



SCHOOL INSURANCE NEWSLETTER

May 2017

TAPS PLF CALLS IT QUILTS

In a letter addressed to agents dated May 26, 2017, Ray Lanoux TAPS PLF Board President announced that the risk pool will not renew coverages effective September 1, 2017. Members should continue to report claims, additions and deletions.

“As a risk management pool, TAPS members share proportionally in any fund balance or liabilities.”

IMPORTANT

If your district knows of any incidents that may result in a claim or lawsuit, report the incident to TAPS PLF immediately. The risk pool's Educators Legal Liability coverage is Claims Made. Any claim reported after September 1, will not be covered, regardless of when the incident occurred. No extended reporting period for claims-made coverages will be available.” When coverage is replaced be certain unknown claims will be covered. Ask that question and get the answer in writing.

RISK POOLS

- Risk pools are not insurance companies. They are associations of members who assume each other's risk of loss up to an identified level, above which reinsurance is purchased.
- Assessments in the form of additional contributions are possible.
- Risk pool managers and agents bear NO risk. Pools may be created to circumvent the bid laws.
- Risk pools are not subject to the Texas Department of Insurance oversight.
- Risk pools are not subject to the Texas Insurance Guaranty Fund (up to \$300,000).
- Agents may not have Errors & Omissions insurance.

INSIST ON AUDITED FINANCIAL STATEMENTS...

and re-insurance information. TAPS PLF got in trouble because they retained \$500,000 of each Wind/Hail occurrence. Three years ago when their Member Equity was \$3,000,000 we began warning our clients – only six storms over \$500,000 would deplete their Member Equity.

WIND/HAIL AND MARKET CONDITIONS

We forecast increases in premiums and more importantly, deductibles several months ago. Many districts have no choice but to accept % deductibles – deductibles based on the value of the buildings damaged, not of the damage incurred. Determine your district's scheduled values in the event of a maximum loss (how many buildings could be damaged by a tornado or hail storm). What would the deductible be?

ROOFS

Because of the hail claims, insurers are paying particular attention to roofs. Expect to provide the roofing material and the date of the last replacement. Are any roofs “hail proof”? Have a definitive roof inspection and replacement program.