



SCHOOL INSURANCE NEWSLETTER

February 2022

Market Conditions

You can expect to pay more for insurance again this year. We suggest that you consider budgeting for these increases:

- Auto 10% - 15%
- Liability 5% - 10%
- Property 15% - 20%
- Cyber 50% - 100%

Some districts saw a 40% increase in Property insurance this year. Comparing premiums does not show the correct picture, because exposures (values, vehicles, ADA) vary. Only rates give an accurate picture of the cost adjustments. Calculate rates (Premium divided by Exposure). To see the true increases, divide the renewal rate by the current year rate and subtract 1.

Insurable Values of Buildings

We find that when adding buildings, District replacement values often contain construction costs which may include these uninsurable items.

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|---|------------------------------------|
| Architect design cost excluding supervision | Overtime |
| Bond Costs | Parking lots |
| Contents and artwork that is not permanently attached | Penalties |
| Foundations | Permits |
| Interest | Sidewalks |
| Land | Site development and land clearing |
| | Underground utilities |

In other words, anything that would **not** be needed replace or complete a building.

Building Replacement Cost Valuation

One school district appraiser is using a factor of 12%. Inflation alone counts for a 7% increase. Don't forget to increase existing buildings to the square foot cost of new construction. Here is what we are seeing, with some elementary schools even exceeding \$200:

- High Schools \$200-\$220
- Junior High Schools \$180-\$200
- Elementary Schools \$160- \$180

Cyber

Currently Cyber coverage is the most difficult line of insurance to purchase. There are no standards like in Auto, Liability or Property insurance. The coverage is still new with insurance companies constantly changing pricing and coverage, and even terms. If you have coverage now, you can expect a 50-100% increase. Check out the sublimits. A district received a \$1,000,000 limit, only to discover that the coverages most needed only had \$25,000 limits. Such coverages include Ransom, Extortion, Fraudulent Instruction, Social Engineering, Removal of Bank Funds and Personal Information access.