

Policy Reference No. 7350
Title: INSURANCE
Section: BUSINESS SERVICES AND BUDGET

INSURANCE

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One or more brokers-of-record will be selected for insurance consulting services to cover needs in the four basic areas:

1. Student Accident and Related District Liability Coverage
2. Facilities and Property Coverage
3. Liability Coverage for District and its Employees
4. Employee Benefit Coverage

With the exception of employee benefit coverage, all insurance programs are coordinated by brokers who work under contracts managed by the Business Office. In the case of employee benefits coverage, the contracts are developed in consultation with the Business Office and claims administration is handled through the Personnel Department. While accident forms and insurance claims are originated in the several school and departmental offices, all policies are developed, approved and managed at the central office level. Specific coverages and requirements for claims under the various insurance programs are summarized here as an aid to persons involved in the claims administration.

Student Accident and Related Liability Coverages

On a periodic basis, the District will convene a group of parents and school administrators to review needs for student accident and related liability coverages. The District may not purchase insurance directly or on behalf of individual students except as specifically authorized under state statute. The district does, however, monitor the quality and claims experience of insurance available to students and does coordinate its own insurance programs with those made available to the students.

Student insurance generally includes an excess benefits provision, i.e., other insurance carried by the student and/or family is primary and the school insurance pays only after any primary policies have been paid. Students participating in interscholastic sports (including cheerleading) activities are expected to enroll in the student insurance program or submit a statement, signed by a parent or guardian, indicating that appropriate coverage is available elsewhere.

Without charge to either the student or the school district, there exists a limited coverage for single-day field trips. With advanced approval through the insurance broker, and a modest additional fee, limited coverage may be purchased for overnight field trips.

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Forms to be used in filing claims against the student insurance program are available to students and parents in the schools. The completed claim forms should be submitted directly to the insurance company.

School personnel are required to file a written report, using the designated Student Accident Report form, on all accidents likely to require medical care or where there is any question regarding the severity of an injury. This report, as required by Policy No. 4273, permits the Business Office to alert the insurance broker and carrier broker as to possible District liability and facilitates any subsequent student insurance claim.

Facility and Property Coverage

The Business Manager shall annually review with the appropriate broker-of-record the coverage of all of the District's facilities, including closed schools.

The District is essentially self-insured for the first \$10,000 and \$1,000 respectively for facilities and personal property on all operating schools. This deductible amount for facility damage is only \$1,000 in the closed schools; however, the tenants in the closed school pick up their pro-rata share of facility insurance coverage, including any extra premium assessed for the lesser deductible amount. In both operating and closed schools, the coverage is for all risks, including theft and earthquake, but excluding flood.

In relation to property coverage, there exists a considerable variance depending upon the type of item and the school facility involved. Schools and departments experiencing property losses are expected to file a claim through the Business Office. Replacement of school or departmental property losses by theft are a school or department responsibility only in cases where staff negligence is involved. The absence of staff negligence can usually be confirmed by the police report on the incident; police reports should, of course, accompany any property claim sent to the Business Office.

In general, the District is not responsible for student property left in the school building or for items which may be stolen from a locker or similar storage area. The school is responsible for student-owned items only when it formally accepts a care and custody agreement with the private party. School personnel are advised not to make property care and custody arrangements on behalf of the school district for either their own property or for that of their students without first checking with

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the Business Office. In some cases, it may be necessary for the private property owner to supply evidence of his or her own insurance before bringing the item onto the school premises.

The District does carry coverage for at least some perils (e.g., fire or theft where staff negligence is not apparent) on the personal property of employees; however, this coverage is limited. For most items, homeowners insurance is considered primary for employees. In general, employees are urged not to keep valuable personal items on school property. No staff member should keep more than \$500 worth of such property in any school district building.

The district maintains a self-insurance fund used to cover claims for the replacement or repair of equipment and materials stolen or damaged. This fund is applied only to situations where personnel in the buildings or departments clearly have no responsibility for the loss or damage. The most obvious cases where preventive action cannot be taken are in natural disasters and arson and in most situations involving theft, burglary, or vandalism. The coverage associated with this district self-insurance is intended for losses where no negligence on the part of staff has been evidenced. If it is determined that some level of staff negligence is evident, a judgment will be made regarding the level of negligence and what portion, if any, of the loss should be covered by the district self-insurance fund. Determination of the degree of negligence in such cases will be the responsibility of the Purchasing Agent.

The District's self-insurance fund as described here is intended to cover only the deductible amounts on various equipment insurance policies. Losses which exceed the deductible amount will generally be claimed against the District's insurance and these monies will then be channeled toward replacement of lost or damaged items.

Liability Coverage and Claim Procedures and Restrictions

The District usually carries a wide range of liability policies on itself and its directors, officers, employees and agents. (See Policy No. 1550 for insurance protection of individual directors, officers, employees and agents.) The basic components of this liability coverage are the comprehensive general liability, errors, and omissions, umbrella policies and excess liability policies. A related portion of the overall liability coverage is the automobile liability/physical damage policy. This auto liability policy covers staff, volunteer parent and student drivers on official business or

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approved field and activity trips but operates as secondary to any insurance carried by the private vehicle owner.

Any director, officer, employee (including volunteer employees) or agent making a claim against the District, or its directors, officers, employees and agents, must file the claim with the Assistant Superintendent of Business Services or directly with the insurance carrier. A full written description of the circumstances and the dollar amount of the claim should be part of this submittal.

The District does not generally accept responsibility for damage to property or vehicles owned by employees parents, students or the general public which may be damaged on a school site. Insurance protection in such instances would be available only when the District has been demonstrated to have responsibility for negligence. A further limited exception may permit payment for certain property damage for employees while engaged in the maintenance of order and discipline and the protection of students and school personnel and their property.

Outside groups utilizing District facilities are expected to hold the District harmless from a liability standpoint for any events occurring as a part of their use of District facilities. The District Facility Use Form stipulates this user liability provision and also indicates that such parties are responsible for any related damage done to the facilities.

To control insurance costs, the District may curtail certain activities for students and staff. Curtailment is especially likely for school activities which are partially managed or controlled by a third party without sufficient insurance coverage. Because the District has no formal control over outside groups such as the PTSA, booster clubs or local youth groups, it is possible that these outside groups will choose to sponsor activities even when their sponsorship is not allowed by the District. Should this happen, school personnel are expected not to participate as either a leader or a coordinator in the district-curtailed activities. In addition, these district-curtailed activities sponsored by an outside group may not take place during the normal school day.

Employee Benefit Coverage

Employee benefit coverage includes medical, long-term disability, life, dental, and other components which may from time to time be negotiated with various employee groups. In addition, all employees are covered by Workers' Compensation and Unemployment Compensation as defined by the State. Both programs require District review of the reasonableness of related claims activity.

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With respect to Workers' Compensation, the District is self-insured. When accidents involving covered employees occur, personnel in the various schools and departments are expected to complete the appropriate accident report.

Unemployment benefits are managed through a contract with an outside management service company. Claims are filed directly with the State, with the legitimacy of claims being reviewed in every case by the District's contract company.

Workers' Compensation and Unemployment Compensation will be managed by the District Employee Benefits Manager under the supervision of the Director of Employee Relations.

Annual summary reports on all District insurance programs, including employee benefits programs, will be included in the Annual Report of the Superintendent.