



July 1, 2020

TO: District Superintendents

FROM: Robert J. Kretzmer
Director, Property & Liability

SUBJECT: 2020/2021 Coverage Summary

Please find attached a copy of the Coverage Summary for the 2020/2021 fiscal year. We are also attaching a Coverage Summary Table which should provide you with a quick reference to the coverages and limits available through SISC for the challenging year ahead. Lastly, we are attaching a memo related to the COVID-19 issue which reviews SISC's approach to the pandemic.

Please provide a copy of these materials to all relevant personnel within your agency for whom these matters will be of importance.

In the event you do have any questions or concerns please contact me at 661-636-4709 or on my cell phone at 661-431-2227.

RJK



July 1, 2020

TO: District Superintendents
SISC Member Districts

FROM: Robert J. Kretzmer
Director, Property & Liability

SUBJECT: 2020-2021 Coverage Summary

This correspondence verifies that the 2020-21 Memorandum of Coverage (MOC) documents for your auto/bus, liability and property risks are in force. Please consult the applicable coverage document to fully understand the nature and limitations of the coverage afforded. Coverage documents and “generic” certificates of insurance can be obtained from the SISC website at <http://sisc.kern.org/pl/>. **Please note: *Significant changes to the 2020-21 MOC’s have been referenced in italics below in each applicable section.***

AUTOS AND BUSES

Under the Memorandum of Coverage No. SAP 7120 21, effective July 1, 2020 through July 1, 2021, SISC provides coverage for owned autos, hired autos, borrowed autos, and non-owned autos. Members should refer to the Memorandum of Coverage posted on the SISC website for particulars related to the coverages afforded.

SISC has a \$2,000,000 self-insured retention (SIR) over the district’s deductible. ***Reinsurance and excess insurance coverage is provided by our commercial excess carriers to the level of \$38,000,000.00, in excess of \$2,000,000, for a total of \$40,000,000 limit per accident.***

A standard \$5,000 deductible is now applicable to collision and comprehensive claims for buses. The liability deductible for auto bodily injury and auto property damage claims will be \$5,000. As to other vehicles the deductible for collision and comprehensive losses will be in the amount of \$2,500. Previously the deductible under the auto and bus programs was in the amount of \$1,000 for all losses.

Under the 2020-21 Auto/Bus MOC, SISC will enforce the application of one deductible per vehicle in the event there is more than one district vehicle involved in the same accident.

BOILER AND MACHINERY

The Boiler & Machinery policy is underwritten by Hartford Steam Boiler Insurance Company for the period of July 1, 2020 through July 1, 2021, subject to the policy’s exclusions, definitions, conditions and other limitations. Coverage is provided on a comprehensive basis with a limit of \$20,000,000, subject to the \$5,000 deductible feature, and covers boilers and various equipment and machinery on a replacement cost basis. A \$10,000 deductible applies to combined hardware, software, and data restoration.

COMPREHENSIVE CRIME

The Comprehensive Crime policy is underwritten by National Union Fire Insurance Company (subject to the policy’s exclusions, definitions, conditions and other limitations) coverage is effective July 1, 2020 through July 1, 2021 and provides coverage for inside crime, outside crime, depositor’s forgery, employee dishonesty and credit card forgery. Coverage is afforded in the amount of \$250,000 per occurrence along with the application of a \$1,000 deductible.

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CONCUSSION INSURANCE

Coverage is provided to our member districts whose enrollment includes interscholastic sports for grades nine through twelve. This program has effective dates of July 1, 2020 through July 1, 2021 and is being underwritten by Nationwide Life Insurance Company. Coverage is triggered with the diagnosis of a concussion injury resulting from participation in a game or practice involving an interscholastic sport. The benefit is for an overall maximum medical expense up to \$25,000. All claims originate with SISC staff and will be coordinated and processed through the SISC Student Insurance Program. Questions regarding the coverage afforded and the processing of claims should be directed to Elsa Lara, Claims Examiner, at 661-636-4736 or by e-mail at ellara@kern.org

CYBER SUITE COVERAGE

SISC has partnered with the Hartford Steam Boiler Insurance Company to provide Cyber Suite Coverage to our member districts. Coverage is July 1, 2020 through July 1, 2021. There are seven (7) specific coverages available to our member districts under the plan. These are listed as Data Compromise Response Expenses, Computer Attack, Cyber Extortion, Data Compromise Liability, Network Security Liability, Electronic Media Liability and Identity Recovery. The Annual Aggregate policy limit per member district is in the amount of \$100,000. Sub-limits pertain to Forensic IT Review, Legal Review, Federal and PCI Fines and Penalties, and Public Relations Services. A \$1,000 deductible applies to the Cyber Suite coverage. Questions regarding this coverage can be directed to Robert Kretzmer, Director, at 661-636-4709.

