May 31, 2021.
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 up to \$100 per bond including applicable state fees and surcharges, with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) and Universal Surety of America (AM Best A, XIV) (for Notary Bonds only) through Arthur J. Gallagher Risk Management Services, Inc., for a one-year term effective at various dates throughout June 1, 2020 to May 31, 2021.

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