

**WOODFORD COUNTY BOARD OF EDUCATION
AGENDA ITEM**

ITEM #: XF **DATE:** June 3, 2019

TOPIC/TITLE: Award Bids for Insurance - FY 2019-20 School Year

PRESENTER: Amy M. Smith 

ORIGIN:

- ☐ TOPIC PRESENTED FOR INFORMATION ONLY (No board action required.)
- ☒ ACTION REQUESTED AT THIS MEETING
- ☐ ITEM IS ON THE CONSENT AGENDA FOR APPROVAL
- ☐ ACTION REQUESTED AT FUTURE MEETING: (DATE)
- ☐ BOARD REVIEW REQUIRED BY

- ☒ STATE OR FEDERAL LAW OR REGULATION
- ☒ BOARD OF EDUCATION POLICY
- ☐ OTHER:

PREVIOUS REVIEW, DISCUSSION OR ACTION:

- ☒ NO PREVIOUS BOARD REVIEW, DISCUSSION OR ACTION
- ☐ PREVIOUS REVIEW OR ACTION

- ☐ DATE:
- ☐ ACTION:

BACKGROUND INFORMATION:

Acceptance of bids requires board approval.

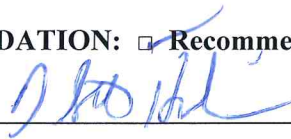
SUMMARY OF MAJOR ELEMENTS:

We are seeking approval to renew our bid for property, automobile, general liability, inland marine, and umbrella and workers compensation insurance for a bid period of one year. I am requesting approval to award the property, automobile, general liability, inland marine, and umbrella insurance to Liberty Mutual Insurance, award the Cyber Insurance to Axis and award the workers compensation insurance to Kentucky Employers Mutual Insurance (KEMI).

IMPACT ON RESOURCES: All costs included in General Fund budget.

TIMETABLE FOR FURTHER REVIEW OR ACTION: N/A

SUPERINTENDENT'S RECOMMENDATION: ☒ Recommended ☐ Not Recommended



Commercial Insurance Proposal

Prepared For:

Woodford County Public Schools

Presented By:

Assured Partners NL LLC

Date of Proposal:	April 29, 2019	Version 1
Policy Period	Effective Date:	July 1, 2019
	Expiration Date:	July 1, 2020

This proposal is valid for 60 days from the Date of Proposal or until the Effective Date (whichever is earlier) and is solely an estimate of premium, based on the information provided, and all amounts are subject to change. This proposal does not bind or provide actual coverage and is not an offer of insurance. Specific terms of coverage, exclusions, and limitations are contained solely in a completed insurance policy for which a premium has been paid.

This proposal may vary from your original request for coverage. Please review the proposal carefully for any variances. The terms, conditions and premiums included in this proposal contemplate the sale or renewal of all the quoted insurance lines. Electing to buy or renew only some of the lines of coverage may result in changes to the terms, conditions and premiums of the remaining insurance lines.

Liberty Mutual Insurance is the marketing name for the property and casualty insurance operations of Liberty Mutual Insurance Company and its' affiliates. Policies may be written in the following stock insurance company subsidiaries: Peerless Insurance Company, Excelsior Insurance Company, Montgomery Mutual Insurance Company, The Netherlands Insurance Company, Peerless Indemnity Insurance Company, Indiana Insurance Company, Consolidated Insurance Company, Midwestern Indemnity Company, Mid-American Fire and Casualty Company, Merchants & Business Men's Insurance Company. Not all coverages or policies may be available in all states.

TERRORISM INSURANCE PREMIUM DISCLOSURE
AND OPPORTUNITY TO REJECT

This notice contains important information about the Terrorism Risk Insurance Act and your option to reject terrorism insurance coverage. Please read it carefully.

