

**WOODFORD COUNTY BOARD OF EDUCATION
AGENDA ITEM**

ITEM #: X0 **DATE:** April 16, 2020

TOPIC/TITLE: Award Bids for Insurance - FY 2020-21 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 NI LLC

Date of Proposal:

March 12, 2020

Version 1

Policy Period

Effective Date:

July 1, 2020

Expiration Date:

July 1, 2021

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.

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

PLEASE READ THIS NOTICE CAREFULLY

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, 2020. 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 a certain percentage (81% in 2019 and 80% in 2020) of losses paid in excess of the deductible.

Policyholders have the option to accept or reject this coverage.

TRIA will expire on December 31, 2020, unless Congress and the President act to extend it. Otherwise, after 2020, 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, 2020, **your insurance coverage will be reduced.** After the date TRIA expires, where permitted by state law*, your policy will exclude coverage 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"). However, your policy will continue to provide coverage for other acts of terrorism (acts of terrorism not involving NBCR), subject to all policy terms and conditions.

If you elect not to purchase coverage for "certified acts of terrorism," and TRIA expires on or after December 31, 2020, losses caused by terrorist acts will continue to be excluded from your policy, where and as permitted by state law*. While this exclusion applies to all NBCR terrorism events, it does not apply to other acts of terrorism until the size of the event exceeds the following thresholds:

- For property policies and related TRIA first party coverages, total event wide insured damages (including business income) exceed \$25,000,000;
- For liability policies and related TRIA casualty coverages, the event involves:
 - o Serious injury to 50 or more people; or
 - o Total event wide insured property damage (including business income) in excess of \$25,000,000

Please see the policy for full details and other applicable policy terms and conditions.

* 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.

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 "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
Blanket Building and Personal Property			
Coinsurance 100%	\$155,213,720	\$5,000	\$99,025
Cause of Loss Form - Special			
Valuation - Replacement Cost - Agreed Amount			

Earthquake - Excluding Masonry Veneer			
Building and Personal Property	\$5,000,000	10%	Included

Flood - Primary			
Building and Personal Property	\$1,000,000	10%	Included

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
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

Total Property Premium (Excluding Certified Acts of Terrorism Coverage)	\$99,025
Certified Acts of Terrorism Coverage Premium	Rejected

Commercial Property Proposal

Property 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.

SCHOOL EXTENSION ULTRA PLUS ENDORSMENT 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	\$100,000
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	\$1,000,000
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 \$500,000 maximum.

Assured Partners NI Llc

Liberty Mutual Insurance

Commercial General Liability Proposal

Coverage Description	Limits	Deductible	Premium
General Aggregate	\$2,000,000		\$76,002
Products/Completed Operations Aggregate	\$2,000,000		Included
Personal & Advertising Injury	\$1,000,000		Included
Each Occurrence	\$1,000,000		Included
Fire Damage Liability	\$500,000		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		

Total Liability Premium (Excluding Certified Acts of Terrorism Coverage)	\$76,002
Certified Acts of Terrorism Coverage Premium	Rejected

Commercial General Liability Proposal

Liability Coverage Options/Notes

*Health Professional – Student Professional Liability Included

*Corporal Punishment is included. Premium \$2,831 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	\$1,944
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	\$0

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		\$92,889
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 - 71			
Total Automobile Premium			\$92,889

Automobile Coverage Options/Notes

*Auto Policy is on Fleet Automatic Basis

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

Total Umbrella Premium (Excluding Certified Acts of Terrorism Coverage)	\$37,793
Certified Acts of Terrorism Coverage Premium	Rejected

Umbrella Coverage Options/Notes

Umbrella

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	\$99,025
General Liability	\$76,002
Crime	\$426
Inland Marine	\$1,944
Automobile	\$92,889
Umbrella	\$37,793

Premium Total (Excluding Certified Acts of Terrorism Coverage) \$308,079

Certified Acts of Terrorism Coverage	Premium
Property (ST-ML-505)	Rejected
General Liability (ST-ML-505)	Rejected
Crime	Not Applicable
Inland Marine (ST-ML-505)	\$0
Automobile	Not Applicable
Umbrella (ST-ML-505)	Rejected

Certified Acts of Terrorism Premium Total \$0

Account Grand Total \$308,079

If TRIA is to be rejected, have the Annual TRIA rejection form marked and signed (see pages 3-5 of this proposal). Please forward the signed form (page 5) 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 3-5 of this proposal). Please forward the signed form (page 5) 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 1st YEAR OF 3 YEAR ANNUAL RERATE****

1. Signed Statement of Values
2. Updated driver list
3. Completed and updated school supplemental application – last received 2013

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.

**Woodford County BOE 2020-2021 Renewal
PREMIUM COMPARISON**

COVERAGE TYPE	19/20 PREMIUM	20/21 PREMIUM
Property	\$89,878	\$99,025
General Liability	\$70,593	\$76,002
Inland Marine	\$1,944	\$1,944
Crime	\$426	\$426
Automobile	\$74,546	\$92,889
Umbrella	<u>\$30,250</u>	<u>\$37,793</u>
LIBERTY MUTUAL ANNUAL PREMIUM	\$267,637	\$308,079
KEMI Workers Compensation	<u>\$179,400</u>	<u>\$165,949</u>
TOTAL ANNUAL PREMIUM	\$447,037	\$474,028