

ROBERT V. REIM COMPANY

INSURANCE CONSULTING
BID MANAGEMENT



SCHOOL INSURANCE NEWSLETTER

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Market Conditions

“Rate increases and higher deductibles are motivated by higher catastrophe losses over the past several years:” *Berkshire Hathaway*. “There’s not enough money being collected to pay the loss cost; it’s just as simple as that. For large risks, some property accounts are seeing 30% or 40% increases. Commercial property policyholders will see ongoing price increases and cuts in capacity through 2020... making for a difficult market, industry experts say. We’re seeing double-digit rate increases across the portfolio,” said the president of the North America property insurance business for AXA XL. *Business Insurance*

According to FM Global, “Rate increases are expected to continue to accelerate. The outlook is grim for insurance buyers, especially for those whose accounts are...Nat Cat (natural catastrophe) exposed...”

Texas continues to have a large number of storms such as the May 2019 hail and flooding that occurred in Houston and the October 2019 Dallas tornado the caused at least \$2 billion in insured losses. *McGriff*

Increased Construction Costs

Accompanying the rate increases are the increases in the replacement costs of buildings. A review of recent appraisals indicates that the square foot replacement cost of school buildings has risen, providing a double hit on premiums.

High Schools	\$200/sf
Middle Schools	\$180/sf
Elementary Schools	\$160/sf

Data Breach

Recently, Manor ISD lost \$2,300,000 due to a Phishing scam involving three separate payment transactions to a fraudulent bank account. Another of our school clients was hit with a \$4,000,000 scam. Over the past three years such scams were responsible for \$26 billion in damages globally. How would your district’s insurance respond to such a loss? More information on types of phishing is available at:

<https://www.tripwire.com/state-of-security/security-awareness/6-common-phishing-attacks-and-how-to-protect-against-them/>.

This type of insurance is new, and as of yet there are still no standards. Each company’s coverage is different. Does your district’s cyber coverage protect against these? Are the limits sufficient?

Phishing: obtaining sensitive of personal information from a computer user

Hacking: shutting down or misusing websites, including installation of pornography or malware

Identity Theft: accessing credit or banking information to make purchases

Online Harassment: threats sent through email or social networks

Cyberstalking: monitors victims’ activities

Invasion of Privacy: reading e-mail and monitoring online activities