

M.U.S.I.C. INSURANCE COVERAGE REQUIREMENTS
for Public School Academies (PSA), Strict Discipline Academies (SDA)
Urban High Schools (UHS) & Schools of Excellence (SOE)

NOTE: Insurance carriers must have an AM Best Rating of "A - VII" or better

EFFECTIVE DATE: 7/1/12 / Board Approval: 12/15/11

COVERAGE	REQUIREMENTS
General or Public Liability (GL)	Must be Occurrence form
	Must include Sexual Abuse & Molestation coverage which can be Occurrence or Claims Made. If this coverage is Claims Made the Retroactive Date must be the same or before date of original University PSA/SDA/UHS/SOE contract. If this coverage is Claims Made, and the PSA/SDA/UHS/SOE goes out of business, the PSA/SDA/UHS/SOE needs to purchase the longest-available tail coverage. This requirement could be stated in the exit language of the Charter Contract with the PSA/SDA/UHS/SOE.
	Must include Corporal Punishment coverage.
	\$1,000,000 per occurrence & \$2,000,000 aggregate.
	In the event of name changes, mergers, etc., every past and present PSA/SDA/UHS/SOE name must be listed on the policy with the new entity as the First Named Insured.
	University must be included as an Additional Insured with Primary and Non-Contributory Coverage.
	NOTE: SDA must also have Security/Police Professional Liability coverage with MINIMUM of \$1,000,000 limit which can be Occurrence or Claims Made. If this coverage is Claims Made, and the SDA goes out of business, the SDA needs to purchase the longest-available tail coverage. This requirement could be stated in the exit language of the Charter Contract with the SDA.
COVERAGE	REQUIREMENTS
Errors & Omissions (E&O)	Must include Employment Practices Liability.
	Must include Corporal Punishment coverage.
	Must include Sexual Abuse & Molestation coverage.
	Must include Directors' & Officers' coverage.
	Must include School Leaders' E&O.
	Can be Claims Made or Occurrence form.
	If Claims Made, retroactive date must be the same or before date of original University-PSA/SDA/UHS/SOE Charter Contract. If this coverage is Claims Made, and the PSA/SDA/UHS/SOE goes out of business, the PSA/SDA/UHS/SOE needs to purchase the longest-available tail coverage. This requirement could be stated in the exit language of the Charter Contract with the PSA/SDA/UHS/SOE.
	\$1,000,000 per occurrence & \$3,000,000 aggregate.
In the event of name changes, mergers, etc., every past and present PSA/SDA/UHS/SOE name must be listed on the policy with the new entity as the First Named Insured.	
University must be included as an Additional Insured with Primary and Non-Contributory Coverage.	
COVERAGE	REQUIREMENTS
Automobile Liability (AL) for Owned and Non-Owned Autos	\$1,000,000 per accident.
	In the event of name changes, mergers, etc., every past and present PSA/SDA/UHS/SOE name must be listed on the policy with the new entity as the First Named Insured.
	University must be included as Additional Insured with Primary and Non-Contributory Coverage.
See Umbrella section for higher limit requirements.	Higher limits are required if PSA/SDA/UHS/SOE has its own buses.

DISCLAIMER:

By requiring such minimum insurance, the University and M.U.S.I.C. shall not be deemed or construed to have assessed the risks that may be applicable to every PSA/SDA/UHS/SOE's operation and related activities. Each PSA/SDA/UHS/SOE should assess its own risks and if it deems appropriate and/or prudent, maintain higher limits and/or broader coverage.

COVERAGE	REQUIREMENTS
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Workers' Compensation	Must be Occurrence form. Statutory Limits with \$1,000,000 Employers Liability Limits.
Requirement for PSA/SDA/UHS/SOE when leasing employees from Educational Service Provider (ESP) or Management Firm (MF)	NOTE: Must have Alternate Employer Endorsement from ESP/MF. Schedule PSA/SDA/UHS/SOE location on the ESP/MF Contract. NOTE: If PSA/SDA/UHS/SOE is leasing employees from ESP/MF and the PSA/SDA/UHS/SOE name does not have payroll, PSA/SDA/UHS/SOE still must carry Workers' Compensation coverage including Employers' Liability limits of \$1,000,000.
COVERAGE	REQUIREMENTS
Crime	Must include Employee Dishonesty coverage. Must include third party coverage. \$500,000 limit.
COVERAGE	REQUIREMENTS
Umbrella	Can be Claims Made or Occurrence form. If this coverage is Claims Made, and the PSA/SDA/UHS/SOE goes out of business, the PSA/SDA/UHS/SOE needs to purchase the longest-available tail coverage. This requirement could be stated in the exit language of the Charter Contract with the PSA/SDA/UHS/SOE. Umbrella is acceptable with a \$4,000,000 limit and aggregate. Also, an Umbrella policy with an unlimited aggregate is acceptable at a \$2,000,000 limit. If PSA/SDA/UHS/SOE has its own buses AND/OR has more than 1,000 students, must have MINIMUM \$5,000,000 per occurrence. If PSA/SDA/UHS/SOE purchases additional Umbrella limits to meet the \$1,000,000/\$3,000,000 for E&O then they must be in addition to the required Umbrella limit. In the event of name changes, mergers, etc., every past and present PSA/SDA/UHS/SOE name must be listed on the policy with the new entity as the First Named Insured. University must be included as Additional Insured with Primary and Non-Contributory Coverage. All coverages have to be included in the Umbrella that are in General Liability, Automobile and E&O.
ADDITIONAL RECOMMENDATIONS	
COVERAGE	RECOMMENDATION
Property	Limits to cover replacement for PSA/SDA/UHS/SOE's property exposures, including real and personal, owned or leased.
Cyber Risk Coverage	Cyber Liability addresses the first- and third-party risks regarding Internet business, the Internet, networks and other assets. Cyber Liability Insurance coverage offers protection for exposures from Internet hacking and notification requirements.
Automobile Physical Damage	Coverage for damage to the owned or used vehicle.

