

# ROBERT V. REIM COMPANY

INSURANCE CONSULTING  
BID MANAGEMENT



## SCHOOL INSURANCE NEWSLETTER

*December 2019*

### **Market Conditions**

The insurance market for smaller school districts has shrunk to the extent that we recently received an inquiry from the Attorney General's office. Districts need to work hard to find appropriate coverage at an affordable price with acceptable deductibles, from financially sound sources. USI, one of the nation's largest insurance brokerage firms has provided these rate change estimates:

<https://www.usi.com/2019-insurance-market-outlook/>

### **Why Property Insurance Prices Keep Rising**

According to FM Global official (Risk & Insurance Oct 21, 2019), "...prices are going up...and have been every month since October 2017".

1. The commercial property insurance industry has been losing money for six of the last nine years.
2. Bond markets have remained lackluster; most insurers rely on bonds for investment income.
3. Regulators are gaining more sway in underwriting behavior, particularly in Europe.
4. New U.S. tax laws have increased tax liability while driving down profitability; a 35% write off loss is now 21%.

The above affects reinsurance which affects insurance company and risk pool pricing, and that is in addition to weather related losses in a geographic area. Texas has had several, the most recent in Dallas where three schools were destroyed.

### **K-12 School Shooting – FEMA Report (incidents since 1970)**

Number: Last year 2018 (97), Next worst year 2006 (59), Best of 10 years 2011 (13)

Worst states: California (157), Texas (132), Florida (87)

Source: <https://www.chds.us/ssdb/category/shooting-incidents-2010-present/>

Does your district have "Active Shooter" insurance coverage? Because this coverage is relatively new, there is no standard language. First, determine if any of your current insurance has coverage included. Encourage your insurance agent to compare coverages and not just present the first product they find. One policy we reviewed required five victims; why should there be any limit? The needs are the same.

### **Drones**

Athletics, Maintenance, Science and other departments are actively using drones. Most liability policies exclude aircraft, but some carriers have or will add coverage for drones, but only if requested. Is bodily injury and property damage by drones covered by your insurance? What about invasion of privacy claims or drones that are used for improper activities. A good article on the use of drones is found at:

<https://isminc.com/advisory/publications/the-source/a-checklist-to-consider-if-you-use-drones-at-your-school>

### **Federal Flood Insurance (NFIP)**

During a recent PRIMA conference, Michelle Faust with NAS gave an excellent program explaining in detail Federal Flood insurance. To see her presentation, go to this link for a pdf copy

[https://www.nasrisk.com/texas\\_prima\\_pdf](https://www.nasrisk.com/texas_prima_pdf)