



July 1, 2021

TO: District Superintendents
SISC Member Districts

FROM: Robert J. Kretzmer
Director, Property & Liability

SUBJECT: 2021-2022 Coverage Summary

This correspondence verifies that the 2021-2022 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/>

AUTOS AND BUSES

Under the Memorandum of Coverage No. SAP 7121 22, effective July 1, 2021 through July 1, 2022, 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, in excess of \$2,000,000, for a total of a \$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.

BOILER AND MACHINERY

The Boiler & Machinery policy is underwritten by Hartford Steam Boiler Insurance Company for the period of July 1, 2021 through July 1, 2022, 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, 2021 through July 1, 2022 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.

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, 2021 through July 1, 2022 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, 2021 through July 1, 2022. 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 \$250,000 effective July 1, 2021.** 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 7121 22, effective July 1, 2021 through July 1, 2022, SISC provides a \$2,000,000 self-insured retention over the district's deductible. Reinsurance is provided in the amount of \$12,500,000 excess of the SISC self-insured retention for auto and general liability exposures. Excess insurance coverage is provided in the amount of \$23,500,000 in excess of the \$14,500,000 in reinsurance for a total of \$38,000,000.

A \$5,000 deductible is applicable per occurrence on each claim. 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.

SISC affords coverage for claims related to sexual abuse and molestation in the amount of \$2,250,000. The reinsurers afford coverage on an annual aggregate basis for the SISC pool in the amount of \$12,500,000 above the self-insured retention of \$2,250,000 per occurrence. In addition, excess insurance coverage is afforded in the amount of \$6,000,000 on an annual aggregate basis for the SISC pool above the \$12,500,000 afforded by the reinsurers.

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.

It should be noted that an exclusion has been added to the 2021/2022 Liability MOC for liability arising out of the use of perfluoralkyl or polyfluoroalkyls substances. See exclusion JJ. This is a man-made substance that is found globally and does not break down in the environment or human body. Commonly located in household products such as stain – and water repellant – fabrics, nonstick products, polishes and waxes to name a few.

A second exclusion has been added for cyber exposures. However, it should be noted that this exclusion is not triggered within the SISC self-insured retention and will only apply to exposures in excess of the retention. See exclusion KK.

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 7121 22, effective July 1, 2021 through July 1, 2022, 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.

The standard deductible for a property loss is \$5,000. Districts with building values in excess of \$100,000,000 are eligible for higher deductible options.

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 fifty-two (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