

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: REQUEST FOR AUTHORIZATION TO AWARD REQUEST FOR PROPOSALS (RFP) #032-MM10, STUDENT ACCIDENT AND ATHLETIC ACCIDENT INSURANCE COVERAGES

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FINANCIAL EFFICIENCY/STABILITY FRAMEWORK:

At the School Board meeting of February 15, 2012, the Board authorized the release of Request For Proposals (RFP) #032-MM10, Student Accident and Athletic Accident Insurance Coverages. The RFP is structured for Miami-Dade County Public Schools to seek competitive proposals for a new initial contract of a three-year period, with the ability to extend for two additional one-year periods. At the bid opening of March 28, 2012 three proposals were received for the Student Accident/Interscholastic coverages, as well as three received proposals for Football Accident coverage. Additionally, two proposals were received for Catastrophic Student Accident Insurance coverage.

The District's program consists of a structured voluntary student accident insurance program for students and athletes and provides a cost effective way to pay medical bills for students who suffer an injury. School Board Policy 2431, *Miami-Dade County Public Schools Athletic Manual*, provides for the mandatory purchase of appropriate accident coverage for students participating in interscholastic athletics. All students enrolled in District-operated before and after school care programs are required to purchase student accident insurance.

Received proposals were analyzed by the Office of Risk and Benefits Management, in conjunction with the Board's insurance consulting firm of Silver Insurance Consultants, Inc. Pursuant to School Board Policy 6332, *Professional Service Contracts for Insurance or Risk Management Programs*, the Superintendent's Ad-Hoc Committee (committee) met on May 14, 2012, to review the proposals and make recommendations for award. However, after reviewing the responses, the committee had additional questions for the proposers and directed staff to obtain written answers for the committee to review at a subsequent meeting. The committee then met on May 23, 2012, to review the responses and make the final recommendation. The following outlines the committee's recommendations for award of RFP# 032-MM10:

STUDENT/ATHLETIC ACCIDENT AND FOOTBALL ACCIDENT INSURANCE COVERAGES

After a lengthy review and two meetings, the committee felt that the best proposal for these coverages, was received by Mutual of Omaha Insurance Company (A.M. Best A+ XV), through Insurance for Students, Inc. & Health Special Risk, Inc.(HSR), although they were not the proposer with the lowest cost program. The lowest cost program provided by School Insurance of Florida, who had this contract from 2004 through 2009, was not recommended due to concerns about claim servicing issues.

The recommended award of this coverage is for two one-year periods, effective August 1, 2012 to July 31, 2013, at the following rates. Renewal rates for the second one-year period (August 1, 2013 to July 31, 2014) will be based on the district's loss ratio for these coverages paid during the 2011-2012 school year, and subject to a maximum increase of 5% if the paid loss ratio is below 80% as of 4-1-13. However, the Board may cancel this contract at any time and the vendor must provide 120 days advanced notice of termination.

	New/Recommended Rates/School Year	Expiring Rates/ School Year	Difference
School Time Pre-K to 6 th	\$16.00	\$14.00	+\$ 2.00
School Time 7 th to 12 th	\$18.00	\$16.00	+\$ 2.00
24-Hour Pre-K to 12 th	\$79.00	\$66.00	+\$13.00
Fall Football insurance	\$265.00	\$209.00	+\$56.00
Spring Football Insurance	\$59.00	\$45.00	+\$14.00
Interscholastic Athletic Insurance	\$59.00	\$45.00	+\$14.00

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 accidents has been minimal.

Based on current economic conditions the committee recommended freezing the athlete/family contribution to both the football insurance and interscholastic insurance premium at the current levels and increasing the subsidies paid by the District. The football premium subsidy which has been in place for the 2011-2012 school year is as follows:

	Total Premium Per School Year	Student Athlete Pays Per School Year	District Pays Per School Year
Fall Football:	\$209.00	\$76.00(36%)	\$133.00(64%)
Spring Football	\$ 45.00	\$23.00(51%)	\$ 22.00(49%)

The recommended football contribution for the 2012-2013 school year is as follows:

	<u>Total Premium Per School Year</u>	<u>Student Athlete Pays Per School Year</u>	<u>District Pays Per School Year</u>
Fall Football:	\$265.00	\$76.00(29%)	\$189.00(71%)
Spring Football	\$ 59.00	\$23.00(39%)	\$ 36.00(61%)

Based upon current enrollment numbers of 3,700 football athletes in the fall season and 2,200 football athletes in the spring season, the total contribution by the district for the 2012-2013 school year is estimated to be \$778,500. The subsidy for the 2011-2012 school year is approximately \$540,500, representing an increased District subsidy for Interscholastic Football coverage of \$238,000.