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INSURANCE DEFINITIONS

Insurance Term	Definition
Alternate Employer Endorsement	An endorsement to a Workers' Compensation policy that provides an entity scheduled as an alternate employer with primary workers' compensation and employer's liability coverage as if it were an insured in the policy.
Auto Liability	Coverage for bodily injury or property damage to others incurred by operation of an owned or used motor vehicle.
Auto Physical Damage	Coverage for damage to the owned or used vehicle.
Claims Made	A policy that will provide coverage for a loss that is reported while the policy is in effect (as long as the loss occurs after the Retroactive Date). Once a Claims Made policy is allowed to expire, all coverage for prior losses ceases.
Commercial General Liability (CGL)	Coverage for claims for damages due to bodily injury or personal injury to any person or for damages to tangible property of others. University should always be included as an Additional Insured for CGL.
Corporal Punishment Coverage	Coverage for the policy holder against allegations of corporal punishment (deliberate infliction of pain as retribution for an offense, or for the purpose of disciplining or reforming a wrongdoer, or to deter attitudes or behavior deemed unacceptable) to registered student(s), even when groundless, false, or frivolous.
Crime Coverage	Coverage for loss of money, securities, or inventory resulting from crime such as employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting and other criminal acts.
Cyber Liability (Please see Page 5.)	
Directors' & Officers' Errors & Omissions (D&O)	A form of E&O insurance paid on the behalf of directors and officers of a company (or paid for the company itself) to cover damages or defense costs in the event they are sued as individuals for an alleged Wrongful Act related to their organizational activities while they were with that company.
Educational Service Provider (ESP)	An ESP (a.k.a. Management Firm) is a firm hired by a PSA/SDA/UHS/SOE to manage the general operation of the PSA/SDA/UHS/SOE, including the hiring of its employees. In some cases, the PSA/SDA/UHS/SOE may obtain its employees via lease from the ESP.
Employer's Liability Insurance	Coverage for claims and damages due to bodily injury, occupational sickness, or disease or death of an employee when WC may not be an exclusive remedy.
Employment Practices Liability (EPL)	A form of broad insurance coverage that indemnifies the insured for any liability resulting from actual or alleged wrongful termination, sexual harassment, discrimination, or other employment-related claims made against the employer by employees, former employees, or potential employees. Depending on the policy, Employment Practices Liability Insurance can provide coverage for the PSA/SDA/UHS/SOE, its directors and officers, all employees, former employees, volunteers, temporary employees, applicants for employment, partners (professional firms), independent contractors, or outsourced employees.
Errors & Omissions (E&O)	A general term for liability insurance designed to indemnify the insured for an alleged wrongful act because of an error or oversight in conducting the insured's business.
First Named Insured	The person or entity listed first on the policy declarations page as an insured. This primary or first named insured is granted certain rights and responsibilities that do not apply to the policy's other named insureds.
Occurrence Form	With an "occurrence" based policy, even though the policy may have expired, provided the policy was in force at the time that the bodily injury or property damage occurred , a claim can still be made against it.

INSURANCE DEFINITIONS

Insurance Term	Definition
Primary & Non-Contributory Coverage	Stipulates the order in which multiple policies triggered by the same loss are to respond. For example, a PSA/SDA/UHS/SOE is required to provide liability insurance that is primary and non-contributory to the University that is named as an additional insured. This means the PSA/SDA/UHS/SOE must pay before other applicable policies (primary) and without seeking contribution from other policies that also claim to be primary (non-contributory).
Professional Liability Insurance	Coverage for claims for damages arising out of an error, omission, or negligent act in the performance of professional services.
Retroactive Date	A provision found in many Claims Made policies that eliminates coverage for injuries or damage that occurred prior to the specified Retroactive Date even if the claim is first made during the policy period.
School Leaders' Errors & Omissions	A Claims Made E&O coverage that indemnifies school entities, school boards, employees, student teachers and volunteers for school-related losses that are due to an error in oversight. Such claims could include alleged or actual breach of duty, neglect, errors, misstatements, misleading statements or omissions, including failure to educate.
Security/Police Professional Liability	Provides liability coverage for police officers and police departments, in conjunction with acts, errors, and omissions while performing their professional duties. Coverage includes such perils as false arrest and civil rights violations.
Sexual Abuse & Molestation Coverage	Coverage for the policy holder against allegations of sexual misconduct or molestation to registered student(s).
Statutory Limits (Workers' Compensation)	The minimum amount of Workers' Compensation coverage that is allowed by law.
Tail Coverage	A special liability insurance endorsement that can be purchased to extend a claims made policy beyond the end of the policy period.
Umbrella or Excess Liability	Additional coverage limits higher than (above) the limits of the primary General Liability and Auto policy limits to protect against catastrophic loss. Excess policies sometimes contain exclusions, so should be checked to ensure coverage is at least as broad as primary coverages.
Workers' Compensation (WC)	Coverage for claims under Michigan's WC Act or similar employee benefit act of any other state applicable to an employee. University should not be included as Additional Insured for WC coverage.
Wrongful Act	any error, misstatement, misleading statement, act, omission, neglect, or breach of duty actually or allegedly committed or attempted by a director or officer, individually or otherwise, in his/her capacity as a director or officer of the