

# Henderson County Schools

1805 Second Street, Henderson, Kentucky 42420  
(270) 831-5000 Fax: (270) 831-5009  
[www.henderson.kyschools.us](http://www.henderson.kyschools.us)



To: Dr. Thomas Richey, Superintendent  
And School Board Members

From: Walt Spencer, CPA  
Director of Finance

A handwritten signature in blue ink, which appears to be "Walt Spencer", is written over the printed name and title of the sender.

Date: June 16, 2014

Re: Bid Recommendations

## **Bid Renewal Recommendations**

**Property/Liability Insurance Bid # 15-13-5-6**  
**Fleet Insurance Bid # 14-13-5-6**

E. M. Ford and Company currently has the bid for Property/Liability and Fleet Insurance. This company has continued to serve Henderson County Schools in a courteous and professional manner. Mr. Mike Hazelwood has successfully brokered insurance policies at reasonable rates. We are recommending that the contract with E. M. Ford for Property/Liability and Fleet Insurance be renewed for an additional year.



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# School Insurance Proposal

Prepared For:

Henderson County Board of Education

Presented By:

E M Ford & Company LLC

Date of Proposal:

June 1, 2014

Version 2

Effective Date

July 1, 2014

Expiration Date

July 1, 2015



**Safer Schools.  
Safer Students.  
Better Future.™**



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## Claims Management

Specialized claims units focus on...

- Casualty
- Property, Equipment Breakdown and Inland Marine
- Workers' Compensation
- Auto Physical Damage
- Fiduciary / Crime

Reporting a Claim to our 24-hour ANYTIME Claim Service can be done a number of ways.

- Phone 1-800-362-0000
- E-mail - [Cclaimreports@LibertyMutual.com](mailto:Cclaimreports@LibertyMutual.com)

## Loss Prevention

"Ask Us Anything!"

Sometimes all schools need is a quick answer on a specific issue or safety concern. Our customers have easy access to professional consultants. Simply drop us a note and our professional Loss Prevention Consultants will respond with an answer.

Loss Prevention Department | [lp@LibertyMutual.com](mailto:lp@LibertyMutual.com) | 1-800-352-1416



**Safer Schools.  
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**IMPORTANT NOTICE REGARDING THE EXPIRATION OF THE TERRORISM RISK  
INSURANCE ACT AND THE  
REDUCTION IN COVERAGE FOR TERRORISM LOSSES**

**PLEASE READ THIS NOTICE CAREFULLY**

Dear Applicant:

This is to notify you of a reduction in coverage for terrorism losses under your insurance policy when the Terrorism Risk Insurance Act ("TRIA") expires, which is scheduled to occur on December 31, 2014. This notice **DOES NOT** apply to Workers Compensation insurance.

TRIA, as amended, is a temporary program that spreads losses from government "certified" acts of terrorism between insurers and the federal government. In summary, TRIA requires insurers to make coverage for "certified acts of terrorism" available, and to pay losses from "certified acts of terrorism" up to a deductible amount. If an individual insurer's losses exceed this amount, the government will reimburse the insurer for 85% of losses paid in excess of the deductible.

Policyholders have the option to accept or reject this coverage.

TRIA will expire on December 31, 2014, unless Congress and the President act to extend it. Otherwise, after 2014, the federal government will no longer "certify" acts of terrorism or reimburse losses caused by "certified acts of terrorism."

**If you purchase coverage** for "certified acts of terrorism," and TRIA expires on or after December 31, 2014, **your insurance coverage will be reduced.** After the date TRIA expires, where permitted by state law, you will no longer have insurance for losses from acts of terrorism that directly or indirectly involve nuclear or radioactive agents or materials, or pathogenic or poisonous biological or chemical agents or materials ("NBCR").\*

**If you elect not to purchase** coverage for "certified acts of terrorism," and TRIA expires on or after December 31, 2014, losses caused by any terrorist act will be excluded from your policy, where permitted by state law. \*

If you have questions regarding this notice, please discuss them with your agent or broker.

Thank you for considering Liberty Mutual Insurance.