THE TERRORISM RISK INSURANCE ACT

The Terrorism Risk Insurance Act, including all amendments ("TRIA" or the "Act"), establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. If an individual insurer's losses from "certified acts of terrorism" exceed a specified deductible amount, the government will reimburse the insurer for a percentage of losses (the "Federal Share") paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the "Program Trigger". An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

The Federal Share and Program Trigger by calendar year are:

Calendar Year	Federal Share	Program Trigger
2015	85%	\$100,000,000
2016	84%	\$120,000,000
2017	83%	\$140,000,000
2018	82%	\$160,000,000
2019	81%	\$180,000,000
2020	80%	\$200,000,000

MANDATORY AVAILABILITY OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM"

TRIA requires insurers to make coverage available for any loss that occurs within the United States (or outside of the U.S. in the case of U.S. missions and certain air carriers and vessels), results from a "certified act of terrorism" AND that is otherwise covered under your policy.

A "certified act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury], in consultation with the Secretary of Homeland Security, and the Attorney General of the United States

(i) to be an act of terrorism;

- (ii) to be a violent act or an act that is dangerous to –
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of –
 - (I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or
 - (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

REJECTING TERRORISM INSURANCE COVERAGE - What You Must Do

We have included in your policy coverage for losses resulting from “certified acts of terrorism” as defined above.

THE PREMIUM CHARGE FOR THIS COVERAGE APPEARS ON THE DECLARATIONS PAGE OF THE POLICY AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT. If we are providing you with a quote, the premium charge will also appear on your quote as a separate line item charge.

Note: With respect to Excess or Umbrella policies, this offer of coverage pertains only to those lines of business covered by TRIA and, more specifically, does not apply to commercial automobile insurance. In addition, this offer of TRIA coverage is expressly conditioned upon your acceptance of coverage for "certified acts of terrorism" on all underlying insurance policies that are subject to TRIA. If you reject such coverage on your primary liability policies, you must also reject it on your Excess or Umbrella policy.

IF YOU CHOOSE TO REJECT THIS COVERAGE, PLEASE CHECK THE BOX BELOW, SIGN THE ACKNOWLEDGMENT, AND RETURN IT IN THE ENCLOSED ENVELOPE. **Please ensure any rejection is received within thirty (30) days of the effective date of your policy.**

_____ I hereby reject this offer of coverage. I understand that by rejecting this offer, I will have no coverage for losses arising from a "certified acts of terrorism" and my policy will be endorsed accordingly.

Note that certain states (currently CA, GA, IA, IL, ME, MO, NY, NC, NJ, OR, RI, WA, WI, and WV) mandate coverage for loss caused by fire following a "certified act of terrorism" in certain types of insurance policies. If you reject TRIA coverage in these states on those policies, you will not be charged any additional premium for that state mandated coverage.

Policyholder/Applicant Signature

Date

Print Name

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy carefully.

If you have any questions regarding this notice, please contact your agent.

Commercial Property Proposal

Coverage Description	Limits	Deductible	Premium
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Blanket Building and Personal Property

Coinsurance 100%	\$149,842,110	\$5,000	\$89,878
Cause of Loss Form - Special			
Valuation - Replacement Cost - Agreed Amount			

Earthquake - Excluding Masonry Veneer

Building and Personal Property	\$5,000,000	10%	Included
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Flood - Primary

Building and Personal Property	\$1,000,000	10%	Included
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If the Deductible for coverage provided under this endorsement is shown as a percentage in the Flood Coverage Schedule or in the Declarations, the deductible is calculated as the stated percentage times the insured value of the location involved in the loss.

Equipment Breakdown

Subject to Policy Limits	\$5,000	Included
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Equipment Breakdown Coverage Endorsement - Additional Coverages

Limits of Insurance	
Expediting Expenses	\$250,000
Hazardous Substances	\$250,000
Perishable Goods	\$250,000
Computer Equipment	Included
CFC Refrigerants	Included

Questions - LMEB@LibertyMutual.com

Inspections - 1-877-526-0020 or LMEBInspections@LibertyMutual.com

School Property Endorsement

17-174 (0108) School Extension Ultra Plus Endorsement	Included
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Total Property Premium (Excluding Certified Acts of Terrorism Coverage)	\$89,878
Certified Acts of Terrorism Coverage Premium	\$7,032

Commercial Property Proposal

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.

