



## JEFFERSON COUNTY BOARD OF EDUCATION

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May 26, 2015

Agenda Item: **VIII.Q. Approval to Request Auto Insurance Variance**

Recommendation: Superintendent Donna Hargens recommends that the Board of Education approve the attached request for an auto insurance variance to the Kentucky Board of Education and authorize the superintendent to sign same.

Rationale: In 2008, the Kentucky Department of Education (KDE) increased the No-Fault Insurance limits for all districts from the state mandated \$10,000 to \$20,000. This has increased the no-fault insurance exposure of a bus from \$660,000 to \$1,320,000 and is a cost driver in the auto insurance program.

Jefferson County has been recognized as a national example of no-fault fraud. KDE guidelines provide for waivers of this requirement by districts upon request. JCPS believes the state mandated \$10,000 is adequate to address basic claims presented to JCPS and enable claims for amounts greater than \$10,000 to be examined for validity.

Approval of this request for variance will help lower JCPS operating costs. KDE has indicated they will support our request for a waiver.

Submitted by: Cordelia Hardin

Attachment

**Administrative Offices**

VanHoose Education Center  
P.O. Box 34020  
Louisville, KY 40232-4020  
(502) 485-3011



May 14, 2015

Mr. Roger Marcum, Chair  
Kentucky Board of Education  
500 Mero Street, 1st Floor CPT  
Frankfort, KY 40601

Re: Waiver Request of \$10,000 State Minimum Per Passenger in our No-Fault Program  
702 KAR 5:030 Pupil Transportation Section 22: Per Passenger No-Fault Limit

Dear Mr. Marcum:

KRS 156.160 provides for the Kentucky Department of Education (KDE) to promulgate administrative regulations for the transportation of children to and from school and (2) (a) provides for KDE to grant a local board a waiver of a specific provision upon request.

702 KAR 5:030 Pupil Transportation Section 22 prescribes no-fault coverage at \$20,000 per passenger. \$10,000 per passenger is the amount required per the State Motor Vehicle Reparations Act, KRS 304.39-020 (2) and 304.39-060(2) (a) in order to meet the "basic reparation benefits" required under the no-fault program.

This waiver will allow our boards to provide the state statutory per passenger no-fault limits and the ability to settle, mediate, or contest larger amounts claimed in both at fault and not at fault accidents, including allegedly fraudulent claims. More seriously injured parties will still have access to the court system for their claims. Granting this request is anticipated to reduce the claim and insurance costs of our local Board.

Per WLKY 5/23/2014, the National Insurance Crime Bureau in Washington D.C., cites fake crashes to collect false claims are getting more professional and harder to prove, especially in Kentucky where it is a no-fault state. There has been a proliferation of alleged fraudulent Personal Injury Protection (PIP) claims in our county. The options to contest no-fault claims are limited.

The higher limit increases no-fault claim potential for a sixty-six passenger school bus from \$660,000 to \$1,320,000. For our district, the \$20,000 requirement is a cost driver for school bus insurance claims, leading to premium increases. Our Board will be able to purchase higher no-fault limits if they deem it in their best interest in the future. We would like this waiver to be in effect July 1, 2015. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Donna M. Hargens". The signature is fluid and cursive, with the first name "Donna" being the most prominent part.

Donna M. Hargens, Ed.D.  
Superintendent

DMH:jk