

Date: June 28, 2023  
 To: LPSD School Board  
 From: Laura Hylton, Finance Director  
 RE: June Board Report

**FY24 Insurance Renewal**

The insurance renewal proposal is attached for the board’s information a summary of the renewal is listed here. It is a 30% increase overall and includes an increase in total insured value of 15%. At 30% our increase is lower than most our brokers is seeing.

Renewal Premiums:

Policy Term: 2023/2024

Renewal Coverage	Gross Premium	Net Premium
Property & Mobile Equipment	\$381,700.94	\$337,805.33
Liability	\$80,978.19	\$71,665.70
Automobile	\$7,415.26	\$6,562.51
Worker’s Compensation - AK	\$50,402.91	\$44,606.58
Worker’s Compensation – ID, PA & FL	\$2,272.32	\$2,011.00
Crime	\$1,284.81	\$1,137.06
Cyber Liability – Hiscox (incum) - \$10k	\$18,876.00	\$16,516.50
Broker Fee	-	30,000.00
<b>TOTAL PREMIUM</b>	<b>\$542,930.43</b>	<b>\$510,304.67</b>

Policy Term: 2022/2023

<u>Coverage</u>	<u>Gross Premium</u>	<u>Net Premium</u>
Property	\$ 254,093.01	\$ 213,628.70
General Liability	\$ 79,861.17	\$ 67,143.28
Student Accident	Included	Included
Automobile	\$ 7,990.73	\$ 6,718.21
Workers Compensation – AK	\$ 51,090.48	\$ 42,954.31
Workers Compensation – Other	\$ 2,280.23	\$ 2,018.00
Crime Insurance	\$ 1,280.00	\$ 1,076.16
Cyber	\$ 17,769.00	\$ 15,547.88
Travel Accident	Paid	Paid
Broker Fee	\$ -	\$ 30,000.00
<b>TOTAL PREMIUM</b>	<b>\$ 414,364.62</b>	<b>\$ 379,086.54</b>

Options or additional coverage:

Cyber Liability – Hiscox - \$25k Option	\$17,791.00	\$15,567.13
Cyber Liability – Westchester/APEI	\$7,405.31	\$6,553.70

Optional Coverages	Gross Premium	Net Premium
Environmental Op. 1 – \$1M/\$1M xs \$50k w/ Ironshore	\$18,982.51	\$16,272.89
Environmental Op. 2 – \$1M/\$2M xs \$50k with Ironshore	\$22,533.98	\$19,310.65
Environmental Op. 3 – \$2M/\$2M xs \$50k with Ironshore	\$27,861.71	\$23,867.73
Environmental Op. 4 – \$1M/\$2M xs \$5k xs with C&F	\$51,247.08	\$46,363.08
Excess Sexual Abuse & Molestation Op 1 - \$1M	\$40,500.00	\$36,500.00
Excess Sexual Abuse & Molestation Op 2 - \$2M	\$60,750.00	\$54,750.00

APEI reduced the Sexual Abuse & Molestation coverage limits several years ago from \$15 million per occurrence to a \$1M per victim/\$5 million per perpetrator sublimit. Optional Excess SAM coverage would add protection although the added premium is substantial. SAM policy limits are often used by plaintive attorneys in lawsuits reduced limits are intended to limit award while maintaining coverage.

Cyber liability limit is \$2 million with a pool aggregate limit of \$5 million, coverage then become first come first serve. If another pool participant has claims that reach the \$5 million limit subsequent pool participants would not receive coverage. LPSD opted to decline APEI coverage and purchased our own policy. Premiums are more costly than the APEI coverage, at the \$10,000 deductible level the District receives a lot of services and resources for data breach and ransom events. The prevalence of these type of crimes makes the coverage with the cost. The risk is no coverage and potential significant costs. Covers legal defense costs.

Environmental - APEI has changed policy language to include cleanup in the 125% of declared value which results in less coverage for replacing a building and cleaning up after a loss. Environmental coverage options are listed above and would reduce the risk related to contamination due to fire or other loss as well as fuel spills. Environmental coverage also provides for remediation expenses and liability damages to others due to soil or groundwater contamination that emanates from one of our sites, issues with air quality contamination and other pollution related incidents. Property insurance covers cleanup due to a fire. Liability insurance has some coverage for damage to other parties for environmental related claims considered sudden and accidental and requires knowledge within 20-days of the incident and reporting to APEI in 90-days. Often this type of incidents occur slowly over time and are not known for years. Covers legal defense costs.