LIABILITY COVERAGE

Under the Memorandum of Coverage No. SLP 7120 21, effective July 1, 2020 through July 1, 2021, SISC provides \$2,000,000.00 limits over the district's deductible. ***Excess coverage is provided by commercial excess reinsurers and insurers, to the level of \$38,000,000.00 in excess of the \$2,000,000.00 self-insured retention for a total of \$40,000,000.00.***

The 2020/2021 fiscal year brings with it a change in the deductible structure for our liability program. A \$5,000 deductible is applicable per occurrence on each claim as opposed to the previous \$1,000 deductible. A \$25,000 deductible will be applicable to claims and/or suits resulting from sexual abuse or molestation for districts with an ADA of below 4,000. A \$50,000 deductible will be applicable to these claims or suits for districts with an ADA above 4,000.

Coverage A - Bodily Injury; Coverage B - Property Damage; Coverage C - Errors and Omissions; Coverage D - Personal Injury; Coverage E - Employment Practices; Coverage F – Employee Benefit Wrongful Acts; and Coverage G - Liability that the Member is required to insure against under Education Code sections 35208 and 72507 or is authorized to insure against under Government Code sections 989 and 990.

The MOC does not cover employees who willfully or intentionally participate in misconduct. Although not required to do so, SISC may exercise its discretion to extend a defense to alleged offenders if its investigation determines the allegations are likely without merit; however, it may not indemnify them if they are held liable for willful or intentional misconduct, as to do so is barred by law. Similarly, SISC will defend but not indemnify districts for wrongful termination, retaliation, and other alleged violations of law that result from intentional administrative actions.

Coverage generally is afforded to the following individuals or organizations, subject to the exclusions, definitions, limitations and conditions for the named covered party, officers and members of the governing board, employees (including students serving in required internships), volunteer and student body organizations and auxiliary organizations.

Coverage generally is afforded for claims or suits arising from premises, operations, professional, products, contractual liability, errors and omissions and employment practices liability, subject to the exclusions, definitions, limitations and conditions found in the MOC.

Coverage is written on an occurrence basis for bodily injury, property damage, errors and omissions. Coverage is afforded with respect to personal injury and employment practices subject to an offense described in the definition of personal injury and employment practices.

The Student Accident Coverage provided by SISC is included in Section VIII of the Liability Memorandum of Coverage. It is of course subject to the policy's exclusions, definitions, conditions and other limitations and provides benefits for student injury during regular classes, class trips, summer school and recreation, school sponsored activities and while students are on school owned or operated transportation.

Student accident coverage is secondary to any other applicable health insurance available to the student. Medical payment limit is \$2,500. No deductible applicable. Coverage is included for athletic injury, except tackle football. The benefit period is fifty-two (52) weeks and benefits are limited to usual and reasonable expenses unless specifically stated otherwise. The coverage pays for medical services commenced within thirty (30) days of injury.

PROPERTY COVERAGE

Under our Memorandum of Coverage SPP 7120 21, effective July 1, 2020 through July 1, 2021, SISC provides coverage for the district's interest in covered property. The coverage applies to all property of the insured including both real and personal property and including personal property of others for which the insured is liable (reporting requirements and conditions apply). Excess coverage is provided by commercial excess insurers above \$250,000, with a combined total of \$150,000,000.

Effective July 1, 2020, the property program deductible structure has changed. The standard deductible for a property loss will be \$5,000. Previously, the standard deductible was in the amount of \$2,500.

SISC does afford flood coverage under the Property MOC and our excess insurer. An annual aggregate limit of \$7,500,000 applies to flood coverage for all member districts combined under the excess policies.

The Property MOC covers all risk of direct physical loss or damage, subject to the exclusions, definitions, conditions and other limitations set forth in the policy. In general, a deductible of \$5,000 applies to all losses. Please note that some districts have elected to take higher deductible amounts. Members should refer to their own individual MOC's.

Certain properties owned by your district or in your district's control are subject to sub-limits. A listing of those sub-limits can be found in Section VIII of the Property MOC entitled "Limits of Liability." In addition, there are particular kinds of property that are simply not covered under the MOC. These properties can be found under Section II of the MOC entitled "Interest and Property Not Covered."

Building and contents are insured for replacement cost; however, to recover replacement cost on a loss requires proof of actual replacement. Some property is valued at actual cash value; check the MOC for details on valuation.

