Insurance is one of the most important and complex services that school districts’ purchase and Kentucky School Boards Association (KSBA) is providing resource materials to assist local decision makers navigate the process and obtain the best value. In the case of insurance, cheapest does not necessarily mean best. In addition to being a sound business practice Kentucky Schools are statutorily required to purchase certain insurance:

WC - KRS 342.340

Property - KRS 160.105 & 702 KAR 3:030

Auto - 702 KAR 5:030

Liability

Kentucky school districts procure millions of dollars’ worth of goods and services annually and must operate under either the bid law found in KRS 424.260 or the Model Procurement Code KRS 45A. Insurance is treated differently under the bid law than it is under Model Procurement Code. Districts operating under the bid law do not have to bid insurance pursuant to Office of Attorney General opinion OAG 82-170 and therefore may select an insurance agent and approach insurance markets. Under the Model Procurement Code the same attorney general opinion says that competitive bidding is required for general liability insurance on buildings and vehicles.

Insurance agents provide a valuable resource for districts based on their knowledge and expertise within the insurance industry and may provide critical services such as coverage reviews, renewal processing, policy maintenance, claims assistance and risk management advice. Agent qualifications should include but not be limited to:

* A description of the nature of the work to be performed by the insurance agent;
* The applicable occupational and educational background of the agent;
* The area or areas of school insurance in which the agent has particular expertise;
* The fee schedule, commissions and any other expenses that the agent charges
* A list of any actual or potential conflicts of interest that the agent may have; and/or

Agent service considerations should include but not be limited to:

* Review all district exposures.
* List and identify all district real and substantial personal property, actual and replacement values.
* Compare district real and substantial personal property to current coverage for gaps, and under/over coverage.
* Review markets for best coverage and recommend placement with a reputable carrier.
* Review coverage documents for needed content, maintain copies and deliver a copy of all coverage documents to the district.
* Submit claims to adjusters.
* Advise on self-insured retentions, deductibles, coverage strategies and risk transfer.
* Review and be familiar with all district operations for potential loss exposures.
* Review bond, crime, boiler and auxiliary exposures.
* Annually report on loss histories, risk management results and insurance schedules.
* Review all coverage documents, explain the coverage provided, gaps in coverage and advise on alternate strategies.
* Analyze claims histories.
* Attend Board and Staff Meetings as required.
* Provide the district with certificates of coverage to satisfy contract requirements.

**BID SPECIFICATIONS AND CHECK SHEETS**

To assist in the procurement process for insurance services, written specifications are necessary to assure all insurance companies are quoting on the same underwriting data and allow the district to make as close as possible an "apples-to-apples" proposal comparison. Attached are KSBA Model Specifications to assist school districts receive and evaluate proposals. Blank check sheets are also included to streamline the process.

To initiate the process school districts should:

Advertise Requests for Proposal through normal channels (newspaper, etc.)

Prepare Insurance Submission for interested parties

Underwriting Application

5 Year Loss Run for Each Line of Coverage

Once proposals are submitted, the school district must evaluate offers and should consider but not limit their review and selection on:

Coverage Comparisons

Price

Financial Ratings

Claims Services

Loss Control

Once a selection is made, the district should notify their agent to bind coverage.