Feedback on environmental coverage and SAM coverage is appreciated.

### Recommendations:

SAM - At this time I am not recommending purchasing excess coverage due to cost and budget constraints.

Cyber – Hiscox \$10K option

Environmental – Ironshore coverage Op 1 or 2 provide coverage we do not currently have. We can purchase or review again next year.

## **FY24 State Funding**

The BSA remains at \$5,960 with outside the foundation formula funding after the Governor's veto coming in at \$518,928. This funding leaves our FY24 budget with an approximate deficit of \$100,000 and much has already changed. FY24 budget will need to be revised early in the fall and decisions made about ways to reduce spending. We are reviewing options for reducing food service and still offering a program. Looking for ways to reduce travel costs and still offer opportunities for students. Health insurance options for containing costs for implementation January 1, 2024.

**Financial Report attached.**

**Lake and Peninsula School District**

**100 Board Report**  
**Fiscal Year: 2022-2023**

From Date: 7/1/2022 To Date: 6/27/2023

Account Description	Account Number	GL Budget	YTD	Balance	Encumbrance	Budget Balance	% Budget
Instruction	100.000.100.000.000	\$4,937,331.38	\$4,608,324.68	\$ 329,006.70	\$ 9,970.78	\$319,035.92	6.46%
Lake View Home School	100.000.140.000.000	\$13,801.49	\$11,927.09	\$ 1,874.40	\$ 0.00	\$ 1,874.40	13.58%
CTE	100.000.160.000.000	\$803,471.67	\$780,705.79	\$ 22,765.88	\$ 11,444.56	\$ 11,321.32	1.41%
SPED direct instruction	100.000.200.000.000	\$988,032.27	\$920,149.35	\$ 67,882.92	\$ 1,114.00	\$ 66,768.92	6.76%
SPED special services	100.000.220.000.000	\$253,512.05	\$268,530.51	-\$ 15,018.46	\$ 0.00	-\$ 15,018.46	-5.92%
Student support	100.000.300.000.000	\$100,791.02	\$75,201.81	\$ 25,589.21	\$ 0.00	\$ 25,589.21	25.39%
Instructional Support	100.000.350.000.000	\$638,088.05	\$640,525.19	-\$ 2,437.14	\$ 0.00	-\$ 2,437.14	-0.38%
Instructional Technology	100.000.360.000.000	\$2,659,689.85	\$2,448,291.62	\$ 211,398.23	\$ 446,896.10	-\$235,497.87	-8.85%
School Admin - Principals	100.000.400.000.000	\$827,279.59	\$826,793.52	\$ 486.07	\$ 0.00	\$ 486.07	0.06%
School Support - Secretaries	100.000.450.000.000	\$105,583.48	\$98,687.73	\$ 6,895.75	\$ 0.00	\$ 6,895.75	6.53%
District Admin - Superintendent and Board	100.000.510.000.000	\$602,180.80	\$594,578.61	\$ 7,602.19	\$ 0.00	\$ 7,602.19	1.26%
District Admin - Business Services	100.000.550.000.000	\$706,431.00	\$723,961.28	-\$ 17,530.28	\$ 21,515.10	-\$ 39,045.38	-5.53%
Maintenance and Operations	100.000.600.000.000	\$2,959,842.72	\$3,329,863.89	-\$ 370,021.17	\$ 133,152.95	-\$503,174.12	-17.00%
Student Activities	100.000.700.000.000	\$592,186.86	\$600,442.24	-\$ 8,255.38	\$ 2,040.00	-\$ 10,295.38	-1.74%
Other Fund TRS & PERS OB	100.000.760.000.000	\$0.00	\$11.35	-\$ 11.35	\$ 0.00	-\$ 11.35	0.00%
Other Fund TRS & PERS OB	100.000.790.000.000	\$0.00	\$113.87	-\$ 113.87	\$ 92.99	-\$ 206.86	0.00%
Food Service Transfer	100.000.900.000.000	\$50,000.00	\$0.00	\$ 50,000.00	\$ 0.00	\$ 50,000.00	100.00%
<b>Grand Total:</b>		<b>\$16,238,222</b>	<b>\$15,928,108.53</b>	<b>\$ 310,113.70</b>	<b>\$ 626,226.48</b>	<b>-\$ 316,112.78</b>	<b>-1.95%</b>

Encumbrances have not yet been reviewed and closed for the year.  
 Excess cost of teacher housing still needs moved to fringe benefits.  
 Fuel inventory is not yet posted.



