

ROBERT V. REIM COMPANY

INSURANCE CONSULTING  
BID MANAGEMENT



## SCHOOL INSURANCE NEWSLETTER

### **Market Conditions**

Well, you can forget my rate increase guesses from our January Newsletter. We have no idea what will happen after the Valentine Day snow and freeze. And we still have Hail/Tornado season ahead. This might be a good year to go to bid. You need to start at least four months prior to renewal and be sure to include information on your District's freeze damage.

### **The Freeze**

According to an article published in the National Underwriter, the Big Freeze "will be costlier than Hurricane Harvey in 2017". An agent who insures multiple school districts said they had claims for 80% of their clients. One of our clients had damage in 58 buildings.

### **Deductibles and Occurrence**

This is a good example of why deductibles by Occurrence are better than by Location. Also, a large broker said that one of their lead companies indicated there were two occurrences – through February 15<sup>th</sup> with the second occurrence starting February 16<sup>th</sup>. Don't forget that you may also have a Business Interruption/Extra Expense claim.

### **Can Your Insurer Pay?**

Our concern is that some of the smaller risk pools may not have enough cash to pay your claims. In the past, at least one risk pool has requested a district to obtain a loan, stating that the pool would make the payments. Don't you dare. What happens if they go bankrupt and the District is stuck with the note. We have had phone calls from contractors stating they arranged with the insurer to be paid directly. But they were not paid by the pool and then pursued the district for payment.

Push for prompt payment. If you don't get paid promptly, consider filing a lawsuit, as judgments may move your district to the front of the line in a bankruptcy.

### **Financial Statements and SB 376**

Why would your district purchase insurance from a pool that has no oversight by the State, when you don't know if they have the funds to pay claims? Help may be on the way. Senator Robert Nichols has introduced a bill requiring that self-insurance funds register and annually provide financial statements and other requested information to the Texas Department of Insurance.

As you can imagine, we fully support this bill – it needs a few changes. I have contacted Senator Nichols office, requesting to testify, but as of today I have not had a response. If you can put me in contact with someone in the legislature, please do so. This is important legislation. I know of 18 districts with delayed or unpaid claims, including lawsuits against one of the risk pools.

Another bill, HB 1649 requires schools to obtain "at least two bids or proposals from different persons" and that the contract be filed with the Texas Department of Insurance. This bill has numerous problems, including that it doesn't state the different persons should not be with the same company.