SCHOOL CONNECTED ORGANIZATIONS

Liability coverage is provided by SISC under the Liability MOC for School Connected Organizations by endorsement. This coverage is made available to our member districts' booster clubs and foundations. Participating school connected organizations must be officially recognized by the appropriate district official in the application for coverage. Questions regarding how your booster club or foundation can apply for this coverage can be directed to Lilia Beck, Administrative Secretary, at 661-636-4495 or by e-mail at libeck@kern.org

SPECIAL EDUCATION VOLUNTARY COVERAGE PROGRAM

SISC affords coverage to our member districts under the Special Education Voluntary Coverage Program (SEVCP) for the reimbursement of fees and costs associated with the defense of due process complaints before the Office of Administrative Hearings. This coverage pays up to \$200,000 (in the aggregate) per year to each enrolled member district with an ADA of 4,000 or above and \$100,000 (in the aggregate) per year to each enrolled member district with an ADA under 4,000. Should your district wish to enroll in this voluntary coverage program please contact Lilia Beck, Administrative Secretary.

SUPPLEMENTAL STUDENT ACCIDENT COVERAGE

This is a voluntary coverage program available for purchase by the parents or guardians of enrolled students within your member district. The program is self-administered and underwritten entirely by SISC. Coverage is afforded up to \$25,000 above the standard Student Accident Coverage benefit of \$2,500. Scheduled benefits apply per the plan. This is a low cost supplemental insurance plan that applies to incidents that take place during regular school hours, on school premises while school is in session. The coverage also applies to travel to and from scheduled classes in a school furnished vehicle and while participating in school sponsored and supervised sports with the exception of tackle football. Questions regarding the application process for this coverage should be directed to Elsa Lara, Claims Examiner.

TACKLE FOOTBALL COVERAGE

This coverage can be purchased by parents or guardians of students who elect to participate in tackle football. The program is completely self-funded and self-administered by SISC staff. The policy will pay up to \$15,000 for covered medical expenses due to accidental bodily injury sustained in any one accident. The covered treatment, care, and services must be rendered within 52 weeks of the accident. This is a low cost completely voluntary coverage available to parents and/or guardians seeking to provide coverage for the student athlete either as their primary or secondary insurance. In the event you have questions concerning enrollment or benefits, please contact Elsa Lara, Claims Examiner.

TERRORISM COVERAGE

SISC affords coverage for damage to property that result from acts of terrorism or sabotage in the amount of \$10 million above the SISC self-insured retention of \$250,000. In general, an act of terrorism is one that includes the use of force or violence, committed for political, religious or ideological reasons. In addition, SISC affords coverage for liability exposures to our member districts that result solely and directly from an act or acts of terrorism in the amount of \$1.75 million.

Should you have any further questions, please contact the SISC office by calling 661-636-4495.

RJK:lmb

Self-Insured Schools of California

Coverage Summary Table

July 1, 2020 through July 1, 2021

Auto/Buses

Provider	Limits	Deductible/Comment
SISC	\$2,000,000	\$5,000 collision and comprehensive for buses \$2,500 collision and comprehensive on autos \$5,000 Bodily Injury/Property Damage
Excess	\$38,000,000	N/A

General/Professional Liability

Provider	Limits	Deductible/Comment
SISC	\$2,000,000	\$5,000 Bodily Injury/Property Damage \$25,000 Sexual Abuse/Molestation (ADA under 4,000) \$50,000 Sexual Abuse/Molestation (ADA 4,000 and over) \$250,000 sub-limit applicable to ADA/Section 504 Civil Rights Claims or Suits arising from alleged failure to provide FAPE
Reinsurance	\$12,500,000 Aggregate limit for policy period for all members for claims arising out of Sexual Abuse Molestation, Harassment and/or Sexual Assault \$25,000,000 General aggregate per member \$12,500,000 Errors & Omissions per member \$12,500,000 Employment Practices per member \$12,500,000 Employee Benefit Wrongful Acts per member	SISC self-insured retention of \$2,250,000 for claims arising out of Sexual Abuse Molestation, Harassment and/or Sexual Assault
Excess Insurance	\$23,500,000	Coverage is excluded for sexual abuse/molestation and traumatic brain injury.

Property

Provider	Limits	Deductible/Comment
SISC	\$250,000	\$5,000 All Physical Loss
Excess Insurance	\$150,000,000 per occurrence \$7,500,000 Aggregate limit for flood coverage. \$5,000,000 sub-limit applicable to losses in Zone A & V \$25,000,000 for properties under Course of Construction \$10,000,000 property off the premises \$250,000 Pollutant Clean-up	Deductible for flood insurance for properties within SFHA area is 5% of total values at the time of loss at each location subject to a minimum of \$1,000,000 for any one occurrence.

