



# KENTUCKY DEPARTMENT OF EDUCATION

## NEWS ADVISORY

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### **STATEMENT ON KENTUCKY SCHOOL BOARDS INSURANCE TRUST ASSESSMENT**

(FRANKFORT, Ky.) – It is the Kentucky Department of Education’s understanding that the Kentucky School Boards Insurance Trust (KSBIT) has notified all past and present members that they will be assessed to make up for a growing deficit in the Workers’ Compensation Self-Insurance and/or Property and Liability pools.

The fund, which was created in 1978, was managed and administered by the Kentucky School Boards Association until 2009, when it was taken over by the Kentucky League of Cities.

The total assessment is estimated to be more than \$50 million. The Kentucky Department of Education is awaiting notification from the Kentucky School Boards Association and the Kentucky League of Cities of the final amount of the assessments to districts. This has the potential to impact all Kentucky public school districts.

Kentucky Education Commissioner Terry Holliday expressed strong concern over school districts facing such a large unanticipated and unfunded mandate in the midst of ongoing financial challenges related to the economy.

“I am aware the Kentucky School Boards Insurance Trust (KSBIT) is facing a deficit. The Kentucky Department of Education (KDE) is not involved with the KSBIT; the agency is not insured through the trust nor does it have any oversight of it. A deficit, however, does have the potential to affect Kentucky’s 174 school districts, and we are monitoring it closely. I am always concerned about situations that have the potential to hinder the education of Kentucky’s children.”

According to a letter from KSBIT, current members will continue to have uninterrupted coverage through June 30, 2013 and KSBA is negotiating agreements with partners to assure future coverage options.

Kentucky law requires that school districts carry insurance for school property, boilers, auto liability, workers' compensation and unemployment insurance.

KSBIT covers school districts, college and universities for risks ranging from school bus accidents to compensation for sick and injured employees.

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