

**RFP 11MISC13**  
**PROPERTY AND CASUALTY INSURANCE**  
**(RENEWAL)**

**FACT SHEET**

A. **Overview:** This recommendation is to renew the contract for property and casualty insurance coverage for Frederick County Public Schools (FCPS).

1. **Other Facts:**

- Coverage will be extended and renewed on an annual basis, if approved by the Board of Education; the renewal would be effective July 1, 2015 through June 30, 2016.
- This insurance will provide protection for loss/damage to real and personal property, including business interruption; data processing; boiler and machinery; business automobile; commercial general liability; crime coverage; builder's risk; errors and omissions and others.
- Approximately \$1,263,526 was spent in FY15 on FCPS insurance coverage underwritten by Liberty Mutual Insurance. The new estimated annual cost is \$1,132,153 for FCPS insurance underwritten by Wright Specialty Insurance, a 10.4% decrease. The decrease can mostly be attributed to the following:
  - a. Competition between Liberty Mutual Insurance and Wright Specialty Insurance.
  - b. Several Inland Marine coverages were considered redundant and will be covered under the Real and Business Personal Property Blanket Limit.
  - c. Inland Marine and Student Medical Professional coverages will continue to be underwritten by Liberty Mutual Insurance.
- Our Broker, BB&T Frederick Underwriters, requested competitive proposals from numerous insurance carriers.
  - a. Quote Received: Liberty Mutual Insurance and Wright Specialty Insurance quoted all lines. Affiliated FM gave indication for Property, but cannot write all lines.
  - b. Declined: United Educators (MABE affiliation) and Philadelphia (not competitive).
- The following additional/optional coverages were presented by BB&T for FCPS consideration:
  - a. Terrorism (Property & Liability) can be added for \$33,320.
  - b. Flood (\$1,000,000 sublimit) can be added for approximately \$50,000.
  - c. Cyber Liability (\$1,000,000) can be added for approximately \$50,000.
  - d. Umbrella Liability (\$1,000,000) can be added for approximately \$140,000.
- Notable Changes under Wright Specialty's underwriting:
  - Coverage Additions:
    - a. Wright will offer a three year rate guarantee (requires less than 50% loss ratio).
    - b. Educators Legal Liability deductible decreased from \$25,000 to \$5,000.
    - c. Replacement Cost valuation is added for buses less than 10 years old.
    - d. Water and Sewer Backup increased from \$25,000 to \$250,000.
    - e. Adverse Event Response coverage is added with \$300,000 limit.
  - Coverage Subtractions:
    - a. Data Compromise limit reduced from \$250,000 to \$100,000.
    - b. Boiler and Machinery limit reduced from full limits to \$100,000,000.
    - c. Earthquake deductible increased from \$50,000 to \$100,000.
- The contract will be administered by Leslie Pellegrino, Chief Financial Officer.

2. **Source of Funding:** Contingent upon Board approval of FY16 Operating Budget.

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B. **Recommendation:** Staff recommends renewal of RFP 11MISC13, Property and Casualty Insurance to, BB&T Frederick Underwriters (Frederick, MD), at an approximate total of \$1,132,153.

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C. **Action taken by the Board (Purchasing use only):**

____ Approved	____ Denied	____ Deferred	____ Other	SB/mg
____ Date	____ Date	____ Date	____ Date	BOE Mtg: 6.10.15

RFP 11MICS13 Property and Casualty Insurance  
(Renewal)

