

Denton ISD
Property, School Liability, Privacy & Information Security, Automobile Insurance and Workers’
Compensation Administrative Services Program and Excess Coverage
May 28, 2019

SUMMARY:

This item requests approval of the Property, School Liability, Privacy & Information Security, Automobile Insurance Coverage and Workers’ Compensation Administrative Services Program and Excess Coverage for Denton ISD effective July 1, 2019.

BOARD GOAL:

Growth & Change ... In pursuit of excellence, we will:

- Adjust policies and procedures to address rapid growth and changing demographics, nurturing our strong sense of community
- Demonstrate effective and efficient management of district resources
- Provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements

PREVIOUS BOARD ACTION:

On May 22, 2018, the Board approved the Texas Association of School Boards Risk Management Fund (TASB) as the District’s insurance provider for this coverage.

BACKGROUND INFORMATION:

On May 22, 2018, the District opted to continue with TASB Risk Fund for Property, School Liability, Privacy & Information Security, Automobile Insurance, Workers’ Compensation – Administrative Services Only (ASO) Program and Excess Workers’ Compensation Coverage. For 2018-2019, TASB required an additional deductible(s) for Wind, Hurricane and Hail of \$50,000 per building over 25,000 square feet sustaining damage, up to a maximum deductible for the occurrence of \$1,000,000, inclusive of the current Wind, Hurricane and Hail deductible of \$500,000.

SIGNIFICANT ISSUES:

- **Property including Equipment Breakdown:**
 - With the additions of Union Park Elementary, the 9th Grade Center addition at Guyer High School and personal property coverage for additional non DISD Adult Ed locations, our blanket property coverage amount has increased by \$57,912,649 to \$1,199,478,768 for 2019-2020. TASB has contracted with Duff & Phelps to do appraisals for all DISD locations. The blanket replacement cost will be adjusted based on the results of those inspections at no additional cost for 2019-2020.
 - For 2019-2020, TASB will apply a Wind, Hurricane and Hail Loss coverage sub-limit of \$3,000,000 per occurrence, to all single-ply membrane roofs. TASB now requires a \$100,000 deductible per building over 25,000 square feet sustaining damage, up to a maximum deductible of \$2.5 million per occurrence, inclusive of the current Wind, Hurricane and Hail deductible of \$500,000.
- **Auto:**
 - Automobile Liability deductible will increase from \$1,000 to \$2,500 per occurrence.

FISCAL IMPLICATIONS:

- **Property & Casualty:**
 - **Property including Equipment Breakdown: \$1,211,474**
 - **School Liability: \$143,946**
 - **Privacy & Information Security (included)**
 - **Auto: Liability and Physical Damage - \$134,711**
 - **Total contribution for Property & Casualty is \$1,490,131 which is an increase of \$229,045 over the 2018-2019 school year.**

- **Workers' Compensation Administrative Services Program and Excess Coverage:**
 - Administrative Services Only (includes Actuarial and Loss Prevention Services) **\$13,500** with Claims, Administrative and Actuarial fees remaining the same as 2018-2019. Loss Prevention Services increase by \$500 to \$6,000, which is an increase of \$500.
 - Excess Workers' Compensation Coverage with a premium of **\$99,002** with a \$500,000 specific self-insured retention, \$1,000,000 aggregate retention and \$1,000,000 aggregate excess limit.
 - **Total contribution for ASO and Excess Workers' Compensation is \$112,502 which is an increase of \$9,815 over the 2018-2019 school year.**

BENEFIT OF ACTION:

Approval of these coverages will provide security of the District's assets.

PROCEDURAL AND REPORTING IMPLICATIONS:

The District is required to complete, sign, and return the Contribution & Coverage Summary & Workers Compensation prior to June 30, 2019, in order to avoid a lapse in coverage.

SUPERINTENDENT'S RECOMMENDATION:

Recommends the District approve the TASB Risk Management Fund proposal for the following coverages and term:

- Term: July 1, 2019 through June 30, 2020.
- \$1,199,478,768 Blanket Replacement Cost Limit for property, which includes the additions of Union Park Elementary, the 9th Grade Center addition at Guyer High School and personal property coverage for additional non DISD Adult Ed locations with a \$500,000 deductible for wind, hurricane and hail, subject to a maximum deductible for the occurrence of \$2,500,000, and a \$100,000 deductible for all other perils. All locations with single-ply roofs will have a sublimit for Wind, Hurricane and Hail Losses of \$3,000,000 per occurrence.
- Equipment Breakdown, School Liability and Privacy & Information Security coverage.
- Auto coverage with a liability deductible increase from \$1,000 to \$2,500 per occurrence.
- Workers' Compensation – Administrative Services Only with optional services for Annual Actuarial Review and Loss Prevention Services. The law allows us to stop benefits for actual holiday breaks. Only those employees who were normally scheduled to work during these times will receive benefits.
- Safety National Casualty Corporation Excess Workers' Compensation Coverage with a \$500,000 specific self-insured retention, \$1,000,000 aggregate retention and \$1,000,000 aggregate excess limit.
- The combined total fees paid to TASB for all services is **\$1,602,633**

STAFF PERSONS RESPONSIBLE:

Chris Bomberger, Executive Director of Risk Management, Benefits & Child Nutrition
Debbie Monschke, Assistant Superintendent of Administrative Services

ATTACHMENTS:

TASB Contribution and Coverage Summary
Property & Casualty Rate Comparison
Excess Workers' Compensation Rate Comparison

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____