

To: Board of Education  
From: Kyle Hayden, assistant superintendent, business & operations, ext.4309  
Re: Property & Liability Insurance & Educator's Legal Liability for 2016-17  
Date: June 23, 2016

Background:

Each year the district must purchase property and liability insurance coverage. This coverage includes buildings, contents, musical instruments, premises liability, employee benefits liability, blanket employee dishonesty, money and securities at each location, automobiles, other mobile equipment and driver education cars. The policies currently in force are scheduled to expire on July 1, 2016 and must be renewed. This policy does not cover workers compensation, school board liability, or treasurer's bond insurance. The coverage description includes a \$25,000 deductible for property and a \$1,000,000 per occurrence for bodily injury and property damage.

The district also carries an educator's legal liability insurance policy that protects the Board of Education as well as all district employees. The company will pay on behalf of the district losses in excess of the deductible and within the limit of liability. The limit of liability is \$2,000,000 (aggregate); \$1,000,000 for each wrongful act, with a deductible of \$10,000.

It is becoming common practice for school districts to purchase information security & privacy insurance with breach response services commonly referred to as Cyber Liability Insurance. This policy is intended to cover a variety of both liability and property losses that may result when a business engages in various electronic activities, such as selling on the Internet, Internet media or collecting data within its internal electronic network. The limit of liability is \$1,000,000 Privacy Liability (aggregate); \$1,000,000 privacy liability for each act, with a deductible of \$50,000. The premium amount is \$15,639.

The definition of insured under this policy includes the educational institution and its board of governors, board of education, school committee, board of trustees or commission.

Each of the following is also an insured for acts within the scope of their duties as such:

*Each elected or appointed members of your board of governors,  
board of education, school committee, board of trustees or commission;  
employees, student teachers and volunteer workers.*

Rationale:

Insurance coverage is necessary to protect USD 497 from financial loss due to theft, destruction or damage. The total property limit for USD 497 is \$334,241,420.

Our insurance carrier for 2015-16 was Wright Specialty Insurance as brokered with CBIZ Insurance Services, Inc. The total premium amount was \$327,112.

Our insurance carrier recommendation for 2016-17 will be Wright Specialty Insurance (WSI) as brokered with CBIZ Insurance Services, Inc. at a cost of \$343,443. This is an increase of approximately 4.99%. The increased premium is due to current building values along with new construction and additions due to the 2013 bond project.

CBIZ as a nationwide organization has been in business since 1998. CBIZ offers an advantage to USD 497 that most competing brokers are unable to offer. That advantage is that CBIZ has a direct relationship with Wright Specialty Insurance (WSI). The only type of business that Wright Specialty insures is school districts. WSI is very selective in appointing brokers to work with directly. Upper management of WSI appointed CBIZ Insurance Services, Inc. due to their expertise in providing insurance to Public School Districts.

**Lawrence USD #497**  
**Premium Summary**

| <b>Broker – CBIZ Insurance Services, Inc.<br/>Wright Specialty Insurance Services, Inc.</b> |                        |                        |
|---|------------------------|------------------------|
| <b>Insurance Coverage</b>   | <b>2015-16 Premium</b> | <b>2016-17 Premium</b> |
| Property  | \$199,476              | \$211,352              |
| Equipment   | 17,589                 | 15,107                 |
| Inland Marine   | 10,470                 | 11,169                 |
| General Liability   | 16,547                 | 18,394                 |
| Crime   | 1,191                  | 1,156                  |
| Automobile  | 37,937                 | 40,053                 |
| Educators Legal   | 16,341                 | 17,567                 |
| Law Enforcement   | 2,306                  | 2,306                  |
| Excess Liability  | 9,616                  | 10,700                 |
| Cyber Liability   | 15,639                 | 15,639                 |
| <b>TOTAL</b>  | <b>\$327,112</b>       | <b>\$343,443</b>       |

**Recommendation:**

Administration recommends that the Board of Education accept the district property and liability insurance coverage with Wright Specialty Insurance as brokered with CBIZ Insurance Services, Inc. at a cost of \$343,443 for 2016-17.

**Motion:**

“I move that the Board of Education approve district property and liability insurance and educator’s legal liability insurance coverage with Wright Specialty Insurance as brokered with CBIZ Insurance Services, Inc. at a cost of \$343,443 for 2016-17”.