

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 April 1, 2016 through March 31, 2017. The change in the contract cycle from July-June to April-March was mutually agreed to by staff and the vendor. The new cycle will allow the vendor to provide a more focused proposal and provide staff with better timing for budget estimates.
 - 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.
 - Starting in FY16, Wright Specialty offered a three year rate lock for a loss ratio of 50% or better. FCPS loss ratio has exceeded the 50% ratio in FY16; however Wright Specialty will honor the current rate for this renewal. Liberty Mutual is proposing a flat renewal on the Inland Marine and Student Medical Professional coverages.
 - Approximately \$930,096 (\$1,240,128 annualized) has been spent so far in FY16 on FCPS insurance coverage underwritten by Wright Specialty & Liberty Mutual Insurance.
 - The overall estimated annual cost for this contract term is expected to be \$1,263,529.
 - The following coverages were added at the beginning of FY16 and are included in the above annual premium:
 - a. Terrorism (Property & Liability) for \$33,488.
 - b. Flood (\$1,000,000 sublimit) for \$50,067.
 - c. Cyber Liability (\$1,000,000 limit) for \$31,019.
 - FY17 premium changes are due to exposure changes in the following:
 - a. Real and Business Personal Property values increased causing the following premiums to increase:
 - Property
 - Boiler & Machinery
 - Terrorism: Property
 - b. Student Count decreased by 50 students causing the following premiums to decrease:
 - Commercial General Liability
 - School Leaders Errors & Omissions
 - Terrorism: Liability
 - c. Auto count increased by two autos causing the following premium to increase:
 - Business Auto
 - The following additional/optional coverages were presented by BB&T for FCPS consideration:
 - a. Umbrella Liability (\$1,000,000 limit) can be added for approximately \$140,000.
 - b. Terrorism NCBR can be added for approximately \$323,766
 - The contract will be administered by Leslie Pellegrino, Chief Financial Officer.
2. **Source of Funding:** FY16 Approved Operating Budget and contingent upon Board approval of FY17 Operating Budget.

B. **Recommendation:** Staff recommends renewal of RFP 11MISC13, Property and Casualty Insurance to BB&T Frederick Underwriters (Frederick, MD), at an approximate total of \$1,263,529.

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

____ Approved
____ Date

____ Denied
____ Date

____ Deferred
____ Date

____ Other
____ Date

SB/mg
BOE Mtg: 03.09.16

RFP 11MISC13, Property and Casualty Insurance - Renewal FY17

	Wright/Liberty FY16 Actual				Wright/Liberty/AIG FY17 Quote			
	Limit/Exposure	Rate	Premium	Ded	Limit/Exposure	Rate	Premium	Ded
Real & Business Personal Property	\$1,587,339,455		\$490,355	\$10,000	\$1,634,959,643		\$558,923	\$10,000
Earthquake Earthquake	\$10,000,000		Incl	5%	\$10,000,000		Incl	5%
Flood Flood (Zones C & Unshaded X)	\$1,000,000		\$50,067	\$25,000	\$1,000,000		Incl	\$25,000
Data Compromise/Cyber	\$100,000		Incl	\$10,000	\$100,000		Incl	\$10,000
Vacant Building Coverage	No Coverage Necessary - Deleted 10/6/15				No Coverage Necessary			
Boiler & Machinery	\$100,000,000		\$78,789	\$10,000	\$100,000,000		\$80,354	\$10,000
Subtotal: Property Premium			\$619,211				\$639,277	3.2%
Commercial General Liability (\$1M/\$3M Agg limit)	40,869		\$93,327	\$0	40,819		\$93,009	\$0
Employee Benefits Legal Liability	8,494		\$250	\$1,000	8,494		\$250	\$1,000
Adverse Event Response Coverage	\$300,000		Incl		\$300,000		\$600	
Subtotal: GL Premium			\$93,577				\$93,859	0.3%
Business Auto Liability	\$1,000,000 / 677		\$359,532	\$0	\$1,000,000 / 679		\$362,121	\$0
Buses covered at Replacement Cost (10 years & Newer)	Included				Included			
Subtotal: Auto Premium			\$359,532				\$362,121	0.7%
Crime Emp Dishonesty, Forgery, Computer Fraud	\$500,000		Incl	\$2,500	\$500,000		Incl	\$2,500
Theft, Disappearance & Destruction	\$100,000		Incl	\$2,500	\$100,000		Incl	\$2,500
Subtotal: Crime Premium			\$7,588				\$7,507	-1.1%
School Leaders Errors & Omissions	\$1,000,000		\$52,305	\$5,000	\$1,000,000		\$52,236	\$5,000
Sexual Misconduct and Molestation	\$1,000,000		Incl		\$1,000,000		Incl	
Cyber Liability 8/14/15 - 2/14/17 Premium shown annualized	\$1,000,000		\$31,019	\$25,000	\$1,000,000		\$31,019	\$25,000
Terrorism Property			\$33,091				\$33,709	
Liability			\$397				\$393	
TOTAL PREMIUM (without Inland Marine)			\$1,196,719				\$1,220,121	2.0%
Inland Marine Electronic Data Processing & Misc. IM	\$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
Builders Risk (Deposit + Estimated Premium)	\$30,000,000		\$15,000		\$30,000,000		\$15,000	
Subtotal: Inland Marine Premium			\$40,424				\$40,424	0.0%
Student Medical Professional	\$1,000,000 / 199		\$2,985		\$1,000,000 / 199		\$2,985	
TOTAL PREMIUM			\$1,240,128				\$1,263,529	1.9%
Optional Limits and Coverages								
Terrorism Property								
Terrorism w/ NCBR			\$323,766				\$323,766	
Umbrella Liability	\$1,000,000		\$140,000		\$1,000,000		\$140,000	