



**RISK MANAGEMENT
INSURANCE GUIDE
FOR
CHARTER SCHOOLS**

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AN INTRODUCTION TO RISK MANAGEMENT

Risk is an inherent part of any school operation. Many schools consider their insurance policy as a “risk management plan”; however insurance is just one element of a risk management strategy that a school must utilize. This guide is meant to help define terms used in the insurance business, outline the insurance requirements in the Charter Agreement and provide an explanation of the coverage and the coverage limits.

As part of your Risk Management Plan, The Palm Beach County School District’s Risk & Benefits Management Department provides resources and training for Charter Schools.

RISK MANAGEMENT INSURANCE TERMS AND DEFINITIONS

Additional Insured - A person or organization for who insured status is arranged, usually by endorsement.

Aggregate Limit - An insurance contract provision stipulating the most it will pay for all covered losses sustained during the policy period.

Assumption of Risk - Understanding (in advance) the hazards and consequences of a particular act and voluntarily accepts that risk.

Bodily Injury Liability - Protection against loss arising out of the liability imposed on the insured by law for damages due to bodily injury, sickness, or disease, including resulting death.

Certificate of Insurance - A document issued by an insurance company certifying that an insurance policy has been bought and shows the most important provisions of the insurance contract.

Claim - A formal notice to an insurance company requesting payment amount under the terms of a policy or a formal notification of an incident alleging negligence.

Claims Expenses - Expenses of adjusting claims, e.g., allocated claim expenses; court costs, fees, and expenses of independent adjusters, lawyers, witnesses, etc.

Claims Made - Incidents reported during the year a policy is in force.

Deductible - The amount of covered charges the policy holder must pay before insurance payment begins

Documentation - Records that describe the structure, purpose, operation, maintenance, and data; supplying of documents or supporting references or records

Endorsement - Any additional coverage or limitation of coverage contained in any attachment or addendum to the Policy

Excess & Surplus Lines Insurance - insurance that cannot be placed with an insurer admitted to do business in a certain jurisdiction

Exclusions - Specific conditions or circumstances listed in a policy which the policy will not pay claims

Exposure - The state of being subject to loss because of some hazard or contingency. Used to measure to rate the units or premium base of a risk

Gross Negligence - A conscious and voluntary disregard of the need to use reasonable care, which is likely to cause foreseeable grave injury or harm to persons, property, or both

Guidelines - The act or manner of proceeding in any action or process. Guidelines may be followed at the discretion of the administrator.

Hazard - A circumstance that increases the likelihood or probable severity of a loss

Incident - A single event that may lead to a claim

Indemnification - The act of making another "whole" by returning any loss another might suffer; Reparation for damages or loss; the agreement of one party to assume financial responsibility for the liability of another party

Liability - Any legally enforceable obligation; the obligation to pay a monetary award for injury or damage caused by one's negligent or statutorily prohibited action.

Negligence - Conduct that falls below the standards of care established by common law or statute for the protection of others against unreasonable risk of harm; Failure to use reasonable care in a given set of circumstances

Occurrence - An event that results in an insured loss. An occurrence is differentiated from an accident in that the loss doesn't have to be sudden and accidental.

Per-Person Limit - The maximum limit allowed for one person.

Policy - The printed legal document stating the terms of the insurance contract that was issued to the policyholder by the company

Policyholder - Person who owns an insurance policy

Property Damage - Physical injury to physical property including loss of use and loss of use of tangible property that has not been physically injured

Release - Document relinquishing a claim; giving up right to pursue indemnity in connection with a claim

Risk - The possibility of loss or injury

Risk Purchasing Group - A group formed in compliance with the Risk Retention Act of 1986 authorizing a group of insured's engaged in similar businesses to purchase insurance coverage from a commercial insurer.

Risk or Loss Reduction - Measures taken to reduce the frequency or severity of losses, also known as loss control. May include engineering, fire protection, safety inspections, or claims management

Risk Management - The process of identifying, assessing, and controlling; analyzing all exposures for the possibility of loss and determining how to handle the exposures; avoiding risk or reducing risk.