SCHOOL EXTENSION ULTRA PLUS ENDORSEMENT 17-174 INCLUDES:
*** 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 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 *	\$1,000,000
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 subject to \$5,000,000 maximum.

Commercial General Liability Proposal

Coverage Description		Limits	Deductible	Premium
General Aggregate		\$2,000,000		\$70,593
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
17-20 School Amendatory Endorsement				
				Included
Employee Benefits Liability				
Retroactive Date	Each Employee	\$1,000,000	\$1,000	Included
7/1/1992	Aggregate	\$3,000,000		
Sexual Misconduct & Molestation Liability				
Retroactive Date	Each Loss Limit	\$1,000,000	\$2,500	Included
7/1/1992	Aggregate	\$1,000,000		
	Innocent Party Defense	\$300,000		Included
Law Enforcement				
Retroactive Date	Each Wrongful Act Limit	\$1,000,000	\$2,500	Included
7/1/2013	Aggregate	\$1,000,000		
	Non-Monetary Relief Defense	\$100,000		Included
School Leaders Errors & Omissions Liability				
Retroactive Date	Each Wrongful Act Limit	\$1,000,000	\$5,000	Included
7/1/1992	Aggregate	\$1,000,000		
	Non-Monetary Relief Defense	\$100,000	\$5,000	
Violent Event Response Coverage				
	Violent Event Limit	\$1,000,000		Included
	Aggregate Limit	\$1,000,000		
	Each Personal Limit - Loss	\$25,000		
	Each Person Limit - Death Benefits	\$15,000		

Commercial General Liability Proposal

Coverage Description	Limits	Deductible	Premium
Data Security Coverage			
Data Compromise Coverage			
Response Expenses Limit	\$250,000		Included
	Annual Aggregate		
Sublimits *			
Named Malware	\$50,000		
Forensic IT Review	\$25,000		
Legal Review	\$25,000		
PR Services	\$5,000		
Regulatory Fines and Penalties	\$25,000		
PCI Fines and Penalties	\$25,000		
Response Expenses Deductible *		\$2,500	
	* Any one "Personal Data Compromise"		
Defense and Liability Limit	\$250,000		
	Annual Aggregate		
Sublimits			
Named Malware	\$50,000		
	Any one "Personal Data Compromise"		
Defense and Liability Deductible		\$2,500	
	Each "Data Compromise Suit"		
Data Security Coverage			
Attack & Extortion and Network Security Liability Coverage			
Attack & Extortion Limit	\$250,000		Included
	Annual Aggregate		
Sublimits (Per Occurrence)			
Data Re-creation	\$12,500		
Loss of Business	\$10,000		
Public Relations	\$5,000		
Cyber Extortion Expenses	\$25,000		
Attack & Extortion Deductible		\$10,000	
		Per Occurrence	
Network Security Liability Limit	\$250,000		Included
	Annual Aggregate		
Network Security Liability Deductible		\$10,000	
		Per Occurrence	
Total Liability Premium (Excluding Certified Acts of Terrorism Coverage)			\$70,593
Certified Acts of Terrorism Coverage Premium			\$436

Commercial General Liability Proposal

Liability Coverage Options/Notes

Health Occupation - Student Professional Liability Included

Corporal Punishment is included. Premium \$2,408 based upon exposure of 200 teachers and administrators.

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.

Commercial Crime Proposal

Coverage Description	Limits	Deductible	Premium
Form O - Blanket Public Employee Dishonesty			
	\$100,000	\$1,000	\$426
Form B - Forgery and Alteration			
	\$50,000	\$500	Included

Crime Coverage Amendments

CR1044 Add Faithful Performance of Duty

Total Crime Premium \$426

Crime 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.

Commercial Inland Marine Proposal

Coverage Description	Limits	Deductible	Premium
Miscellaneous School Property Floater			
Band Uniforms	\$50,000	RC	\$500
Athletic Equipment	\$50,000	RC	
Musical Equipment	\$50,000	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		
	ACV - Actual Cash Value		

Scheduled Property Floater			
Valuation - Actual Cash Value			
Contractor's Equipment	\$37,550	\$500	Included
Unscheduled Property Floater	\$50,000	\$500	Included

Total Inland Marine Premium (Excluding Certified Acts of Terrorism Coverage)	\$1,944
Certified Acts of Terrorism Coverage Premium	\$45

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.

