

**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, 2018 through March 31, 2019.
- This insurance will provide protection for loss/damage to real and personal property, including business interruption; data processing; cyber liability; boiler and machinery; business automobile; commercial general liability; crime coverage; builder's risk; errors and omissions and others.
- Insurance premiums for FY19 reflect an increase of approximately 2% from FY18 based on the following factors:
  - Insurance Industry increases for Property and Auto rates
  - Increased Property values based on 2017 Appraisal and the addition of Frederick High School
  - Updated Computer and Equipment values
  - General Liability rate increase
  - Cyber Liability rate decrease
  - Reduced Builders Risk costs (FHS now complete)
- Our Broker, BB&T Frederick Underwriters, requested competitive Property proposals from CNA and Travelers, neither were competitive and Affiliated FM continues to be the lowest cost and best value. BB&T also requested competitive Casualty and Cyber Liability proposals. There were no Casualty carriers with an interest in trying to compete with Wright Specialty/Markel. However, BB&T did secure Cyber proposals from AIG and Axis that had better coverage and lower cost.
- Affiliated FM and Wright Specialty, the two primary FCPS carriers, have offered multi-year rate guarantees.
  - Affiliated FM offered a 2-year policy. This locks in the Property rates for FY20.
  - Wright Specialty offered a rate lock on Auto, GL, and Professional Liability. Rate lock requires a loss ratio of less than 40%.
- Approximately \$991,078 (\$1,359,360 annualized) has been spent so far in FY18 on FCPS insurance coverage underwritten by Wright Specialty, Affiliated FM, Liberty Mutual and AIG Insurance.
- The overall estimated annual cost for this contract term is expected to be \$1,389,526.
- The following optional coverages were presented by BB&T for FCPS consideration:
  - a. Umbrella Liability with a \$1,000,000 limit can be added at a cost of \$106,871
  - b. Cyber Liability with a \$3,000,000 limit can be added at a cost of \$23,697
  - c. Cyber Liability with a \$5,000,000 limit can be added at a cost of \$38,972

Currently, staff does not recommend any of these optional coverages.

- The contract will be administered by Leslie Pellegrino, Chief Financial Officer.

2. **Source of Funding:** FY18 Approved Operating Budget and contingent upon Board approval of FY19 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 \$1,389,526.

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

\_\_\_\_ Approved  
\_\_\_\_ Date

\_\_\_\_ Denied  
\_\_\_\_ Date

\_\_\_\_ Deferred  
\_\_\_\_ Date

\_\_\_\_ Other  
\_\_\_\_ Date

KM/jc  
BOE Mtg: 03.28.18

RFP 11MISC13, PROPERTY AND CASUALTY INSURANCE  
FY2019 RENEWAL

		Wright/AFM/Liberty/AIG FY 2018				Wright/AFM/Liberty/Axis FY 2019				% Change	
		Limit	Exposure	Premium	Ded	Limit	Exposure	Premium	Ded	Exposure	Premium
<b>Real &amp; Business Personal Property</b>		\$1,000,000,000	\$1,861,966,695	\$580,400	\$10,000	\$1,000,000,000	\$1,921,416,259	\$618,585	\$10,000	3.2%	7%
Earthquake	Earthquake	\$100,000,000	\$1,861,966,695	Incl	\$50,000	\$100,000,000	\$1,921,416,259	Incl	\$50,000		
	Business Income/Extra Expense	\$5,000,000		Incl	\$10,000	\$5,000,000		Incl	\$10,000		
Flood	Flood (Zones C & Unshaded X)	\$50,000,000	\$1,861,966,695	Incl	\$25,000	\$50,000,000	\$1,921,416,259	Incl	\$25,000		
Boiler & Machinery		\$1,000,000,000	\$1,861,966,695	Incl	\$10,000	\$1,000,000,000	\$1,921,416,259	Incl	\$10,000		
Engineering Fee				\$50,000				\$50,000			
Terrorism	Property			\$20,000				\$20,000			
	Subtotal: Property Premium			\$650,400				\$688,585			6%
	Subtotal: Inland Marine Premium			\$28,750				\$35,498			23%
	Subtotal: Property and IM Premium			\$679,150				\$724,083			7%
Commercial General Liability (\$1M/\$3M Agg limit)		1,000,000	40,847	\$120,550	\$0	1,000,000	40,131	\$132,525	\$0	-2%	10%
Business Auto		1,000,000	680	\$370,742	\$0	1,000,000	694	\$395,725	\$0	2%	7%
Comprehensive Crime		\$500,000		\$7,601	\$2,500	\$500,000		\$7,543	\$2,500		
School Leaders Errors & Omissions		\$1,000,000	40,847	\$68,965	\$5,000	\$1,000,000	40,131	\$67,506	\$5,000	-2%	-2%
Sexual Misconduct and Molestation		\$1,000,000		Incl		\$1,000,000		Incl			
Terrorism	Casualty			Incl				Incl			
	Subtotal: Casualty Premium			\$567,858				\$603,299			6.2%
Student Medical Professional		\$2,000,000	216	\$3,240		\$1,000,000	216	\$3,245			
Cyber Liability		\$1,000,000		\$31,931	\$25,000	\$1,000,000		\$28,329	\$25,000	0%	-11%
	Subtotal: All Lines			\$1,282,179				\$1,358,956			6.0%
Builders Risk	Add'l Premium for new construction		FHS, Butterfly Ridge, Sugarloaf	\$77,181			Butterfly Ridge, Sugarloaf (6 mo)	\$30,570			
	<b>TOTAL PREMIUM</b>			\$1,359,360				\$1,389,526			2.2%