Self-Insured Retention (SIR) – The amount specified in a liability policy that must be paid by the insured *before* the insurance policy will respond to a loss.

Underwriter - individual in insurance who has the responsibility of making decisions regarding a particular risk submission and determining the conditions and premium a policy will be bound.

Wrongful Acts - The event triggering coverage under many professional liability policies. Typically a "wrongful act" is an act, error, or omission that takes place while performing professional services.

INSURANCE REQUIREMENTS

Acceptable Insurers and limits:

Acceptable Insurance Providers: Insurance providers must be authorized by subsisting certificates of authority by the Department of Financial Services of the State of Florida, or an eligible surplus lines insurer under Florida Statutes. In addition, the insurer must have a Best's Rating of "A" or better and a Financial Size Category of "VI" or better, according to the latest edition of Best's Key Rating Guide, published by A.M. Best Company.

Insurance Provider Compliance: If, during this period when an insurer is providing the insurance as required by the Charter Contract, an insurer fails to comply with the foregoing minimum requirements, as soon as the School has knowledge of any such failure the School shall immediately notify the Sponsor and promptly replace the insurance with insurance provided by another insurer meeting the requirements. Such replacement insurance coverage must be obtained within twenty (20) days of cancellation or lapse of coverage.

Minimum Insurance Requirements: Without limiting any of the other obligations or liabilities of the School, the School shall, at the School's sole expense, procure, maintain, and keep in force the amounts and types of insurance conforming to the minimum requirements set forth in the Charter Contract. Except as otherwise specified in the Charter Contract, the insurance shall commence prior to the commencement of the opening of the School and shall be maintained in force, without interruption, until this Contract is terminated.

Workers' Compensation/Employers' Liability Insurance

Workers' Compensation Insurance provides statutory protection against bodily injury, sickness or disease sustained by employees injured in the scope of their employment.

1. **Coverages:** The School's insurance shall cover the School (and to the extent its subcontractors and its sub-subcontractors are not otherwise insured) for those sources of liability which would be covered by the latest edition of the standard Workers' Compensation Policy, as filed for use in Florida by the National Council on Compensation Insurance, without restrictive endorsements. In addition to coverage for the Florida Workers' Compensation Act, where appropriate, coverage is to be included for the Federal Employers' Liability Act and any other applicable Federal or State law.
2. **Minimum Limits:** Subject to the restrictions found in the standard Workers' Compensation Policy, there shall be no maximum limit on the amount of coverage for liability imposed by the Florida Workers' Compensation Act or any other coverage customarily insured under Part One of the standard Workers' Compensation Policy. The minimum amount of coverage for those coverages customarily insured under Part Two of the standard Workers' Compensation Policy shall be: EL Each Accident: \$500,000; EL Disease-Policy Limit: \$500,000; EL Disease-Each Employee: \$500,000.

Tip: Injury and illness reporting procedures must be a part of the Charter School's operational procedures. The rule of thumb is "When in doubt, fill (the injury report) it out".

Commercial General Liability

Commercial General Liability Insurance is designed to cover liability for bodily injury and property damage. Exposures that are normally covered are: premises, operations, products/completed operations and certain contracts. It is important that this coverage be written on an "Occurrence" basis, if available. An Occurrence Policy covers all claims whenever made, arising from occurrences during the policy period; compared to a "Claim's Made" basis which only covers claims made during the policy period.

