

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

SUBJECT: REQUEST AUTHORIZATION TO RENEW EXISTING COVERAGES INCLUDING CATASTROPHIC ATHLETIC ACCIDENT COVERAGE, LAW ENFORCEMENT PROFESSIONAL LIABILITY INSURANCE, EXCESS WORKERS' COMPENSATION INSURANCE, GENERAL/AUTOMOBILE/PROFESSIONAL LIABILITY INSURANCE, BOILER AND MACHINERY COVERAGE, CYBER LIABILITY COVERAGE, MEDIA LIABILITY COVERAGE, STUDENT PROFESSIONAL LIABILITY INSURANCE, STUDENT ATHLETIC INSURANCE AND PORTFOLIO BUILDER'S RISK INSURANCE PROGRAM FOR NEW AND EXISTING FACILITIES

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

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.

CATASTROPHIC ATHLETIC ACCIDENT COVERAGE

Catastrophic Interscholastic Accident insurance is designed to provide accident injury coverage to all interscholastic athletes. Purchase of this coverage is a requirement of the Florida High School Athletic Association, Policy 8.

Zurich American Insurance Company (A.M. Best A+ XV), through AJG proposed a renewal program with a premium of \$69,019 representing a flat renewal, with limits, terms, conditions and coverages the same as the expiring program for a one-year period effective August 1, 2020 to July 31, 2021. Staff is recommending renewal of this program based upon the terms presented for renewal for a one-year period effective August 1, 2020 through July 31, 2021, with a policy annual aggregate limit of \$6 million dollars and a \$25,000 deductible for a total premium of \$69,019.

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STUDENT AND ATHLETIC ACCIDENT INSURANCE COVERAGE

At the Board Meeting of June 21, 2017 the Board Awarded Request for Proposals (RFP)# 16-309-AG Student and Athletic Accident Insurance Coverage to Starr Indemnity & Liability Company (A.M. Best A XIV), through Insurance for Students, Inc. & Health Special Risk, Inc. (HSR). for a guaranteed three-year period with the option to renew for two additional one-year periods with any changes in terms or conditions to be brought back to the Board for approval, effective August 1, 2017 through July 31, 2020. The Board recently approved the first year renewal of the contract

For over 20 years, the District has subsidized the cost of both the Fall and Spring Football Accident Insurance premiums to make the coverage more affordable for athletes and their families. At the Board meeting of June 16, 2010, the Board authorized subsidizing a portion of the interscholastic coverage due to a restructuring of the program. This strategy has been very successful as compared to districts which do not mandate coverage as litigation stemming from football and interscholastic accidents has been minimal.

As a result of Covid-19 Pandemic, Spring Football and Spring Interscholastic Sports were canceled before students enrolled in the accident coverage. One of the benefits of purchasing this coverage is that it provides students with coverage while they participate in conditioning activities during the summer. Insurance for students has offered to provide a discount insurance coverage for the summer months so that student athletes would be covered for any accidents while conditioning. It is estimated this will affect approximately 3,000 student athletes. The price of the policy is twenty dollars per student athlete and would include incoming freshman. The cost of Spring Football is fifty-four dollars of which the Board subsidizes 61% or thirty-three dollars. The Cost for Interscholastic Athletics is forty-two dollars of which the Board subsidizes 50% or twenty-one dollars. Staff is recommending payment of twenty dollars per student for Student Athlete Conditioning Insurance in lieu of the amount the Board would have paid if Spring High School Football and Interscholastic Athletics had occurred to Insurance for Students, Inc. & Health Special Risk, Inc.(HSR) effective June 18, 2020 through July 24, 2020.

LAW ENFORCEMENT PROFESSIONAL LIABILITY INSURANCE

Staff has received a renewal quote for the Law Enforcement Professional Liability Insurance coverage from Indian Harbor Insurance Company (A.M. Best A+ XV), through AJG with an annual premium of \$242,840 representing a flat renewal with limits, terms, conditions and coverages the same as the expiring program.

Staff is recommending the renewal of the Law Enforcement Professional Liability Insurance coverage with Indian Harbor Insurance Company (A.M. Best A+ XV), through AJG effective July 1, 2020 through June 30, 2021, with an annual premium of \$242,840, with a \$5 million each wrongful act/annual aggregate and an additional \$1 Million in defense costs outside of the policy limit and a self-insured retention of \$200,000.

EXCESS WORKERS' COMPENSATION INSURANCE

Staff has received a renewal quote for the District's Excess Workers' Compensation Insurance from Safety National Casualty Corporation (A.M. Best A+ XV) with a deposit premium of \$1,269,135 at a rate of \$.0745 per \$100 of annual payroll including surcharges and with a self-insured retention of \$1,500,000, subject to an annual audit with any additional or return premium due as a result of actual payroll expenditures. The renewal quotation represents a 4.0% decrease from the expiring premium.

