

**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 will be effective April 1, 2019 through March 31, 2020.
  - 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 FY20 reflect an increase of approximately 2.3% from FY19 based on the following factors:
    - Increased Vehicle value
    - Increased Student and Employee Counts
    - Updated Computer and equipment values
    - General Liability, Auto and Errors & Omissions coverage rate increases
    - Cyber Liability exposure increase and rate decrease
    - New Fiduciary Liability coverage for Retirement Benefit and Defined Contribution Plans
    - New International Liability coverage for foreign trips
  - Our Broker, McGriff Insurance (formally BB&T Frederick Underwriters), requested competitive Casualty proposals; however, there were no Casualty carriers with an interest in or ability to compete with Wright Specialty/Markel. Wright Specialty continues to be the lowest cost and best value. Additionally, they checked the market for alternative Cyber options and found that AIG provides the best coverage at the most competitive cost. Alternative Property proposals were not requested as this is the second year of the two-year Property policy. This two-year policy avoided industry rate increases of about 2% and property appraisal increase of about 4%, saving FCPS approximately, \$38,000.
  - Wright Specialty has offered a multi-year rate guarantee. Wright Specialty offered to continue their rate lock on Auto, GL, and Professional Liability coverages for the FY21 renewal. Rate lock requires a multi-year loss ratio of less than 40%.
  - Approximately \$1,051,386 (\$1,440,046 annualized) has been spent so far in FY19 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 \$1,472,551.
  - The following optional coverages were presented by McGriff for FCPS consideration:
    - a. Adverse Event with a \$1,000,000 limit can be added at a cost of \$1,456
    - b. Cyber Liability with a \$5,000,000 limit can be added at a cost of \$46,774
    - c. Umbrella Liability with a \$1,000,000 limit can be added at a cost of \$80,000
- 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:** FY19 Approved Operating Budget and contingent upon Board approval of FY20 Operating Budget.

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B. **Recommendation:** Staff recommends renewal of RFP 11MISC13, Property and Casualty Insurance to McGriff Insurance (Frederick, MD), at an approximate total of \$1,472,551.

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

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

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

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

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

KM/kl  
BOE Mtg: 03.27.19

**RFP 11MISC13, PROPERTY AND CASUALTY INSURANCE  
FY20 Insurance Renewal**

		Wright/AFM/Liberty/AIG/Chubb FY 2019				Wright/AFM/Liberty/AIG/Chubb FY 2020				% Change	
		Limit	Exposure	Premium	Ded	Limit	Exposure	Premium	Ded	Exposure	Premium
<b>Real &amp; Business Personal Property</b>		\$1,000,000,000	\$1,994,214,189	\$643,427	\$10,000	\$1,000,000,000	\$1,994,214,189	\$643,427	\$10,000	0.0%	0%
<b>Earthquake</b>	Earthquake	\$100,000,000	\$1,994,214,189	Incl	\$50,000	\$100,000,000	\$1,994,214,189	Incl	\$50,000		
	Business Income/Extra Expense	\$5,000,000		Incl	\$10,000	\$5,000,000		Incl	\$10,000		
<b>Flood</b>	Flood (Zones C & Unshaded X)	\$50,000,000	\$1,994,214,189	Incl	\$25,000	\$50,000,000	\$1,994,214,189	Incl	\$25,000		
<b>Boiler &amp; Machinery</b>		\$1,000,000,000	\$1,994,214,189	Incl	\$10,000	\$1,000,000,000	\$1,994,214,189	Incl	\$10,000		
<b>Engineering Fee</b>				\$50,000				\$50,000			
<b>Terrorism</b>	Property			\$20,000				\$20,000			
	<b>Subtotal: Property Premium</b>			\$713,427				\$713,427			0%
	<b>Subtotal: Inland Marine Premium</b>			\$31,498				\$31,617			0%
	<b>Subtotal: Property and IM Premium</b>			\$744,925				\$745,044			0%
<b>Commercial General Liability (\$1M/\$3M Agg limit)</b>		1,000,000	40,131	\$132,534	\$0	1,000,000	40,309	\$140,756	\$0	0.44%	6%
<b>Business Auto</b>		1,000,000	694	\$394,799		1,000,000	689	\$414,783		-0.72%	5.1%
<b>Comprehensive Crime</b>		\$500,000		\$8,277	\$2,500	\$500,000		\$8,277	\$2,500		0%
<b>School Leaders Errors &amp; Omissions</b>		\$1,000,000	40,131	\$67,506	\$5,000	\$1,000,000	40,309	\$71,404	\$5,000	0.44%	6%
<b>Sexual Misconduct and Molestation</b>		\$1,000,000		Incl		\$1,000,000		Incl			
<b>Terrorism</b>	Casualty			Incl				Incl			
	<b>Subtotal: Casualty Premium</b>			\$603,116				\$635,220			5.3%
<b>Student Medical Professional</b>		\$1,000,000	216	\$3,245		\$1,000,000	231	\$3,470			
<b>Cyber Liability</b>		\$1,000,000	\$578,515,531	\$24,124	\$25,000	\$1,000,000	\$602,297,453	\$24,218	\$25,000	4.11%	0%
<b>Fiduciary Liability</b>				\$25,047				\$25,047			
<b>International Liability</b>				\$0				\$2,500			
	<b>Subtotal: All Lines</b>			\$1,400,457				\$1,435,499			2.5%
<b>Builders Risk</b>	Add'l Premium for new construction		Butterfly Ridge, Sugarloaf (6 mo)	\$39,589		UES		\$37,052			
	<b>TOTAL PREMIUM</b>			\$1,440,046				\$1,472,551			2.3%