**\*Some states, including New York and Florida, may not approve or allow the use of certain exclusions related to acts of terrorism. Therefore, exclusions for losses caused by acts of terrorism may not apply in all states.**



## Property Coverage

| Specific Coverage   | Limits  | Deductible | Premium   |
|---|---|------------|-----------|
| <b>Blanket Building and Personal Property</b><br>Coinsurance 100%<br>Cause of Loss Form - Special<br>Valuation - Replacement Cost - Agreed Amount | \$268,598,744   | \$25,000   | \$177,998 |
| <b>Mine Subsidence</b>  |   |            | \$1,820   |
| <b>Earthquake</b><br>Building & Personal Property   | \$10,000,000  | 10%        | \$45,294  |
| <b>Equipment Breakdown</b><br>Inspections - 1-877-526-0020 or LMEBInspections@LibertyMutual.com<br>Questions - LMEB@LibertyMutual.com             | Subject to Policy Limits                              | \$25,000   | \$5,479   |
| <b>Building Ordinance or Law</b><br>Undamaged Portion<br>Demolition<br>Increase Cost of Construction  | Policy Limit<br>\$250,000<br>\$250,000                |            | \$2,572   |
| <b>School Property Endorsement</b>  | 17-174 (0108) School Extension Ultra Plus Endorsement |            | Included  |
|   | Total Property Premium (Excluding TRIA)               |            | \$233,163 |
|   | TRIA Premium  |            | \$11,120  |

### Property Coverage Options/Notes

This is intended to provide a summary review of coverage provided by Liberty Mutual Insurance.

This comparison constitutes a brief description only. For full coverage details refer to the policy forms.



**17-174 School Extension Ultra Plus Endorsement**  
**\* 17-204 Supplement to School Extension Ultra Plus Endorsement**

| Coverage Description                                     | Limit of Insurance   |
|--|--|
| Special Crime Provisions                                 | Included   |
| Broadened Premises                                       | Included   |
| Real Property of Others Required by Contract             | \$10,000   |
| Electronic Data  | \$25,000   |
| Foundations  | Included   |
| Debris Removal *   | \$1,000,000  |
| Fire Department Service Charge                           | \$25,000   |
| Pollutant Clean Up and Removal                           | \$50,000   |
| Classroom Chemical Spills                                | \$ 10,000 each occurrence<br>subject to \$50,000 maximum     |
| Inventory Costs  | \$50,000   |
| Changes or Extremes in Temperature or Humidity           | \$15,000   |
| Newly Acquired or Constructed Property                   | 180 days   |
| Buildings  | \$1,000,000  |
| Business Personal Property                               | \$1,000,000  |
| Personal Effects and Property of Others                  | \$50,000   |
| Valuable Papers and Records (Other Than Electronic Data) | \$100,000  |
| Property Off-Premises (Including while in Transit)       | \$50,000   |
| Outdoor Property   | \$100,000  |
| Accounts Receivable                                      | \$100,000  |
| Arson Reward   | \$25,000   |
| Back-up of Sewers or Drains                              | \$25,000   |
| Extra Expense *  | \$5,000,000  |
| Fine Arts  | \$25,000   |
| Fire Protective Devices                                  | Included in Building Limit                                   |
| Glass Showcases  | \$10,000   |
| Loss of Refrigeration                                    | \$50,000   |
| Computer Equipment                                       | \$200,000  |
| Laptop/Portable Computers                                | \$10,000   |
| Lock Replacement   | \$1,000  |
| Money and Securities                                     |  |
| Inside the Premises                                      | \$10,000   |
| Outside the Premises                                     | \$10,000   |
| Off-Premises Services Interruption                       | \$50,000   |
| Business Income  | \$100,000  |
| Paved Surfaces   | \$100,000  |
| Underground Fiber Optic Cable                            | Included in Building Limit                                   |
| Signs (Attached)   | Included in Building Limit                                   |
| Special Deductible Provisions                            | Included   |
| Replacement Cost – Leased Personal Property              | Included   |
| Ordinance or Law *                                       | 10% of the Building Limit<br>subject to \$5,000,000 maximum. |
|  |  |