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. One service is a Medical Management Program providing Catastrophic Claims Consulting, Impartial Medical Review, Long-Term Claims Evaluation, and Chronic Pain & Opioid Dependency Programs. In addition, they have provided a suite of online safety training tools, programs and classes, which are 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+ XV) through AJG for a one-year term, effective July 1, 2020 through June 30, 2021, at a rate of \$.0745 per \$100 of annual payroll with a deposit premium of \$1,269,135 including surcharges, with a self-insured retention of \$1,500,000.

GENERAL/AUTOMOBILE/PROFESSIONAL LIABILITY INSURANCE

Staff is recommending the second year renewal of its General/Automobile/Professional Liability/Errors and Omissions coverage with United Educators Risk Retention Group (United Educators) (A.M. Best A, IX) through AJG effective July 1, 2020 through June 30, 2021, subject to annual re-rate and cancellation provisions with the second year's premium totaling \$305,818. The renewal represents a 5.8% increase from the expiring policy term. The increase is primarily to the increased prevalence of sexual abuse/molestation claims and lawsuits in the educational sector.

The policy has been recently endorsed to include components of an active assailant policy which include: Crisis Communication Services, Trauma Grief Counseling, Sexual Misconduct investigation services and threat assessment consultation

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.

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 Inspection and Insurance Company (HSB) provides full inspection services with a dedicated representative from the carrier inspecting and filing inspection certificates with the State of Florida.

Staff is recommending renewal of the Boiler and Machinery coverage with Hartford Steam Boiler Inspection and Insurance Company (A.M. Best A++ X) through AJG effective September 13, 2020 through September 12, 2021, with policy limits of \$100 million per loss at a rate of \$.00168 per \$100 total insured values, subject to a base of \$10.12 billion with the annual premium for 2020-2021 being \$171,234. The coverage terms and conditions remain the same; however, there is a slight increase in premium due to the increase in total insured values of the District.

CYBER LIABILITY COVERAGE

Staff is recommending renewing the cyber liability coverage with Brit-Lloyd's (A.M. Best A, XV) through AJG for a one-year period with the same limits and coverages, terms, and conditions effective July 1, 2020 through June 30, 2021, for a total premium of \$147,340 with coverage limits of \$10 million per claim/annual aggregate subject to a \$250,000 self-insured retention. The renewal represents a 6.0% increase from the expiring policy term. The increase is due to an increase in exposure to cyber-attacks worldwide.

MEDIA LIABILITY COVERAGE

WLRN produces original television content for local, national and international broadcast. This requires contracting with multiple distributors including; 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 provides 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.

Atlantic Specialty Insurance Company (A.M. Best A+ XV) through AJG proposed a renewal program with same limits and coverages, terms, and conditions at a premium of \$6,616. The renewal represents a 1.2% increase from the expiring policy term.

Staff is recommending that The School Board of Miami-Dade County, Florida, authorize the renewal of media liability coverage with Atlantic Specialty Insurance Company (A.M. Best A+ XV) 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 \$6,616 for a one-year period effective July 1, 2020 thru June 30, 2021.

STUDENT PROFESSIONAL LIABILITY INSURANCE

The Division of Career & Technical Education prepares students to become competent workers who meet the needs and demands of the changing healthcare industry. They accomplish this mission by providing planned learning experiences, which include placing students in clinical settings as an integral and critical component of health science education.

In order to provide student training and education in clinical settings, the District has entered into various affiliating agreements with healthcare providers including hospitals and clinics. A contractual requirement for students to be able to participate in these programs is that they must be covered by professional liability insurance.

Staff is recommending that The School Board of Miami-Dade County, Florida, authorize the renewal of Student Professional Liability insurance coverage through Arthur J. Gallagher Risk Management Services, Inc., from Medical Protective Company (A.M.

Best A++, XV) with coverage limits of \$1 million per occurrence/\$6 million aggregate, with a \$0 deductible, with total premiums for such coverage of \$42,949 with the ability to add students during the year for a one-year period effective July 1, 2020 thru June 30, 2021. The renewal represents a 24.5% decrease from the expiring policy term. Premiums for this program will be paid from the District's liability premium budget.

PORTFOLIO BUILDER'S RISK INSURANCE PROGRAM FOR NEW AND EXISTING FACILITIES

The Portfolio Builders Risk Program (Builders Risk) has been in place since October 11, 2006 protecting the District for new construction and renovations and provides consistent coverage across all projects at a known cost and coverage limit that will also allow access to FEMA public assistance grants for deductibles, etc., which would not exist if the coverage was in the contractor's name.

