

Policy

INSURANCE MANAGEMENT

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 that 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

A. Civil Matter

Whenever any civil or administrative action or other legal proceeding has been or shall be brought against an employee of this district, including any student teacher or person assigned to other professional pre-teaching field experience for any act or omission arising out of and in the course of the performance of the duties of such office, position, employment or student teaching or other assignment to professional field experience, 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 there from.

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.

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

B. Criminal Matter

In order to be indemnified for costs and expenses incurred in a criminal or quasi-criminal matter, an employee must meet a higher standard than that which is established for civil and administrative matters. Accordingly, should any criminal or quasi-criminal action be instituted against the employee for any such act or omission and should such proceeding be dismissed or result in a final disposition in favor of the employee, the board of education shall reimburse him/her for the cost of defending such proceeding, including reasonable counsel fees and expenses of the original hearing or trial and all appeals. No employee shall be entitled to be held harmless or have his/her defense cost defrayed as a result of a criminal or quasi-criminal complaint filed against the employee by or on behalf of the board of education. The employee must be able to prove that the criminal matter ended in a favorable disposition, and that

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the employee was acting in the course of performing his/her own duties.

Property Insurance

The board will ensure that 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.

In placing the insurance coverage the Board shall be guided by the price of such coverage, the ability of the insurer to meet prescribed obligations promptly and fully, the reputation and past performance of the agent of the insurer and the desirability of distributing the insurance coverage of the district through an agent of record.

The board insurance broker shall annually:

- A. Review the insurance program of the district, consider alternatives, and report recommendations to the board;
- B. Recommend specific insurance placement and prepare specifications for same;
- C. Assist the board in the establishment and maintenance of property valuation and insurance records;
- D. Review plans and specifications of all new facilities with the rating bureau in order to eliminate unnecessary penalty charges;
- E. Provide annually safety and fire inspections;
- F. Process all claims;
- G. 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.

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Key Words

Insurance, Liability, Property Insurance, School Board Insurance Group

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

Possible

<u>Cross References:</u>	*1330	Use of school facilities
	*3510	Operation and maintenance of plant
	*4147/4247	Employee safety

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*5141.1	Accidents
*5142	Student safety
*6114	Emergencies and disaster preparedness
*9270	Conflict of interest
*9271	Code of ethics

*Indicates policy is included in the Critical Policy Reference Manual