Commercial Automobile Proposal

Coverage Description	Limits	Deductible	Premium
Auto Liability Combined Single Limit	\$2,000,000		\$77,792
Non-Owned Liability	\$2,000,000		Included
Hired Liability	\$2,000,000		Included
Cost of Hire	If Any		
Personal Injury Protection	\$20,000		Included
Uninsured Motorists	\$1,000,000		Included
Underinsured Motorists	\$1,000,000		Included
Comprehensive		\$1,000	Included
Collision		\$1,000	Included
Auto Extension Endorsement	16-67 (0108)		Included
	Per Event Deductible	\$15,000	
Total Number of Insured Units - 68			
Total Automobile Premium			\$77,792

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.

Commercial Umbrella Proposal

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	Included
Auto Liability	Included
Uninsured/Underinsured Motorists	Excluded
Employers Liability	Excluded
School Leaders Errors & Omissions	Included
Law Enforcement Professional Liability	Included
Sexual Misconduct & Molestation	Included
Data Security Coverage	Excluded
Total Umbrella Premium (Excluding Certified Acts of Terrorism Coverage)	\$30,493
Certified Acts of Terrorism Coverage Premium	\$915

Umbrella Coverage Options/Notes

Coverages in the umbrella are contingent upon Liberty Mutual writing the underlying. If work comp is not written by Liberty Mutual, the carrier must carry limits of at least \$500,000/\$500,000/\$500,000 and have an AM Best Rating of A- or better in order to include Employer's Liability in our umbrella.

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.

Commercial Insurance Proposal Premium Recap

Lines of Coverage	Premium
Property	\$89,878
General Liability	\$70,593
Crime	\$426
Inland Marine	\$1,944
Automobile	\$77,792
Umbrella	\$30,493

Premium Total (Excluding Certified Acts of Terrorism Coverage) **\$271,126**

OK Angel

Certified Acts of Terrorism Coverage	Premium
Property (ST-ML-505)	\$7,032
General Liability (ST-ML-505)	\$436
Crime	Not Applicable
Inland Marine (ST-ML-505)	\$45
Automobile	Not Applicable
Umbrella (ST-ML-505)	\$915

Certified Acts of Terrorism Premium Total \$8,428

Declined Terrorism

Account Grand Total \$279,554

If TRIA is to be rejected, have the Annual TRIA rejection form marked and signed (see pages 2-4 of this proposal). Please forward the signed form (page 4) with the "I hereby reject this offer" TRIA line marked along with your issuing instructions to avoid the TRIA premium being included on the issued policy.

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.

Proposal Conditions

Quote is contingent of the following conditions/subjectivities

If TRIA is to be rejected, have the Annual TRIA rejection form marked and signed (see pages 2-4 of this proposal). Please forward the signed form (page 4) with the "I hereby reject this offer" TRIA line marked along with your issuing instructions to avoid the TRIA premium being included on the issued policy.

****THIS IS 3RD YEAR OF 3 YEAR ANNUAL RERATE****

1. Signed Statement of Values

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.



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
AXIS 303A (08-16)	12:01 a.m. on May 31, 2019 If the above date is blank, then this endorsement is effective on the effective date of the policy.	TBD	\$5,672.00

**BUSINESS INTERRUPTION AND DATA RECOVERY COVERAGE
ENDORSEMENT – SYSTEM DISRUPTIONS**

SCHEDULE OF COVERAGE			
Limits of Insurance			
System Disruption Business Interruption Coverage Limit of Insurance			\$1,000,000
Data Recovery Expense Coverage Limit of Insurance			\$1,000,000
Retention			
Data Recovery Expense Retention			\$10,000
System Disruption Hourly Cap <i>(stated as \$ per hour)</i>	NA	System Disruption Waiting Period <i>(in hours)</i>	6
NOTE: If an Hourly Cap is not stated above, then no Hourly Cap shall apply with respect to such Coverage.			

