



SCHOOL INSURANCE NEWSLETTER

July 2018

Market Conditions

Many districts with replacement cost schedules exceeding \$100,000,000 are seeing for the first time, layered Property insurance programs. It is not unusual for two or more companies to share the first \$25,000,000 with additional limits divided into successive layers with multiple insurers.

Because of the multiplicity of companies we are seeing problems with agents not being able to access the markets to which they have been assigned. A few agents and wholesalers are blocking the marketplace so as to prevent competition. Such shenanigans are unethical, and require an inordinate amount of your time.

Will Your Insurer Be Able to Pay Your Claims?

Your District has paid \$\$\$\$ to insurance companies and risk pools in premiums and contributions. What happens when you have a claim? Can they pay? School risk pools have no oversight by the State of Texas or the Department of Insurance. They are managed by people who do not even share in the risk; the risk is borne in total by your district (and others).

Last year one risk pool, TAPS, filed bankruptcy leaving districts with unpaid claims and financial assessments. Another pool is paying Property claims over three years; what does that say about their financial position? And another pool will not respond to consultants: what are they hiding? And yet another pool states they will not have September 1 premiums available until the third week in July. What's going on there; re-insurance problems?

Obtain a copy of the risk pools audited financial statement and re-insurance information (retentions). The funds held by risk pools to pay claims is your district's money. Are you ready to explain to your board why you lost it?

Between Hurricane Harvey and Hail claims, pools lost money last year. Because of the date calculated, are those claims even in current audited financials?

Notice of Non-Renewal

Remember that if you decide not to renew coverage with your current risk pool, most interlocal agreements require advanced notice – in some cases that is 60 days – July 1 for September coverage. If the decision has not been made yet, still send Tentative Non-Renewal advice; e.g., “cancel current coverage as of the expiration September 1, 2018, but we reserve the right to renew coverage effective on that date.”