



## SCHOOL INSURANCE NEWSLETTER

*April 2026*

### **Consider Purchasing Less Insurance with a Loss Limit Less than Total Values**

A Loss Limit describes coverage where the insured limit is less than the total value. The assumption is that the entire schedule is not at risk of loss.

When deciding on a loss limit, determine the expected maximum loss.

For non-coastal areas, tornados cause the greatest loss. In selecting a loss limit, determine how much of the district is exposed to a large tornado.

In Texas, the worst tornado occurred in 1953 in Waco. The storm path was 1/3 mile wide and 30 miles long. That tornado killed 114 people. The Dallas tornado of 2019 was 3/4 miles wide and 16 miles long.

To determine a District's maximum probable loss, total the value of all buildings within a 1/2-mile path. Historically, Texas tornados seldom exceeded the 1/2-mile width.

Unless you are a Coastal district, tornados are the only weather event that destroys complete campuses. Whatever limit selected, hail damage probably will not exceed that limit. Other than small districts, only coastal districts are subject to a total loss of all properties. Most larger districts purchase a policy with a loss limit.

Example for an actual district:

Replacement Values	\$4,534,796,533
Insurance Limit Purchased	250,000,000
Hurricane Limit	50,000,000

### **What Limit Will Apply to Your District's Loss?**

**Scheduled:** Pays limit shown on policy schedule regardless of the replacement cost increase

**Blanket by Location:** Pays limit shown for all properties at the same address

**10% Margin Clause** (usually larger districts): Pays up to 110% of the limit shown

**80% Co-insurance (20% Margin):** Pays up to 120% of the limit shown

**Blanket by Schedule:** Pays the total limit shown for all locations

	Current Scheduled	15% Cost Increase	Scheduled	Blanket By Location	10% Margin	80% Co-insurance	Blanket by Schedule
HS	69,564,000	79,998,600					
Address	75,797,000	87,166,550					
Total	236,324,491	271,773,165					
Insurance Limit Available			69,564,000	75,797,000	76,520,400	83,476,800	236,324,491