Information in the above schedule also may appear on the Declarations. If any information required on this schedule for a specific coverage does not appear in this Endorsement or on the Declarations, this policy does not provide such coverage.

It is agreed that:

- I. The follow new coverage is added to the policy as a FIRST PARTY COVERAGE:

Business Interruption Coverages

The following Coverages apply only if the SCHEDULE OF COVERAGE displays a Limit of Insurance for such Coverage.

A. System Disruption Business Interruption Coverage

Subject to the applicable Limits of Insurance, the Insurer will pay for loss of **Business Income** the **Insured Entity** sustains and **Extra Expense** it incurs during the **Period of Restoration** because of a **System Disruption**.

B. Data Recovery Expense Coverage

Subject to the applicable Limits of Insurance and in excess of the **Retention**, the Insurer will pay the **Insured Entity** for **Data Recovery Expense** it incurs because of a **System Disruption**.

Provided, however, these coverages shall only apply if:

March 7, 2019

Woodford County Board of Education
330 Pisgah Pike
Versailles, KY 40383

Kentucky Employers Mutual Insurance
250 W Main Street, Suite 900
Lexington, KY 40507
www.kemi.com
859-425-7800 / 800-640-5364

Quote Date: March 7, 2019

Prospective Insured:	Legal Entity:	School Board
Name: Woodford County Board of Education	FEIN:	616001372
Address: 330 Pisgah Pike		
City: Versailles, KY 40383		

Agency:	Assured NL Insurance Agency Inc
Agent Number:	633
Address:	2305 River Rd
City:	Louisville, KY 40206
Phone:	(502)894-2100

Renewal Quote for Workers Compensation Coverage 392903- 07/01/2019-07/01/2020
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Proposed Effective Date: 07/01/2019

Proposed Expiration Date: 07/01/2020

Employer's Liability Limits:	Bodily Injury by Accident	\$1,000,000 each accident
(3.B)	Bodily Injury by Disease	\$1,000,000 policy limit
	Bodily Injury by Disease	\$1,000,000 each employee

Quote for Workers Compensation Coverage
392903--07/01/2019-07/01/2020

7380-000	Drivers Chauffeurs & Their Helpers NOC - Commercial
8868-000	College: Professional Employees & Clerical
9101-000	College: All Other Employees

CLASS RATING AND MANUAL PREMIUM DETAIL	EXPOSURE	RATE	PREMIUM
Woodford County Board of Education			
07/01/2019 - 07/01/2020			
8868-000	21,075,000	.46	\$96,945.00
7380-000	1,032,000	5.23	\$53,974.00
9101-000	2,075,000	4.35	\$90,263.00

PREMIUM CALCULATION DETAIL	TYPE	FACTOR	AMOUNT
07/01/2019 - 07/01/2020	Total Manual Premium		\$241,182.00
	Employers Liability Limits	.011	\$2,653.00
	Total Subject Premium		\$243,835.00
	Experience Modification Premium	.960	-\$9,753.00
	Total Modified Premium		\$234,082.00
	Schedule Rating Premium	.800	-\$46,816.00
Final Estimate	Total Standard Premium		\$187,266.00
	Premium Discount		-\$21,351.00
	Expense Constant		\$260.00
	Terrorism Charge		\$2,418.00
	Estimated Annual Premium		\$168,593.00
	Kentucky Special Fund Assessment		\$10,806.81
	Total Amount Due		\$179,399.81

TOTAL ESTIMATED ANNUAL POLICY PREMIUM **\$179,399.81**

Payment Plan Eligibility: Annual Plan

Required Initial Installment Premium:

BILLING SCHEDULE BILL DATE	BILLING SCHEDULE BILL AMOUNT
05/27/2019	\$179,399.81

This renewal quotation is based on the information provided by the expiring policy. Any changes in this information unknown at the time of this quotation could change the policy premium. Notify KEMI immediately of any and all changes. If not paid by the renewal date, coverage will expire.