Other

Coverage	Limits	Deductible/Comment
Boiler & Machinery	\$25,000,000	\$5,000
Comprehensive Crime	\$250,000	\$1,000
Concussion	\$25,000	None
Cyber Suite	\$100,000	\$1,000
Terrorism/ Liability	\$1,750,000	\$5,000
Terrorism/ Property	\$10,000,000 (above the SISC self-insured retention of \$250,000)	\$5,000

The sub-limits noted above refer only to those more likely to be frequently referred to during the course of the fiscal year. Additional sub-limits do apply. In the event you have questions regarding the above noted coverage limits, please contact Robert J. Kretzmer, Director, at 661-636-4709 or via e-mail at rokretzmer@kern.org

RJK



July 1, 2020

TO: District Superintendents

FROM: Robert J. Kretzmer
Director, Property & Liability

SUBJECT: **Coverage and COVID-19**

All will probably agree that 2020 will be remembered as the year that brought a great amount of turmoil to commercial and public entities all across California and the United States. School districts were greatly impacted by the on-set of the novel coronavirus and the illness commonly referred to as COVID-19. As part of SISC's continuing concern to meet the needs of our member districts for appropriate cost effective coverage, we want to update you on a couple of issues and share some suggested action, given our current public health crisis.

This memo is intended to provide you with background on how COVID-19 may impact your district with respect to the coverage provided by SISC. Please note that this memo is not intended to modify any obligations arising out of our Memorandum of Coverage, except as identified below nor is it intended to dissuade anyone from consulting with legal counsel of your choosing.

1. Employees who contract the virus may have coverage through the districts workers' compensation provider. Special attention should be paid to Governor Newsom's Executive Order N-62-20 signed on May 6, 2020.
2. Property coverage, including business interruption coverage, is not triggered under the SISC Property Memorandum of Coverage (MOC) as presence of the virus on real or personal property of the district does not constitute direct physical loss.
3. Effective December 31, 2019, SISC entered into a reinsurance agreement with two excess insurers to provide comprehensive liability coverage for our members. The reinsurers exclude coverage for claims resulting from exposure to "organic pathogens." The definition of "organic pathogens" includes the term "virus." Therefore, effective July 1, 2020, the SISC Liability MOC includes the organic pathogens exclusionary language.

SISC is responding to the COVID-19 crisis by:

1. Continuing to provide advice and guidance on appropriate Safety & Loss measures that can be taken to mitigate against these exposures;
2. Exploring the creation of a fund to assist our member districts with the payment of defense costs associated with suits filed alleging damages as a result of exposure to the novel coronavirus; and,
3. Continuing to monitor developments with the state legislature as to immunity that may be provided to help protect districts from future liabilities.

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In the interim, there are measures districts can take to limit their liability exposure in anticipation of school reopening in late summer or fall of 2020.

SISC recommends that districts, in consultation with legal counsel, adopt preventative measures in accordance with guidance provided by the California Department of Education and California Department of Health and the Centers for Disease Control. The guidance documents developed by these agencies can be located on the SISC website at <http://sisc.kern.org/covid-19-staffing/>

In the event your district finds it necessary to abstain or deviate from the guidance provided by the agencies listed above, we strongly recommend that this abstention or deviation be done only after consultation with your local county health department and your legal counsel. Those discussions should be well documented with notes of your discussion and e-mails that memorialize the substance of any such discussion.

Absent statutory requirements adopted and implemented by local, state or federal governments, the districts must understand that they still have a duty of care towards the health, safety and well-being of their students as provided by the Education Code. In all likelihood, the standard by which a school district met its duty of care will be judged by how closely a school district adhered to the guidance provided by the California Department of Education and California Department of Public Health and Centers for Disease Control. Panel counsel for SISC suggests that for maximum protection, a district should elect to follow the “most stringent” of any guideline proposed by the three agencies where the wording by the agencies is similar but not in full agreement.

Example No. 1:

The guidance offered by the California Department of Education and California Department of Public Health recommends that students’ temperatures be taken prior to entering campus. In the event a student contracts the novel coronavirus at school and later investigation reveals the school site in question did not take students’ temperatures prior to entering campus, the district may face liability exposure for their failure to take all students’ temperatures before entering the campus. The failure to meet this standard of care could create liability exposure for the district.

Example No. 2:

The school site discovers a student is manifesting symptoms of COVID-19. The guidance provided by the California Department of Education and California Department of Public Health and Centers for Disease Control all recommend that school sites have an isolation room or area where students displaying COVID-19 symptoms can be directed and isolated until removed from the campus by their parent or guardian. This would be another potential liability exposure for a district that fails to adopt this standard of care as recommended by the agencies noted above.

In summary, districts should begin adopting protocols that mirror the guidance provided by the agencies discussed in this memo. Further, those protocols should be reviewed with your district’s administrative legal counsel to be certain the protocols have no significant deviations from recommended guidance. In the event of an abstention or deviation your local county health department should be contacted for clearance.

RJK