

Loss Limit

A Loss Limit(ation) describes coverage where the insured limit is less than the total values. 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 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 do not exceed 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 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
Wind/Hurricane Limit Purchased	50,000,000