

Policy

INSURANCE MANAGEMENT

Bonding

The Little Silver Board of Education recognizes that the prudent trusteeship of the resources of this district dictates that employees responsible for the safekeeping of district moneys and property be bonded.

The board directs the indemnification of the district against loss of money and property by the bonding of the treasurer of school moneys in accordance with the requirements of N.J.A.C. 6A:23A-16.4 and by the bonding of the board secretary in accordance with the requirements of N.J.S.A. 18A:17-6. If the district does not have a Treasurer of School Moneys, the board will ensure surety bonds are obtained in accordance with the rules of the State Board of Education. All other employees may be covered under a blanket bond in an amount to be determined by the board or as required by the rules of the State Board of Education.

The board shall bear the cost of bonding each employee required to be bonded by law or by this policy.

Board Member Indemnification

Board members shall be indemnified in accordance with law (see N.J.S.A. 18A:12-20) whenever a civil, administrative, criminal or quasi-criminal action or other legal proceeding is brought against a board member for any act or omission arising out of and in the course of the performance of his/her duties as board member. In the case of a criminal or quasi-criminal action which results in a final disposition in favor of the board member, the board will defray all costs of defending the action, including reasonable counsel fees and expenses, together with costs of appeal, and will save harmless and protect the board member from any financial loss resulting from the action.

Indemnification for exemplary or punitive damages is not required and will be governed by the standards and procedures set forth in law (see N.J.S.A. 59:10-4). The law provides the board may arrange appropriate insurance for the indemnification of officers and employees for exemplary or punitive damages resulting from the employee's civil violation of State or federal law if in the opinion of the board the acts committed by the employee upon which the damages are based did not constitute actual fraud, actual malice, willful misconduct or an intentional wrong.

Employee Indemnification

The board shall defray all costs of defending such action, including reasonable counsel fees and expenses, together with costs of appeal, if any, and shall save harmless and protect such person from any financial loss resulting from any civil or administrative action or other legal proceeding has been or shall be brought against any person holding any office, position or employment under the jurisdiction of any board. This indemnification includes student teachers or persons assigned to other professional pre-teaching field experience. The indemnification shall be for any act or omission arising out of and in the course of the performance of the duties of their office, position, employment or other assignment, except that:

No employee shall be entitled to be held harmless or have his defense costs defrayed in a disciplinary proceeding instituted against him by the board or when the employee is appealing an action taken by the board.

INSURANCE MANAGEMENT (continued)

Indemnification for exemplary or punitive damages shall not be mandated and shall be governed by the standards and procedures set forth in law (see N.J.S.A. 59:10-4).

The board may arrange for and maintain appropriate insurance to cover all such damages, losses and expenses.

Property Insurance

The board will ensure the district has adequate insurance to cover the loss or damage of school property due to theft, water damage, glass breakage, fire damage, smoke, windstorm, vandalism and any other cause the board deems appropriate. In contracting for insurance coverage, the board shall be guided by the desirability of distributing the insurance coverage of the district through one insurance broker only.

The board insurance broker shall annually:

- A. Review the insurance program of the district, consider alternatives, and report recommendations to the board;
- B. Assist the board in the establishment and maintenance of property valuation and insurance records;
- C. Review plans and specifications of all new facilities with the rating bureau in order to eliminate unnecessary penalty charges;
- D. Process all claims;
- E. Recommend such measures as may reduce the cost of insurance premiums including assumption of risk, loss prevention, transfer of risk and self-insurance.

All insurance records shall be on file in the office of the board.

New Jersey Schools Insurance Group

The board shall provide insurance for:

- A. Loss or damage to school district property, real or personal;
- B. Loss or damage from liability resulting from the use of district property;
- C. Loss or damage from liability for the acts and omissions of school district officers or employees;
- D. Loss or damage from liability established by the workers' compensation statutes; and
- E. The expenses of defending any claim against the board members, officers, or employees of this district arising out of and in the course of the performance of their duties.

The board, may by board resolution, join with other boards of education in providing coverage for the insurance needs of this district and in participating in programs of risk management to prevent loss and to control liability through participation in the New Jersey Schools Insurance Group.

The trustee or trustees of New Jersey Schools Insurance Group representing this board of education shall be elected by a plurality vote of those board members present and voting.

INSURANCE MANAGEMENT (continued)

Adopted: October 8, 2009
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Key Words

Bonding, Insurance, Liability, Property Insurance, School Board Insurance Group

<u>Legal References:</u>	<u>N.J.S.A.</u> 18A:12-20 <u>N.J.S.A.</u> 18A:16-6 through -6.1 <u>N.J.S.A.</u> 18A:18A-42 <u>N.J.S.A.</u> 18A:18A-43 <u>N.J.S.A.</u> 18A:18B-1 <u>et seq.</u> <u>N.J.S.A.</u> 18A:20-25 <u>N.J.S.A.</u> 50:10-4 <hr/> <u>N.J.A.C.</u> 6A:23A-16.4	Indemnity of board members against cost of defense Indemnity of officers and employees against action, proceeding; exceptions Duration of certain contracts Supervision of school building repairs Self-insurance Insurance of property Local public entities; authority to indemnify Minimum bond requirements for treasurer of school moneys
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Possible

<u>Cross References:</u>	*1330 Use of school facilities *3510 Operation and maintenance of plant *4147/4247 Employee safety *5141.1 Accidents *5142 Student safety *6114 Emergencies and disaster preparedness *9270 Conflict of interest *9271 Code of ethics
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*Indicates policy is included in the Critical Policy Reference Manual