

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, 2017 through March 31, 2018.
- 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.
- In FY16, Wright Specialty offered a three year rate lock for a loss ratio of 50% or better. Wright Specialty honored this rate lock for FY17 even though the loss ratio exceeded 50% in FY16; however, for FY18, the renewal rates will increase for those lines with loss ratio's greater than 50%. As a result, General Liability, School Leaders E&O, and Auto Liability will increase. Liberty Mutual is proposing a flat rate renewal on the Inland Marine and Builder's Risk coverages. Additionally, Wright Specialty/Markel would not write the property insurance this year.
- Our Broker, BB&T Frederick Underwriters, requested competitive Property proposals from Affiliated FM, Travelers and requested all lines proposal from Liberty Mutual. Affiliated FM Property offered the best Property coverage at the lowest cost. Affiliated has written Frederick Community College property since 2012 with very good results. Liberty Mutual was not competitive.
- Approximately \$968,612 (\$1,255,621 annualized) has been spent so far in FY17 on FCPS insurance coverage underwritten by Wright Specialty & Liberty Mutual Insurance.
- The overall estimated annual cost for this contract term is expected to be \$1,354,447 and includes builder's risk. The builder's risk is an estimated value only and may vary.
- Notable changes for this renewal period:
 - a. Improvements
 - Flood limit increased substantially from \$1,000,000 to \$50,000,000
 - Earthquake limit increased from \$10,000,000 to \$100,000,000
 - Water and Sewer Backup limit increased from \$250,000 to \$1,000,000,000
 - Vacancy Property provision was removed
 - Earthquake deductible changed from a 5% deductible to \$50,000
 - b. Reductions
 - Property limit was reduced from \$1,634,959,643 to \$1,000,000,000
 - Water and sewer deductible increased from \$1,000 to \$10,000
 - Business auto deductible increased from \$500 to \$1,000
- The following additional/option coverages were presented by BB&T for FCPS consideration:
 - a. Umbrella Liability with a \$1,000,000 limit can be added for approximately \$140,000
- The contract will be administered by Leslie Pellegrino, Chief Financial Officer.

2. **Source of Funding:** FY17 Approved Operating Budget and contingent upon Board approval of FY18 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 \$1,354,447.

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

____ Approved
____ Date

____ Denied
____ Date

____ Deferred
____ Date

____ Other
____ Date

KM/kl
BOE Mtg: 03.22.17