



SCHOOL INSURANCE NEWSLETTER

January 2016

Market Conditions

According to the Property Casualty 360 newsletter of November 2, 2015, nationwide reductions in rates are estimated to be 10% for Property and 5% for Casualty. We have recently seen rate guarantees from more than one insurance company for a central Texas school with a difficult schedule. However, hail storms and tornados have been severe in Texas; we have yet to see the effect on rates, but should within the next few months.

Another School Risk Pool Bites the Dust

A division of New Hampshire's of the Secretary of State's office has ordered that state's municipal and school risk pool to cease operating (Political Monitor 12/29/2015). Eighteen months ago, we advised that Illinois and Kentucky risk pools shut down, leaving members with hefty claims to pay. The NH, IL and KY pools all had state oversight. Texas risk pools DO NOT. The marketing companies have no risk – only the members. Be sure to insist on copies of audited financial statements. Because of losses mentioned above, pools are struggling to increase income by writing more business, some of which they probably should not.

Risk Management – Short Course

Insurance should only be purchased when a risk of financial loss cannot be 1) assumed, 2) transferred to others or 3) reduced or avoided. 1) Assume as much risk as you can afford – self-insure totally or buy higher deductibles. 2) Contractually transfer risks to others. Do you enforce your district's Insurance Requirements and monitor Certificates of Insurance? What about the use of District facilities by others? 3) Reduce or cease an activity or program that can cause financial loss.

Assuming risk avoids insurance company expenses and profits, premium taxes, agent commissions and insurance (risk) charges. For years schools have been purchasing separate insurance on scheduled items such as audio visual equipment, band instruments and uniforms, power equipment, security radios and computers. In most cases the Property policy already provides this coverage subject to the policy deductible. Do you really need this separate insurance?

Analyze your losses over the past five years to help in making your risk assumption decisions.

News from Risk Pools

PCAT partners with Agility Recovery Solutions to provide disaster recovery services. When two school districts sustained significant storm damage in 2015, Agility Recovery supplied portables, power and computer systems, allowing the school business staff to quickly resume essential functions and continue operations until repairs could be performed. TAPS is now serving over 200 members. Coverage now includes at no additional cost, first and third party Cyber Liability coverage as well as School Crisis Coverage to handle possible campus intrusion events. TASB has 1) automatically increased out of state Auto liability limits to \$1,000,000, 2) eliminated the deductibles from General Liability and Employee Benefits Liability and 3) added liability coverage for drones. TPS states that lower rates will allow them to be much more competitive across all lines. General Liability policies now include Cyber with a \$1M limit. They are now providing Property and APD in tier 2 counties except Harris County.

Business Continuity or Disaster Recovery Plan

December storms across north Texas remind us of the necessity for a Disaster Recovery Plan. The plan in the following link may be more extensive than your needs, but it shows the approach that should be taken to get started.

<http://www.disasterrecoveryplantemplate.org>. The March TASBO Conference will have two sessions: ***Operational Disaster Recovery–Lessons Learned in Recent School Disasters*** and ***School Continuity of Operations Plan***.

What questions do you have or what subject would you like to hear more about?

Just send us an e-mail. We will either answer them personally or publish the answer in our newsletter.