



SCHOOL INSURANCE NEWSLETTER

July 2017

INSURANCE MARKET CONDITIONS

There have been no real changes since our May Newsletter. Coverage, deductibles and pricing are as predicted. Insurers have dramatically increased Wind/Hail deductibles. The interlocals are picking up the TAPS PLF business, in most all cases at additional premiums.

For Dallas area clients with significant wind/hail losses in the past 5 years, one risk pool is offering alternate property quotes in anticipation of less favorable terms from its core panel of reinsurers.

SENATE BILL 7 – FAILURE TO REPORT EDUCATOR MISCONDUCT IS A CRIMINAL OFFENSE

All of the Educator Legal Liability policies with which we are familiar exclude coverage if the district employee is guilty of a criminal offense or an unlawful act. After September 1, 2017, “failure by a principal or superintendent to report” such misconduct will be denied by the insurer because such failure will be deemed a criminal offense, just as sexual misconduct by an employee was previously considered a criminal act. Now, both the person committing the sexual misconduct and the failing to report the act may not be provided defense coverage by the district’s Educator Legal Liability insurance. If such charges are adjudicated, some coverages provide for reimbursement of defense costs.

<https://legiscan.com/TX/text/SB7/2017>

TRAVELING OUT OF STATE

When your district travels out of the state of Texas, the district is no longer protected by the Texas Tort Claims Act. School districts have no immunity in other states. That state’s immunity laws only apply to school districts domiciled in that state. This applies to General Liability as well as Automobile Liability. Some risk pools automatically increase Automobile Liability limits to \$1,000,000. For other pools, the coverage document increases the limits to the Financial Responsibility limits of a state, and those limits are, for all states, much less than the Texas Immunity limit of 100/300/100 (LA 15/30/25, OK 25/50/25). The wording needs to be revised. The out of state limits should be at least the limits purchased for Texas, just as in the wording for most personal auto insurance.

ROOFS – IMPORTANT

The pricing and deductibles for your district’s Wind/Hail coverage depend on the material, age and conditions of the roofs. Insurers suffered massive losses due to hail damage in the past few years and they are getting very picky.

1. Is there a roof replacement plan based on the roof’s life expectancy?
2. What procedures are in place for damage inspections after storms?
3. What preventative maintenance procedures are there for roof inspections or leaks?
4. Is there any unrepaired roof damage?
5. Schedules should show roof material, year of replacement.

In Texas for 2016, 28% of property insurance claims were due to hail; the next highest state was Colorado with 10%. San Antonio’s hail damage alone exceeded \$1.4 billion. Only Hurricane Ike in 2008 was costlier than Texas hail storms were in 2016. (Insurance Journal)