The interscholastic insurance contribution for 2010-2011 is as follows:

<u>Total Premium Per School Year</u>	<u>Student Athlete Pays Per School Year</u>	<u>District pays per School Year</u>
\$45.00	\$30.00(67%)	\$15.00(33%)

The recommended interscholastic insurance contribution for the 2012-2013 year is as follows:

<u>Total Premium Per School Year</u>	<u>Student Athlete Pays Per School Year</u>	<u>District pays per School Year</u>
\$59.00	\$30.00(51%)	\$29.00(49%)

Based upon Interscholastic Sports enrollment figures, it is estimated that approximately 11,000 students will enroll in the coverage during the 2012-2013 school year, resulting in an estimated School Board subsidy of \$319,000. The subsidy for the 2011-2012 school year is approximately \$165,000, representing an increased District subsidy for Interscholastic sports, other than Football of \$154,000.

The total Board subsidy for both interscholastic athletic insurance as well as football insurance for the 2012-2013 school year is estimated to be \$1,100,000. This is an increase from the 2011-2012 school year of approximately \$394,500

CATASTROPHIC ATHLETIC ACCIDENT COVERAGE

Of the two proposals received, the committee felt that the best proposal for this coverage was received by National Union Fire Insurance Co. of Pittsburgh, PA (A.M. Best A XV) through Arthur J. Gallagher Risk Management Services.

The recommended award of this coverage is for a one-year period, effective August 1, 2012 through July 31, 2013, with a flat annual premium of \$80,809.

The premium is identical to the expiring rate. The policy annual aggregate limit is \$6 million dollars with a \$25,000 deductible Purchase of this coverage is a requirement of the Florida High School Activities Association (FHSA), Article 3.1.2.

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

1. award the Student Accident Insurance coverage pursuant to the terms of Request for Proposals (RFP) #047-HH10, Student Accident and Athletic Accidents Insurance Coverages, to Mutual of Omaha Insurance Company (A.M. Best A+ XV), through Insurance for Students, Inc. & Health Special Risk, Inc.(HSR)., for a one-year period, effective August 1, 2012 to July 31, 2013 based on the following rates per student for the 2012-2013 school year:

School Time Pre-K to 6 th	\$ 16.00
School Time 7 th to 12 th	\$ 18.00
24-Hour Pre-K to 12 th	\$ 79.00
Fall Football insurance	\$265.00
Spring Football Insurance	\$ 59.00
Interscholastic Athletic Insurance	\$ 59.00

Rates for the second one-year period (August 1, 2013 to July 31, 2014) will be brought back to the Board based upon the paid loss ratios of the 2011-2012 period as of April 1, 2013.

2. authorize expenditures for the District subsidy for the Fall and Spring football season's insurance premiums with the District paying \$189.00 and the athlete paying \$76.00 equaling a total fall football premium of \$265.00 for the 2012-2013 football season; and the District paying \$36.00 and the athlete paying \$23.00 equaling a total spring football premium of \$59.00 for the 2012-2013 spring football season;
3. authorize expenditures for the District subsidy for Interscholastic Sports insurance premiums with the District paying \$29.00 and the Student paying \$30.00 equaling a total premium of \$59.00 for the 2012-13 School Year; and
4. award the Catastrophic Athletic Insurance coverage with National Union Fire Insurance Co. (A.M. Best A, XV), through Arthur J. Gallagher Risk Management Services for a one-year period, effective August 1, 2012 to July 31, 2013 with a flat annual premium of \$80,809.

RHH:sbc