



## Executive Summary Finance Committee Meeting

DATE: June 9, 2022

TOPIC: 2022-23 Collective Liability Insurance Cooperative (CLIC)

Property/Casualty and Fiduciary Insurance Renewal

PREPARED BY: Courtney Whited

### **Recommended for:**

X Action

X Discussion

X Information

### **Purpose**

The Board of Education approves all expenditures in excess of \$10,000.

### **Background:**

The Administration received CLIC's 2022-23 Property/Casualty and Fiduciary Liability Insurance renewal costs. The CLIC invoice total for Property/Casualty will likely be greater than the prior year's \$95,427.

The CLIC invoice for Fiduciary Liability is \$2,150 which is the same as the prior year's \$2,150.

Legal counsel found no issues with the CLIC documents and noted that CLIC and Gallagher provide "top notch" services to a number of the legal firm's clients.

CLIC also sent a letter to the Administration to offer an extended reporting period on the current cyber insurance plan. In order to acquire any of the three extensions offered, a written reply is required before June 20, 2022. Legal counsel advised:

*The expiring policy is on a "claims made" basis, meaning that SD74 has coverage for any claims that are made during the term. SD74 could report a claim on June 30, 2022, and continue to have coverage for that claim even though the policy expires on July 1. The expiring coverage apparently also allows SD74 to report up to 60 days after the expiration date, and then CLIC is also offering SD74 the option of extending that reporting period out to 12/24/36 months. However, the new coverage includes "unknown prior acts."*

*Thus, the only risk here is if SD74 has failed to report a known breach. Given that the cost of the extension is between 100% to 200% of the annual policy premium, SD74 is basically being asked to buy a year's worth of insurance (or two).*

*I would not recommend buying the extended reporting periods, given the cost. If there is anything even remotely questionable relative to a breach, SD74 should report it to the insurer prior to June 30 just to preserve the possibility of coverage. IF, on July 1, SD74 becomes aware of a prior (June 30 or earlier) breach, it appears that SD74 will be able to report that to the new insurer as an "unknown prior act." If it is within 60 days after expiration, SD74 might also be able to report to the expiring insurer as well. In that case, you would likely report to both insurers and let them sort it out.*

**Fiscal Impact:**

\$90,206 + CYBER + \$2,150 = \$TBD

\$95,427 + \$2,150 = \$97,577 Total for 2021-22

**Recommendation:**

It is the Administrative recommendation that the Finance Committee concurs to recommend to the Board of Education to renew the 2022-23 Property/Casualty and Fiduciary Liability insurance with Collective Liability Insurance Cooperative (CLIC) in an amount of \$92,356 plus an amount yet to be determined for Cyber coverage.