



## New Jersey School Boards Association Insurance Group

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Board of Trustee Meeting of November 28, 2012

Discussion Item

Sandy Update

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Everyone in New Jersey was affected by Hurricane Sandy that swept through the state on October 29<sup>th</sup> and October 30<sup>th</sup>. The Group's members were no exception especially those near the shore.

Just as Irene in 2011 was a flood event so was Sandy. The biggest devastation was to those members located at the shore although the Group has many locations in flood zone A not at the shore. In addition Sandy brought us wide spread power outages. These power outages at member school districts and their insurance brokers have affected the Group's ability to collect claim information.

Sandy is considered one occurrence so the Group's overall financial liability is \$1,000,000. The Group's reinsurance will cover the cost above that.

The Group's property policy has an aggregate of \$50,000,000 for extra expense. The locations in flood zone A have an aggregate limit of \$10,000,000 of that \$50,000,000 total. Extra expense coverage is for the cost over and above a member's normal cost of doing business. In this case it may be the cost to rent an alternative facility or the additional cost to bus children. This coverage has proven to be very challenging as every member wants "seed money" towards their extra expenses to help them recover. Since there is an aggregate limit and a financial audit will be required to justify each claim payout districts may receive their ultimate payout months down the road.

In order to mitigate this extra expense dilemma the Group will be advancing a moderate (up to \$100,000) sum to help our members with these "extra expense" costs. Extra expense will be allocated on a pro rated basis in order to ensure each member will receive a fair share of the limit.

At this point (11-19-12) there are 121 claims valued at \$6.5 million. This value is an estimate as many locations have not been inspected and is based on a phone conversation.

*Marty*

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