| Specific Coverage                                      |                               |                             | Limits      | Deductible   | Premium  |
|--|-------------------------------|-----------------------------|-------------|--------------|----------|
| General Aggregate                                      |                               |                             | \$2,000,000 |              | \$40,504 |
| Products/Completed Operations Aggregate                |                               |                             | \$2,000,000 |              | Included |
| Personal & Advertising Injury                          |                               |                             | \$1,000,000 |              | Included |
| Each Occurrence  |                               |                             | \$1,000,000 |              | Included |
| Fire Damage Liability                                  |                               |                             | \$300,000   |              | Included |
| Medical Payments (Excluding Students)                  |                               |                             | \$15,000    |              | Included |
| <b>17-20 School Amendatory Endorsement</b>             |                               |                             |             |              | Included |
|  | Student Medical Expense Limit | None                        |             | Each Student |          |
| <b>Sexual Misconduct &amp; Molestation Liability</b>   |                               |                             |             |              |          |
|  | Each Loss Limit               | \$1,000,000                 |             | \$5,000      | \$3,493  |
|  | Aggregate                     | \$1,000,000                 |             |              |          |
|  | Innocent Party Defense        | \$300,000                   |             |              | \$495    |
| <b>School Leaders Errors &amp; Omissions Liability</b> |                               |                             |             |              |          |
| Retroactive Date                                       | None                          | Each Wrongful Act Limit     | \$1,000,000 | \$5,000      | \$28,372 |
|  |                               | Aggregate                   | \$1,000,000 |              |          |
|  |                               | Non-Monetary Relief Defense | \$100,000   | \$5,000      |          |
| Total Liability Premium (Excluding TRIA)               |                               |                             |             |              | \$72,864 |
| TRIA Premium   |                               |                             |             |              | \$636    |

### Liability Coverage Options/Notes

This comparison constitutes a brief description only. For full coverage details refer to the policy forms.



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## **Crime Coverage**

| Specific Coverage                                      | Limits   | Deductible | Premium |
|--|----------|------------|---------|
| <b>Form C - Theft, Disappearance &amp; Destruction</b> |          |            |         |
| Inside Limit   | \$15,000 | \$250      | \$120   |
| Outside Limit  | \$15,000 |            |         |
| Total Crime Premium                                    |          |            | \$120   |

### **Crime Coverage Options/Notes**

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This is intended to provide a summary review of coverage provided by Liberty Mutual Insurance.

This comparison constitutes a brief description only. For full coverage details refer to the policy forms.

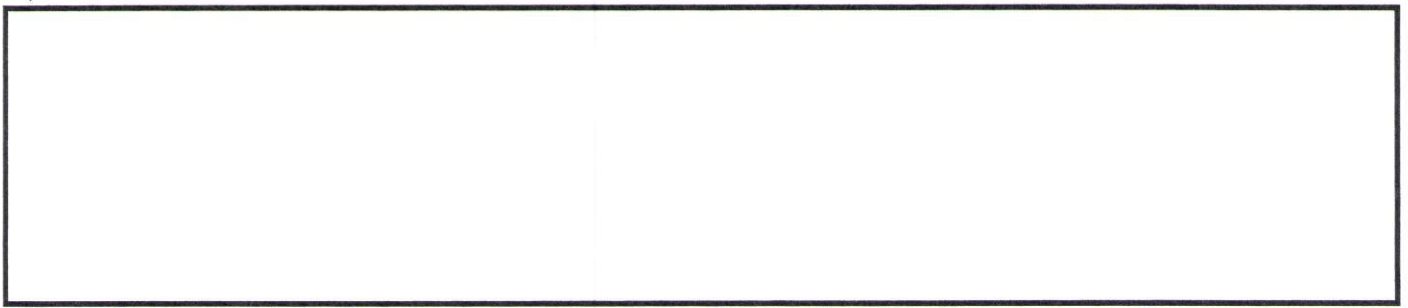




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## **Inland Marine**

| Specific Coverage                                    | Limits   | Deductible | Premium |
|--|--|------------|---------|
| Commercial Computer Coverage (CM1001)                |  |            |         |
| Valuation - Replacement Cost                         |  |            |         |
| Hardware - Include Mechanical Breakdown              | \$1,999,000                                      | \$1,000    | \$5,010 |
| Software Included                                    |  |            |         |
| Extra Expense  | \$5,000  |            |         |
| Property in Transit (Hardware/Software)              | \$0  |            |         |
| Unnamed Locations (Hardware/Software)                | \$0  |            |         |
| Sign Coverage  |  |            |         |
| Valuation - 0  | \$98,964   | 5%         | \$1,320 |
| Miscellaneous School Property Floater                |  |            |         |
| Band Uniforms  | \$50,000   | RC         | \$250   |
| Athletic Equipment                                   | \$50,000   | RC         |         |
| Musical Equipment                                    | \$280,000  | RC         |         |
| Cameras & Audio-Visual Equipment                     | \$50,000   | RC         |         |
| Fine Arts  | \$50,000   | ACV        |         |
| Signs  | \$10,000   | RC         |         |
| Dwellings Under Construction - Vocational Class      | \$100,000  | RC         |         |
| Valuation  | RC - Replacement Cost<br>ACV - Actual Cash Value |            |         |
| Scheduled Property Floater                           |  |            |         |
| Valuation - Actual Cash Value                        |  |            |         |
| John Deere Tractors and Miscellaneous Trucks/Trailer | \$158,000  | \$2,500    | \$1,580 |
| A/C Units/Generators                                 | \$2,536  | \$500      | \$16    |
| Total Inland Marine Premium (Excluding TRIA)         |  |            | \$8,992 |
| TRIA Premium   |  |            | \$228   |
| Inland Marine Coverage Options/Notes                 |  |            |         |



