

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, AND STUDENT PROFESSIONAL LIABILITY INSURANCE,

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC PLAN: EFFECTIVE AND SUSTAINABLE OPERATIONAL PRACTICES

At the Board meeting of May 19, 2021, the Board awarded its Risk Management and Insurance Broker Services contract to Arthur J. Gallagher Risk Management Services, Inc. (AJG), pursuant to Request for Proposals (RFP) #19-010-CM, effective May 19, 2021. 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.

Staff has received a quote for the Catastrophic Athletic Accident coverage from Chubb/Federal Insurance Co. (A.M. Best A++ XV), through AJG with an annual premium of \$34,362 representing a 16.8% decrease in premium with limits, terms, conditions and coverages the same as the expiring program. Staff is recommending renewal of this program based upon the terms presented for a one-year period effective August 1, 2022 through July 31, 2023, with a policy annual aggregate limit of \$6 million dollars and a \$25,000 deductible for a total premium of \$34,362.

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 \$343,019 including surcharges and fees, representing a 0.5% increase in premium with limits, terms, conditions and coverages the same as the expiring program. This year AJG approached various markets for competitive pricing, terms and limits to ensure the District received continued broad terms. All declined to quote referencing a restricted appetite to write this type of coverage due to type of class and size of exposure.

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, 2022 through June 30, 2023, with an annual premium of \$343,019, 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 \$1,254,846 at a rate of \$.065 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 16% decrease from the expiring premium due largely to aggressive remarketing efforts to alternative insurance carriers on this line of coverage.

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, 2022 through June 30, 2023, at a rate of \$.065 per \$100 of annual payroll with a deposit premium of \$1,254,846 including surcharges, with a self-insured retention of \$1,500,000.

GENERAL/AUTOMOBILE/PROFESSIONAL LIABILITY INSURANCE

Staff is recommending the fourth-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, 2022 through June 30, 2023, subject to annual re-rate and cancellation provisions with the fourth year's premium totaling \$308,664 including sales tax. The renewal represents a 3.35% premium increase from the expiring policy term.

The policy has been 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.

AJG aggressively remarketed the Boiler and Machinery coverage to five new markets and was able to improve policy limits and current terms with the District's incumbent carrier. 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, 2022 through September 12, 2023, with increased policy limits of \$150 million per loss at a rate of \$.00150 per \$100 total insured values, subject to a base of \$10.8 billion with an annual premium of \$164,066 including surcharges and fees. The renewal represents a 10.55% premium decrease from the expiring policy term. The coverage terms, conditions and sublimits have improved over expiring.

CYBER LIABILITY COVERAGE

The Cyber Liability marketplace for public sector entities has changed significantly due to the severity and frequency of recent breach events. In order to even receive a quote from a carrier, meetings were conducted between the Board's broker, AJG, Risk and Benefits Management and Information Technology Services (ITS) to outline necessary ITS security upgrades. ITS implemented a significant portion of these upgrades which resulted in the carrier offering a renewal of the program. The renewal options not only change the landscape for premiums but also the amount of retention the Board would have to maintain. Staff has received a renewal for the Cyber Liability Coverage from Brit-Lloyd's (A.M. Best A, XV), through AJG with an annual premium of \$625,000 representing a 66.7% increase in premium. In order to avoid any potential targeting from cyber criminals, information regarding coverage limits, co-insurance and retention limits will be transmitted to the Board prior to the Board meeting via confidential memorandum.

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, 2022 through June 30, 2023, for a total premium of \$625,000.

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.

This line of coverage was remarketed to five additional carriers and the incumbent carrier continues to offer competitive and broad terms. 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 \$6,666. including surcharges and fees. The renewal is the same premium 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 \$6,666 including surcharges and fees for a one-year period effective July 1, 2022 thru June 30, 2023.

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.

Columbia Casualty Company (A.M. Best A, XV) through AJG proposed a quote with same limits and coverages, terms, and conditions at a premium of \$51,815 including surcharges and fees. The quote represents a 32.8% increase from the expiring policy term as a result of an increase in student participation in these programs.

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 Columbia Casualty 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 \$51,815 including surcharges and fees with the ability to add students during the year for a one-year period effective July 1, 2022 thru June 30, 2023. Premiums for this program will be paid from the District's liability premium budget. The increase premium of 32.8% is based on increased participating student count.

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

1. authorize renewal terms of the Catastrophic Athletic Accident insurance with Chubb/Federal Insurance Co. (A.M. Best A++ XV) through Arthur J. Gallagher Risk Management Services, Inc. for a one- year period effective August 1, 2022 through July 31, 2023, with a policy annual aggregate limit of \$6 million dollars and a \$25,000 deductible for a total premium of \$34,362;
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, 2022 through June 30, 2023, with an annual premium of \$343,019 including surcharges and fees 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, 2022 through June 30, 2023, at a rate of \$.065 per \$100 of annual payroll with a deposit premium of \$1,254,846 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 the 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 fourth year of a five year term effective July 1, 2022 through June 30, 2023, subject to annual re-rate and cancellation provisions with the fourth year's premium totaling \$308,664 including sales tax, 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, 2022 through September 12, 2023, with policy limits of \$150 million per loss at a rate of .00150 per \$100 total insured values, subject to a base of \$10.8 billion for an annual premium of \$164,066 including surcharges and fees;
6. authorize 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, 2022 through June 30, 2023, for a total premium of \$625,000.
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 \$6,666 including surcharges and fees for a one-year period effective July 1, 2022 thru June 30, 2023;
8. authorize the renewal of Student Professional Liability insurance coverage through Arthur J. Gallagher Risk Management Services, Inc., from Columbia Casualty 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 \$51,815 including surcharges and fees with the ability to add students during the year for a one-year period effective July 1, 2022 thru June 30, 2023.

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