



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

Date: January 3, 2022

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 \$80,153. A pool contribution, in the amount of \$7,304, has reduced the renewal premium to \$72,849, an increase of only \$1,763 over last year's premium of \$71,086.

Under SSCIP, the District is also able to take advantage of purchasing cyber liability coverage. While this coverage may have been considered "optional" in prior years, it is now 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 due to COVID-19.

Since March, 2019, losses due to cyber attacks have gone up over **6,000%**! Premiums for cyber liability cost District 23 \$3,837. 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. 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. While District 23 is now fully compliant with these criteria, we have still seen a significant increase in premium, up to \$14,954 for the 2022 calendar year..

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

RECOMMENDATION

The Business Office recommends approval of the 2022 insurance renewals with SSCIP for property and liability insurance in the amount of \$72,849 and cyber liability insurance in the amount of \$14,954.