This is intended to provide a summary review of coverage provided by Liberty Mutual Insurance.

This comparison constitutes a brief description only. For full coverage details refer to the policy forms.



## **Automobile Coverage**

| Specific Coverage                    | Limits                   | Deductible | Premium   |
|--------------------------------------|--------------------------|------------|-----------|
| Auto Liability Combined Single Limit | \$2,000,000              |            | \$92,115  |
| Non-Owned Liability                  | \$2,000,000              |            | \$805     |
| Hired Liability                      | \$2,000,000              |            | \$41      |
| Cost of Hire                         | If Any                   |            |           |
| Personal Injury Protection           | Included                 | NIL        | \$5,902   |
| Uninsured Motorists                  | \$500,000                |            | \$6,171   |
| Underinsured Motorists               | \$500,000                |            | \$14,378  |
| Comprehensive                        |                          | \$500      | \$7,672   |
| Collision                            |                          | \$1,000    | \$8,076   |
| Hired Car Physical Damage            | \$50,000                 |            | \$150     |
|                                      | Comprehensive            | \$500      |           |
|                                      | Collision                | \$1,000    |           |
| Auto Extension Endorsement           | 16-67 (0108)             |            | Included  |
|                                      | Per Event Deductible     | \$21,000   |           |
| Total Number of Insured Units - 150  |                          |            |           |
|                                      | Total Automobile Premium |            | \$135,310 |

### **Automobile Coverage Options/Notes**

This is intended to provide a summary review of coverage provided by Liberty Mutual Insurance.

This comparison constitutes a brief description only. For full coverage details refer to the policy forms.





## ***Umbrella Coverage***

|                                      |             |
|--------------------------------------|-------------|
| Limit of Liability - Each Occurrence | \$5,000,000 |
| Limit of Liability - Aggregate       | \$5,000,000 |
| Self Insured Retention               | \$10,000    |

|                                   |          |
|-----------------------------------|----------|
| General Liability                 | Included |
| Employee Benefits                 | Excluded |
| Sexual Misconduct & Molestation   | Included |
| School Leaders Errors & Omissions | Included |
| Auto Liability                    | Included |
| Uninsured/Underinsured Motorists  | Excluded |
| Employers Liability               | Excluded |

|   |          |
|---|----------|
| Total Umbrella Premium (Excluding TRIA) | \$31,795 |
| TRIA Premium                            | \$954    |

### **Umbrella Coverage Options/Notes**

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This is intended to provide a summary review of coverage provided by Liberty Mutual Insurance.

This comparison constitutes a brief description only. For full coverage details refer to the policy forms.



## Proposal Premium Summary

| Lines of Coverage          | Premiums  |
|----------------------------|-----------|
| Property Coverage          | \$233,163 |
| General Liability Coverage | \$72,864  |
| Crime Coverage             | \$120     |
| Inland Marine Coverage     | \$8,992   |
| Automobile Coverage        | \$135,310 |
| Umbrella Coverage          | \$31,795  |

**Coverage Total (Excluding TRIA)    \$482,244**

| TRIA (Terrorism Risk Insurance Act) | Premium        |
|-------------------------------------|----------------|
| Property Coverage                   | \$11,120       |
| General Liability Coverage          | \$636          |
| Crime Coverage                      | Not Applicable |
| Inland Marine Coverage              | \$228          |
| Automobile Coverage                 | Not Applicable |
| Umbrella Coverage                   | \$954          |

**TRIA Total    \$12,938**

**Account Grand Total    \$495,182**

This Premium Summary page does not include any of the optional premiums and/or coverages that may have been provided on the various coverage pages.

This is intended to provide a summary review of coverage provided by Liberty Mutual Insurance.  
This comparison constitutes a brief description only. For full coverage details refer to the policy forms.