The current policy negotiated in October 2015 for a five-year policy term provides coverage limits of \$100,000,000 per occurrence, subject to stated sub-limits and subject to a Named Windstorm deductible of 5% of total insured values at the time of risk at the time of loss with a \$1,000,000 minimum per loss deductible and a per loss deductible of \$250,000 for all other perils with a \$25,000 deductible, with premium rates of .85% of annual expenditures for new capacity construction; .495% of annual expenditures for renovation construction' with a 50% minimum deposit due each year based on estimated board approved funded capital projects and the remaining deposit to reconciled at the end of each policy year and paid from the Board's Capital Budget. Staff is recommending the renewal of this program at expiring rates for a two-year period effective October 11, 2020 through October 10. 2022

Review of Main Program Terms:

- Windstorm Limits of \$100,000,000 any one occurrence
- Competitive Rates for both new and renovation construction
- Extended program guarantees rates with an Admitted Carrier
- Policy form "All-Risk" and broaden coverage terms
- No Minimum Earned requirements
- Defects Liability Coverage
- Continued convenience of current audit requirements

Additionally, staff recommends renewing the stand-alone terrorism coverage for the Builders' Risk program through 2022 with Lloyds of London through Arthur J. Gallagher Risk Management Services, Inc. with limits of coverage of \$35 million per occurrence and a \$100 million aggregate, subject to a \$10,000 deductible with a premium same as the expiring rate of \$39,600 for a two-year period effective October 11, 2020 through October 10. 2022

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

1. 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, 2020 through July 31, 2021, with a policy annual aggregate limit of \$6 million dollars and a \$25,000 deductible for a total premium of \$69,019;
2. authorize the renewal of the Law Enforcement Professional Liability Insurance coverage with Indian Harbor Insurance Company (A.M. Best A+ XV), through Arthur J. Gallagher Risk Management Services, Inc. effective July 1, 2020 through June 30, 2021, with an annual premium of \$242,840, with a \$5 million each wrongful act/annual aggregate and an additional \$1 Million in defense costs outside of the policy limit and a self-insured retention of \$200,000,
3. authorize renewal of the District's Excess Workers' Compensation Insurance coverage with Safety National Casualty Corporation (A.M. Best A+ XV) through Arthur J. Gallagher Risk Management Services, Inc. for a one-year term, effective July 1, 2020 through June 30, 2021, at a rate of \$.0745 per \$100 of annual payroll with a deposit premium of \$1,269,135 subject to a per claim, self-insured retention of \$1,500,000, subject to an annual audit with any additional or return premium due as a result of actual payroll expenditures;
4. authorize second year renewal of the General/Automobile/ Professional Liability/ Errors and Omissions coverage with United Educators Risk Retention Group (United Educators) (A.M. Best A, IX) through Arthur J. Gallagher Risk Management Services, Inc. for the second year of a five year term effective July 1, 2020 through June 30, 2021, subject to annual re-rate and cancellation provisions with the first year's premium totaling \$305,818 , 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;

5. authorize renewal of the Boiler and Machinery coverage with Hartford Steam Boiler Inspection and Insurance Company (A.M. Best A++ X) through Arthur J. Gallagher Risk Management Services, Inc. effective September 13, 2020 through September 12, 2021, with policy limits of \$100 million per loss at a rate of .00168 per \$100 total insured values, subject to a base of \$10.12 billion with the annual premium for 2020-2021 being \$171,234;
6. 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, 2020 through June 30, 2021, for a total premium of \$147,340 with coverage limits of \$10 million per claim/annual aggregate subject to a \$250,000 self-insured retention;
7. authorize the purchase of Media Liability coverage with Atlantic Specialty Insurance (A.M. Best A+, XV) 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 \$6,616 for a one-year period effective July 1, 2020 thru June 30, 2021;
8. authorize the renewal of Student Professional Liability insurance coverage through Arthur J. Gallagher Risk Management Services, Inc., from Medical Protective Company (A.M. Best A++, XV) with coverage limits of \$1 million per occurrence/\$6 million aggregate, with a \$0 deductible, with total premiums for such coverage of \$42,949 with the ability to add students during the year for a one-year period effective July 1, 2020 thru June 30, 2021;
9. Authorize the extension of Portfolio Builder's Risk Insurance Program at the current rates of .850% new construction / .495% renovations on new and existing facilities as part of the District's Capital Construction Plan through Arthur J. Gallagher Risk Management

Services, Inc. for a two year period effective October 12, 2020 through October 11, 2022, with Starr Indemnity and Liability Company (AM. Best A, XV) with Windstorm limits of \$100,000,000 for any one loss or occurrence. Deposit premium will be due in October based on annual expenditure identified in the current year Five Year Work Plan and a final audit at expiration based on actual expenditures;

10. Authorize the extension (purchase) of stand-alone terrorism coverage for the Builders' Risk program for \$36,900 for the two year period through Arthur J. Gallagher Risk Management Services, Inc., for a two year period effective October 12, 2020 through October 11, 2022, with Lloyds of London with limits of coverage of \$35 million per occurrence and a \$100 million aggregate, subject to a \$10,000 deductible, and
11. Authorize payment of twenty dollars per student for Student Athlete Conditioning Insurance in lieu of the amount the Board would have paid if Spring High School Football and Interscholastic Athletics had occurred to Insurance for Students, Inc. & Health Special Risk, Inc.(HSR) effective June 18, 2020 through July 24, 2020.

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