1. **Liabilities Required:** School's insurance shall cover the School for those sources of liability (including without limitation, coverage for operations, Products/Completed Operations, independent contractors, and liability contractually assumed) which would be covered by the latest occurrence form edition of the standard Commercial General Liability Coverage Form (ISO Form CG 00 01), as filed for use in the State of Florida by the Insurance Services Office. In addition, the School's insurance shall cover Sexual and Physical Abuse & Molestation.
2. **Minimum Limits:** The minimum limits to be maintained by the School (inclusive of any amounts provided by an umbrella or excess policy) shall be \$1 million per occurrence/\$3 million annual aggregate (inclusive of up to \$1 million for the annual aggregate provided by an umbrella or excess policy) for Commercial and General Liability insurance and \$1 million per occurrence/\$1 million annual aggregate for Sexual and Physical Abuse & Molestation. **Note: Depending on the size of the Charter School, the Risk Management office has agreed to accept \$100k/\$300k as limits for the Sexual Abuse & Molestation coverage.**

Sexual Abuse and Molestation insurance is designed to pay damages that result in bodily injury, personal injury or advertising injury because of sexual abuse, molestation or exploitation arising from negligent hiring, training and supervision practices. Bodily injury includes mental anguish or emotional distress from actual physical contact or witnessing physical contact of sex abuse, molestation or exploitation.

3. **Deductible/Retention:** Except with respect to coverage for Property Damage Liability, the Commercial General Liability coverage shall apply on a first-dollar basis without application of any deductible or self-insured retention.
4. **Occurrence/Claims:** The coverage for Property Damage Liability may be subject to a maximum deductible of \$1,000 per occurrence.

Additional Insureds: The School shall include the Sponsor and its members, officers, and employees as Additional Insureds on the required Commercial General Liability Insurance. The coverage afforded such Additional Insureds shall be no more restrictive than that which would be afforded by adding the Sponsor as an Additional Insured using the latest Additional Insured – Owners, Lessees, or Contractors (Form B) Endorsement (ISO Form CG 20 10 and CG 2037 or equivalent). The certificate of insurance shall be clearly marked to reflect "The Sponsor (The School Board of Palm Beach County, Florida), its members, officers, employees, and agents as Additional Insured." Thirty (30) days written notice must be provided to the Department of Charter Schools at the School District of Palm Beach County, Florida via Certified Mail in the event of cancellation.

Tip: *Student and Visitor Incidents/accident reporting procedures must be a part of the Charter School's operational procedures. The rule of thumb is "When in doubt, fill (the incident report) it out".*

Property Insurance

1. **Structure Requirements:** If the School is the owner and/or has a mortgage on the School site location, the School shall furnish on a form acceptable to the Sponsor, Property Insurance for the "Building" which is to include the structure as described in this Contract, including permanently installed fixtures, machinery and equipment, outdoor fixtures, and personal property to service the premises. If the Building is under construction, the School shall provide evidence of property insurance for the additions under construction and alterations, repairs, including materials, equipment, supplies, and temporary structures within 100 feet of the premises.
2. **Additional Requirements:** In addition, the School shall provide evidence of business personal property coverage to include furniture, fixtures, equipment, and machinery used in the School.
3. **Business Personal Property Insurance:** If the School leases the site location, then the School shall provide on a form acceptable to the Sponsor no later than thirty (30) calendar days prior to the opening of School, evidence of business personal property insurance, to include furniture, fixtures, equipment, and machinery used in the School.

Business Automobile Liability

Business Automobile Liability Insurance provides coverage against liability claims arising out of the use of licensed vehicles. The coverage should be of the "Any Auto" form category.

1. **Liabilities Covered:** The School's insurance shall cover the School for those sources of liability which would be covered by Section II of the latest occurrence edition of the standard Business Auto Policy (ISO Form CA 00 01), including coverage for liability contractually assumed, as filed for use in the State of Florida by the Insurance Services Office. Coverage shall be included on all owned, un-owned, and hired autos used in connection with this Contract.
2. **Occurrence/Claims:** Subject to reasonable commercial availability, coverage shall be on an occurrence basis. If on a claims-made basis, the School shall maintain, without interruption, the Automobile Liability Insurance until four (4) years after termination of this Charter.
3. **Minimum Limits:** The minimum limits to be maintained by the School (inclusive of any amounts provided by an umbrella or excess policy) shall be \$1 million per occurrence, and if subject to an annual aggregate, \$3 million annual aggregate.
4. **Additional Insured:** The School shall include the Sponsor and its members, officers, employees, and agents as "Additional Insureds" on the required Liability Insurance. The Certificate of Insurance shall be clearly marked to reflect "The School Board of Palm Beach County, its members, officers, employees, and agents as Additional Insureds [reference Additional Insured form number]." Thirty (30) days written notice must be provided to the Department of Charter Schools at the School District of Palm Beach County, Florida via Certified Mail in the event of cancellation.