	Liberty FY 2015 Actual				Liberty FY 2016 Quote				Wright FY 2016 Quote			
	Limit/Exposure		Premium	Ded	Limit/Exposure		Premium	Ded	Limit/Exposure		Premium	Ded
<b>Real &amp; Business Personal Property</b>	<b>\$1,576,246,597</b>	<b>\$0.0350</b>	<b>\$551,686</b>	<b>\$10,000</b>	<b>\$1,599,111,757</b>	<b>\$0.0340</b>	<b>\$543,698</b>	<b>\$10,000</b>	<b>\$1,599,111,757</b>		<b>\$490,000</b>	<b>\$10,000</b>
Earthquake	\$10,000,000		\$2,000	\$50,000	\$10,000,000		\$2,000	\$100,000	\$10,000,000		Incl	\$100,000
Flood	No Coverage				No Coverage				No Coverage			
Business Income/Extra Expense	\$5,000,000		incl		\$5,000,000		incl		\$5,000,000		incl	
Ultra Plus Endorsement			\$9,786				\$9,266				incl	\$1,000
<b>Data Compromise/Cyber</b>	<b>\$250,000</b>		<b>\$1,185</b>		<b>\$250,000</b>		<b>\$1,185</b>	<b>\$2,500</b>	<b>\$100,000</b>		<b>incl</b>	<b>\$10,000</b>
<b>Water &amp; Sewer Backup</b>			Optional		<b>\$250,000</b>		<b>incl</b>	<b>\$10,000</b>	<b>\$250,000</b>		<b>incl</b>	<b>\$1,000</b>
<b>Vacant Building Coverage (Liberty will not insure)</b>	<b>\$2,000,000</b>		<b>\$3,000</b>	<b>\$10,000</b>	<b>\$2,000,000</b>	<b>\$0.300</b>	<b>\$13,259</b>	<b>\$10,000</b>	<b>\$2,000,000</b>		<b>\$5,000</b>	<b>\$10,000</b>
<b>Boiler &amp; Machinery</b>	<b>Full Limits</b>		<b>\$37,863</b>	<b>\$10,000</b>	<b>Full Limits</b>		<b>\$37,863</b>	<b>\$10,000</b>	<b>\$100,000,000</b>		<b>\$80,000</b>	<b>\$10,000</b>
<b>Subtotal: Property Premium</b>			<b>\$605,520</b>				<b>\$607,271</b>				<b>\$575,000</b>	<b>-5.0%</b>
<b>Commercial General Liability (\$1,000,000 limit)</b>	<b>40,797</b>	<b>4.687</b>	<b>\$191,216</b>		<b>40,869</b>	<b>4.280</b>	<b>\$174,919</b>	<b>\$0</b>	<b>40,869</b>		<b>\$93,081</b>	<b>\$0</b>
Employee Benefits Legal Liability	5,650	0.274	\$1,547	\$1,000	5,650	0.274	\$1,547	\$1,000	5,650		\$250	\$1,000
<b>Adverse Event Response Coverage</b>					<b>\$300,000</b>		<b>incl</b>		<b>\$300,000</b>		<b>\$600</b>	
<b>Subtotal: GL Premium</b>			<b>\$192,762</b>				<b>\$176,466</b>				<b>\$93,931</b>	<b>-51.3%</b>
<b>Business Auto</b>												
Liability	638	\$531.67	\$339,205	\$2,500	632	\$505.00	\$319,160	\$2,500	632		\$360,000	\$0
Physical Damage	638		incl	\$1,000	632		incl	\$1,000	632		incl	\$500
Hired & Non-Owned			incl	\$1,000			incl	\$1,000			incl	\$500
<b>Subtotal: Auto Premium</b>			<b>\$339,205</b>				<b>\$319,160</b>				<b>\$360,000</b>	<b>6.1%</b>
<b>Comprehensive Crime</b>												
Employee Dishonesty	\$500,000		\$9,028	\$2,500	\$500,000		\$9,028	\$2,500	\$500,000		\$4,138	\$2,500
