



**PROSPECT HEIGHTS DISTRICT 23
FINANCE COMMITTEE
INFORMATION ITEM**

Date: January 3, 2023

Subject: Recommendation for Renewal of Cybersecurity, Property and Liability Insurance Coverages

Contact: Amy McPartlin, Assistant Superintendent for Finance and Operations

BACKGROUND:

The District is required to purchase liability insurance coverage to insure against any loss or liability of the District including civil rights damage claims and suits, constitutional rights damage claims and suits, and death and bodily injury and property damage claims and suits. Such coverage is to include defense costs, when damages are sought for negligent or wrongful acts allegedly committed in the scope of employment or under the Board's direction or related to services provided to specific individuals who work or serve the District.

In addition, the District is required to purchase comprehensive property insurance covering a broad range of causes of loss involving building and personal property. The coverage amount is for the replacement cost or the insurable value of such property.

The District belongs to SSCIP, the Suburban School Cooperative Insurance Pool, which consists of over 100 suburban and downstate school districts. The membership in SSCIP provides benefits on insurance pricing due to the resources, liabilities and experience history being pooled with the other member school districts.

This year the premium for the District's property and liability coverage has been set at \$84,774. A pool contribution, in the amount of \$7,953, has reduced the renewal premium to \$76,820, an increase of 5.45% over last year's premium of \$72,849.

Under SSCIP, the District is also able to take advantage of purchasing cyber liability coverage. As discussed with the Board, once optional, cyber liability is viewed as a primary coverage with a significant opportunity for loss for school districts, especially due to the increase in exposure that comes with the shift to remote learning and 1:1 implementations.

As we come into our renewal period, it's important to note that nationwide, school districts have become the single largest public target for cyber crime. Due to the rapidly deteriorating cyber insurance market, the SSCIP Executive Committee voted unanimously to invest in a pool-wide

“Cyber Toolkit” focused specifically on cyber loss control. The program is being subsidized by pool member equity and will cost DIstrict 23 a reduced rate of \$2,500. The program is currently being rolled out with clear objectives and services to help reduce overall exposure for member school districts.

The services include:

- Cybersecurity consulting, including risk assessments
- Phishing awareness exercises and training
- External vulnerability scans
- Multi-factor authentication (MFA) services

Options for renewal of coverages are extremely limited and now require multi-factor authentication in addition to weekly backups of data to an offsite location. Although District 23 is fully compliant with these criteria, we have still seen a significant increase in premium, up approximately 17% to \$17,476 for the 2023 calendar year. With the inclusion of the reduced-price cyber-toolkit the District’ total cost for cyber liability coverages is \$19,976.

The Business Office has investigated the cost effectiveness of the property and liability insurance program, including the cyber liability coverages. The District continues to benefit from its participation in the pool from both a cost perspective and breadth of available coverages and while on the higher end, the renewal rates do not appear to be at a disproportionate level.

RECOMMENDATION

The Business Office recommends approval of the 2023 insurance renewals with SSCIP for property and liability insurance in the amount of \$76,820 and cyber liability insurance in the amount of \$19,976.