# Ironshore Environmental<sup>®</sup>

## Site Pollution Incident Legal Liability Select (SPILLS)



You get more extensive coverage with our broad definition of pollutants.

### Environmental protection that keeps your focus on business

Constantly changing regulations and an increasingly litigious environment make it essential for companies to shield themselves with a comprehensive environmental policy that takes over where standard coverage leaves off.

### Alleviate financial concerns

Along with protecting your reputation and brand, SPILLS protects your company from:

- The high costs of clean up following an event like a storage tank leak or contaminated drinking water.
- Expensive claims brought by third parties.
- Costly legal defense.

### Critical protection from today's environmental threats

<b>Mold matter</b>	<ul style="list-style-type: none"> <li>• Remediation expenses</li> <li>• Associated bodily injury claims</li> </ul>
<b>Legionella</b>	<ul style="list-style-type: none"> <li>• Remediation expenses</li> <li>• Bodily injury claims related to impacted drinking water or indoor air</li> </ul>
<b>Hazardous spills/other environmental occurrences</b>	Applies to spills and releases of hazardous substances, including chemicals and radioactive materials: <ul style="list-style-type: none"> <li>• Remediation expenses</li> <li>• Associated bodily injury claims</li> </ul>
<b>Storage tanks</b>	Applies when oil or other hazardous materials are released from underground or above ground storage tanks: <ul style="list-style-type: none"> <li>• Remediation expenses</li> <li>• Associated bodily injury claims</li> </ul>
<b>Indoor air quality</b>	<ul style="list-style-type: none"> <li>• Associated bodily injury claims</li> </ul>
<b>Contaminated drinking water</b>	<ul style="list-style-type: none"> <li>• Associated bodily injury claims, whether drinking water was contaminated on or offsite.</li> <li>• Remediation expenses.</li> </ul>
<b>Terrorism</b>	<ul style="list-style-type: none"> <li>• Complete nuclear, biological, chemical and radiological (NBCR) coverage.</li> <li>• Remediation and business interruption expenses associated with closure, whether a result of direct impact from a terrorist event or indirect impact (victims from a terrorist attack end up at facility for treatment)</li> </ul>
<b>Legal defense</b>	<ul style="list-style-type: none"> <li>• Associated defense costs</li> </ul>

### Coverage highlights

- A broad definition of pollutants – including mold, legionella, radioactive materials, electromagnetic fields, and medical, infectious, and pathological wastes – provides broader coverage.
- First- and third-party on-site and off-site remediation of pollutants.
- Third-party bodily injury and property damage, including natural resource damages.
- Emergency response expenses without a sublimit.
- First- and third-party blanket transportation coverage.
- Blanket waste disposal activities coverage.
- Business interruption coverage.
- Pre-existing and new conditions coverage available.

**Snapshot:**  
Ironshore SPILLS

- Comprehensive environmental coverage
- Limits from \$1M to \$50M
- Low minimum premium of \$10,000
- Get a quote with minimal underwriting and information

Step up to better SPILLS  
protection today  
**1-877-IRON411**  
[www.ironshore.com](http://www.ironshore.com)  
[info@ironshore.com](mailto:info@ironshore.com)

## Get more than great coverage

### Valuable services

Ironshore gives you more than a great policy, with:

- A 24/7 Emergency Claims Response Hotline
- Rapid on-site response to claims nationwide
- Pre- and post-crisis management
- Public relations services
- Governmental compliance and regulatory support
- Contract review services

### Outstanding claims management

- Our dedicated Environmental Claims team brings specialized knowledge to the table and works with our underwriters and the rest of team for the best possible results.
- Nationally recognized panel counsel
- One claims notification department
- Simplified communication with a single point of contact
- Open dialogue
- Regional claims presence

### Expertise that helps lower risk

- Connect with our national network of environmental consultants for cutting-edge risk-mitigation guidance.
- Turn to our Risk Management Services team for risk mitigation strategies, guidance on compliance with government regulations, and help preparing for complex government acts.

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