Tip: Auto Accident reporting procedures must be a part of the Charter School's operational procedures. The rule of thumb is "When in doubt, fill (the incident report) it out!"

School Leader's Errors and Omissions Liability Insurance

1. **Form of Coverage:** The School shall provide School Leader's Errors and Omissions Liability Insurance and it shall be on a form acceptable to the Sponsor and shall cover the School for those sources of liability typically insured by School Leader's Error and Omissions Liability Insurance, arising out of the rendering or failure to render professional services in the performance of this Contract, including all provisions of indemnification, which are part of this Contract.
2. **Coverage Limits:** The minimum limits to be maintained by the School inclusive of any amounts provided by an umbrella or excess policy, shall be \$1 million per claim/annual aggregate.
3. **Occurrence/Claims:** The insurance shall be subject to a maximum deductible not to exceed \$25,000 per claim. If the insurance is on a claims-made basis, the School shall maintain, without interruption, the Professional Liability Insurance until three (3) years after termination of this Contract.

Fidelity Bond/Crime Coverage:

The School shall purchase Employees Dishonesty/Crime Insurance for all Governing Board members and employees, including Faithful Performance of duty coverage for the School's administrators/principal and Governing Board with an insurance carrier authorized to do business in the State of Florida and coverage shall be in the amount of no less than one million (\$1,000,000) dollars per loss /two million (\$2,000,000) dollars annual aggregate. In lieu of Employee Dishonesty/Crime Insurance, Sponsor is willing to accept Fidelity Bond coverage of equal coverage amount. Notes: Depending on the size of the charter school and budget dollars, Risk Management has agreed to lower limits of \$500K per occurrence and \$500K aggregate.

Applicable to All Coverages The School Procures:

1. **Other Coverages:** The insurance provided by the School shall apply on a primary basis and any other insurance or self-insurance maintained by the Sponsor or its members, officers, employees, or agents, shall be in excess of the insurance provided by or on behalf of the School.
2. **Deductibles/Retention:** Except as otherwise specified, the insurance maintained by the School shall apply on a first-dollar basis without application of deductible or self-insurance retention.
3. **Liability and Remedies:** Compliance with the insurance requirements of this Contract shall not limit the liability of the School, its subcontractors, its sub-subcontractors, its employees or its agents to the Sponsor or others. Any remedy provided to the Sponsor or its members, officers, employees, or agents by the insurance shall be in addition to and not in lieu of any other remedy available under the Contract or otherwise.
4. **Subcontractors:** The School shall require its subcontractors and its sub-subcontractors to maintain any and all insurance required by law.
5. **Waiver of Subrogation:** All policies will be endorsed for waiver of subrogation in favor of the School Board of Palm Beach County.
6. **Provisions(s) for Cure (90 days):** The School shall cure any non-compliance with this Article VII of the Charter. If required by Florida law, the Sponsor shall allow the School

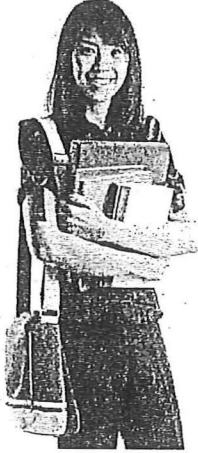
ninety (90) days to cure any non-compliance from the date when the non-compliance occurred. This opportunity to cure does not preclude the Sponsor from finding a material breach of this Contract based upon the School's non-compliance with any provision within this Article or from proceeding with termination of the Contract.

7. **Default upon Non-Compliance:** Failure to comply with this section or to maintain the requisite insurance coverage shall constitute a material breach of this Contract and constitute good cause for termination.
8. **Defense outside the limits:** Whenever possible, coverage for School Leader's Errors and Omission and Sexual Abuse Liability policies should be written with "Defense Costs outside the limits". This term ensures that limits are available to pay claims rather than having attorney's fees erode the available claim dollars.