Forgery & Alteration	\$500,000		\$1,000	\$2,500	\$500,000		\$1,000	\$2,500	\$500,000		\$1,076	\$2,500
Theft, Disappearance & Destruction	\$100,000		\$884	\$2,500	\$100,000		\$884	\$2,500	\$100,000		\$1,370	\$2,500
Computer Fraud	\$500,000		\$647	\$2,500	\$500,000		\$647	\$2,500	\$500,000		\$993	\$2,500
<b>Subtotal: Crime Premium</b>			<b>\$11,559</b>				<b>\$11,559</b>				<b>\$7,577</b>	<b>-34.4%</b>
<b>School Leaders Errors &amp; Omissions</b>	<b>\$1,000,000</b>	<b>Liberty</b>	<b>\$45,000</b>	<b>\$25,000</b>	<b>\$1,000,000</b>	<b>Liberty</b>	<b>\$45,000</b>	<b>\$10,000</b>	<b>\$1,000,000</b>		<b>\$52,236</b>	<b>\$5,000</b>
<b>Sexual Misconduct and Molestation</b>	<b>\$1,000,000</b>		<b>\$3,454</b>		<b>\$1,000,000</b>		<b>\$3,454</b>		<b>\$1,000,000</b>		<b>incl</b>	
<b>TOTAL PREMIUM (without Inland Marine)</b>			<b>\$1,200,561</b>				<b>\$1,162,910</b>				<b>\$1,088,744</b>	<b>-9.3%</b>
<b>Inland Marine</b>												
Electronic Data Processing	\$30,000,000	\$0.050	\$15,000	\$1,000	\$33,000,000	\$0.050	\$16,500	\$1,000	\$33,000,000	\$0.050	\$16,500	\$1,000
Contractors Equipment	\$2,974,515	\$0.300	\$8,924	\$1,000	\$2,974,515	\$0.300	\$8,924	\$1,000	\$2,974,515	\$0.300	\$8,924	\$1,000
Misc. Inland Marine Coverages			\$20,981									
<b>Builders Risk (Annl Rate per \$100 compl value)</b>	<b>\$30,000,000</b>		<b>\$5,000</b>		<b>\$30,000,000</b>		<b>\$5,000</b>		<b>\$30,000,000</b>		<b>\$5,000</b>	
MNC Rate		\$0.070		\$1,000		\$0.070		\$1,000		\$0.070		\$1,000
<b>Approx. Builders risk premiums</b>			<b>\$10,000</b>				<b>\$10,000</b>				<b>\$10,000</b>	
<b>Subtotal: Inland Marine Premium</b>			<b>\$59,905</b>				<b>\$40,424</b>				<b>\$40,424</b>	<b>-32.5%</b>
<b>Student Medical Professional</b>	<b>204</b>		<b>\$3,060</b>		<b>199</b>		<b>\$2,985</b>		<b>199</b>		<b>\$2,985</b>	
<b>TOTAL PREMIUM</b>			<b>\$1,263,526</b>				<b>\$1,206,318</b>	<b>-4.5%</b>			<b>\$1,132,153</b>	<b>-10.4%</b>

Optional Quotes

<b>Terrorism</b>	<b>Property</b>			<b>\$81,569</b>			<b>\$81,569</b>			<b>\$32,630</b>	
	<b>Liability</b>			<b>\$3,953</b>			<b>\$3,953</b>			<b>\$690</b>	
	<b>w/ NCBR</b>									<b>\$323,766</b>	
<b>Buses covered at Replacement Cost</b>	<b>329</b>		<b>\$24,675</b>	<b>\$1,000</b>	<b>Included</b>				<b>Included</b>		
	<b>Umbrella Liability</b>								<b>\$1,000,000</b>	<b>\$140,000</b>	
<b>Cyber Liability ( Comprehensive Policy)</b>									<b>\$1,000,000</b>	<b>\$50,000</b>	
<b>Flood (Zones C &amp; Unshaded X)</b>	<b>\$1,000,000</b>		<b>\$23,148</b>	<b>\$100,000</b>	<b>\$1,000,000</b>		<b>\$23,148</b>	<b>\$100,000</b>	<b>\$1,000,000</b>	<b>\$50,000</b>	<b>\$25,000</b>