

ROBERT V. REIM COMPANY

INSURANCE CONSULTING
BID MANAGEMENT



SCHOOL INSURANCE NEWSLETTER

January 2018

Sexual Misconduct - Harassment & Molestation

With the rash of sexual harassment stories in the media, we think that schools can expect an increased number of incidents. Be certain that your District's Liability protection provides adequate coverage and limits to fund the very expensive law suits to come. Review these two important postings by the Texas Classroom Teachers Association and TASB: https://tcta.org/node/13154-sexual_assault_harassment and https://www.tasb.org/Services/Legal-Services/TASB-School-Law-eSource/Students/documents/harassment_bullying_policies_jan16.pdf

SB 7, effective 9/1/2017 requires prompt reporting of misconduct, creating a criminal offense for failure to do so: <https://legiscan.com/TX/bill/SB7/2017>

In evaluating Sexual Misconduct provisions we see multiple problems with coverage:

1. Sexual Misconduct Limits are sometimes less than Educator or General Liability limits. This may not be shown in the proposal.
2. Sexual Molestation is often covered by General Liability and Sexual Harassment is covered within the Educators Liability policy. What are the limits of each policy? What if the two coverages are with different companies? What if there are allegations of both? General Liability coverage is generally on an Occurrence basis whereas Educators Liability is Claims Made.
3. When does the claim come under Federal jurisdiction, with no Texas immunity?

Know your coverage; you may need to use it soon.

Insurance Market

We have just received proposals for two large Houston area schools. Here is what we have learned so far.

1. Several companies and underwriting managers have suddenly appeared.
2. Premiums are increasing.
3. While 3% deductibles are available, the price has increased significantly.
4. Companies are taking less risk, requiring more participating companies. One Tier 1-2 school that we saw has 10 companies sharing a \$100,000,000 limit.
5. Most districts have increases in values from one year to the next. For your Board, compare rates rather than premiums. Rates are the real indication for comparable pricing. We often show the premium at renewal values for the current year.

How to Keep Property Insurance Costs Reasonable

1. Increase Wind/Hail deductibles and/or deductible percentages
2. Reduce the amount of Wind/Hail or Named Storm limits
3. Consider a Loss Limit policy (insurance less than total replacement cost values)
4. Analyze the District concentration and decide how much property will be exposed at one time due to fire, wind, hail, tornado and Named Storm when selecting Loss Limits. Is an RMS Loss Modeling Report that available?