Supplemental Provisions:

The following two (2) statements will be utilized whenever any type of insurance is required. These statements should be included on all proposal documents.

- 1) The insurance coverage and conditions afforded by this policy(s) shall not be suspended, voided, cancelled or modified, except after thirty (30) days prior written notice by Certified Mail, Return Receipt Requested, has been given to the Charter School Department of the School District of Palm Beach County, Florida.
- 2) *Original* Certificates of insurance meeting the specific required provision specified within the Charter School Contract shall be forwarded to the Charter School Department of the School District of Palm Beach County, Florida that originated the contract, and approved prior to the start of any school opening. Renewal certificates must be forwarded to the same department prior to the policy renewal date.



STUDENT ACCIDENT AND INJURY

Charter Schools may want to consider offering voluntary student accident insurance to parents. Many parents cannot afford health insurance on their children. Student accident insurance is an economical way to provide limited coverage for accidents.

Charter Schools considering membership in Florida High School Athletic Association (FHSAA) will need to comply with the FHSAA Insurance requirements for Athletic Medical Base and Athletic Catastrophic Accident Insurance Plans.

See the below link for further information:

<http://www.fhsaa.org/departments/membership>

REQUIRED INSURANCE LEVEL SHEET

To be used for setting coverage in the Certificate of Insurance and the Insurance section.

Description	Required Limits	Exception based on size of Charter
Workers' Compensation	Statutory	No Exception
Employer's Liability		No Exception
Each Accident	\$500,000	
Disease – Each Employee	\$500,000	
Disease – Policy Limit	\$500,000	
Commercial General Liability Insurance, Per Occurrence/Aggregate	\$1,000,000/ \$3,000,000	No Exception
Umbrella annual aggregate	\$1,000,000	No Exception
Sexual and Physical Abuse & Molestation	\$ 1,000,000/ \$ 1,000,000	\$100,000/\$300,000
Property Insurance, Per Occurrence	See Section Notes	No Exception
Business Auto/Motor Vehicle Liability Insurance, Per Occurrence/Aggregate	\$1,000,000/ \$3,000,000	No Exception
School Leaders Errors and Omissions Per Occurrence/Aggregate	\$1,000,000/ \$1,000,000	No Exception
Fidelity Insurance (Crime) Per Occurrence/Aggregate	\$1,000,000/ \$2,000,000	\$500,000/ \$500,000

Additional Insured Coverage

Additional Insured Coverage is an extension of an insurance policy which extends to a named entity other than the named insured. This is included under the Commercial General Liability Policy, a Business Automobile Policy, and a Property Policy.

Safety Resources and Training

Many of the School Board of Palm Beach County's safety resources are made available to Charter Schools.

School Board Policy 2.382 called Safety Committees and Safety Awareness outlines the structure for safety committees within the District.

Our website provides resources and a general outline of our safety program, called "Safety Matters".

<http://www.palmbeachschools.org/riskmgmt/>

The District is moving to an online training format with a "Train-the-Trainer" approach to safety compliance within its schools and offices. TrainU is the platform that the District has used in the past to deliver its online training. Effective August 1, 2014, all school district training will be moved to the eLearning Management System (ELM).

Below is a list of courses that are available:

Safety Matters:

This course is created for our safety advocates who serve as the leaders for safety at their school or department, referred to in policy as "chairpersons". Advocates can upload safety minutes, as well as find content or links to additional training under various topics.

Some separate training courses available :

- Stage Rigging Training
- Use of Ladders and Step Stools
- Bloodborne Pathogens Refresher
- Substitute Teacher Safety Training
- Introduction to Workers' Compensation
- Insurance and Loss Prevention Guidelines for Special Events/Fundraising
- Playground Safety Inspections

All existing courses will be moved to the ELM platform and all future courses will be delivered in this same manner.

