

The Right Insurance Makes a Difference

By Christi Hatcher and Paul Broughton

Insurance is one of those things that many school administrators think about only once a year, when it's time to renew. Yet the right insurance program can help your school in many ways. The right insurance provides full coverage to protect your school, staff, and students. It also provides risk-management services to help you prevent losses and accidents, as well as professional claims handling if accidents occur.

Christian schools face many different exposures, so it's essential to consult with qualified insurance professionals who can determine the exact coverages your school needs.

Coverage Central

Central to any school's coverage is general liability and property insurance—no school should be without these coverages.

General Liability: This essential coverage protects you if you are sued by someone who claims that you caused their physical injury or damaged their property. Accidents can happen in an instant: a parent claims your negligence caused a child's injury, or someone slips on your floor. In any of these circumstances, you may be held responsible.

Make sure your insurance pays the legal cost to defend you and the costs to settle a claim, or costs that result if the court rules against you.

Property: If you own the building that houses your school, you need property insurance to protect both your building and its contents. If you rent, you need property insurance to cover your valuable equipment. Make sure you're covered for events like fire, windstorms, burglaries, and vandalism.

Note that most policies will not cover you for flood-related water damage. If you live in an area prone to flooding, buying flood insurance is a good idea.

Specialized Coverages

In addition to general liability and property coverages, a variety of other coverages are available to protect your school. It's advisable to meet with your insurance agent to determine the specialized coverages that are right for your school.

Umbrella Liability: Provides additional protection that takes effect after you've gone above the limits of your general liability insurance. This coverage protects you and your school in the event of a catastrophic accident.

Sexual Abuse Liability: Protects you in the event of allegations of sexual abuse due to negligence in your hiring, training, or supervisory practices. Make sure defense costs are

covered above the policy limit, which means you will be able to defend your reputation vigorously against these damaging assertions.

Educators' Liability: Protects your school's board of directors if they are sued for decisions they've made, alleged misstatements, or unfair educational practices. Also defends if your school is sued for the wrongful acts, errors, or omissions of employees, volunteers, and others that arise from job-related duties.

Corporal Punishment Liability: Defends your school against allegations of corporal punishment. Make sure you're covered even when allegations are groundless, false, or frivolous.

Child Abduction Liability: Pays for reasonable and necessary expenses the school and the child's parents incur following a child's abduction from school. Some covered expenses include fees for investigative services and rewards leading to the child's recovery.

Accident Medical Coverage: Pays students' medical bills if they are injured at your school or during activities you sponsor and have no insurance of their own, or their bills exceed what their insurance pays. You can think of Accident Medical insurance as a goodwill gesture—by paying a student's medical bills now, you may be able to avoid a lawsuit later.

Special Event Coverage: Provides liability protection when your school hosts or sponsors any sort of special event, such as fund-raisers, carnivals, festivals, sports tournaments, and concerts. These types of activities may fall outside the general liability policy and require a special short-term policy.

Volunteers as Insureds: When volunteers pitch in at school or at a special event, they're acting on your behalf. Make sure your insurance covers volunteers' unintentional negligent acts as it does those of your employees.

Key Employee Replacement: Helps you get back to business as quickly as possible following the loss of a key staff member. This coverage pays for a temporary replacement, and to find and qualify a permanent replacement.

Crime: Protects you against the potential dishonest acts of your employees who handle checks, money, merchandise, or equipment at the facility or in your office, as well as theft or burglary of money or securities.

Systems Breakdown: Protects you when any mechanical, electrical, or pressure system breaks down. Make sure this coverage includes heating and air conditioning systems, computers, boilers, refrigerators, hot-water heaters, and phone systems.

Commercial Automobile: Covers owned, leased, non-owned, and hired automobiles, such as vans, pickups, and buses used at your school. Coverage can include bodily injury and property damage, uninsured and underinsured motorists, medical payments, comprehensive and collision (physical damage), rental reimbursement and towing. You can generally choose from a range of deductibles.

Catastrophic Accident Coverage for Student Athletes: Provides extra coverage- limits of up to \$5 million are typical- for the many expenses associated with a devastating injury. Funds can be used for purchasing a customized vehicle, retrofitting a house, rehabilitation expenses, or respite care.

OUTBREAKSM Expense Coverage: In the unlikely event that a communicable disease infects your school population or facility, you would receive reimbursement for “extra” expenses associated with responding to the situation.

Tuition Refund: Provides cash-flow protection for a school in the event of a tuition payer’s death or a student’s medically necessary withdrawal. Funds replace tuition payments, which would have been made.

That’s the Limit

Insurance policies have limits—the maximum dollar amount the policy will pay for a covered loss. Limits are often written on a per occurrence/aggregate basis. For example, if you buy a general liability policy with limits of \$1 million per occurrence/\$2 million aggregate, it means that the policy will pay a maximum of \$1 million for each covered claim, up to a maximum of \$2 million for all covered claims combined within the policy period.

Compare limits of liability, deductibles, exclusions, and other policy terms before making your final decision. These variables can have a significant impact on the price of your insurance program.

Beware of insurers who offer coverage at deep discounts. This can be a signal that coverage is not as complete as it should be, that there is a corresponding lack of commitment to customer and claims service, or worse yet, that an insurer may be more susceptible to financial difficulties caused by unexpected claims.

Risky Business

Most top-rated insurance companies employ a risk-management staff. These experts study ways to increase school safety by reducing risks. They examine the big issues—like 15-passenger vans, aquatic safety, and food-borne contamination—and recommend safety measures.

Risk-management experts look at the little things, too. Simple things like installing brighter light bulbs in hallways or replacing ripped carpet can go a long way in preventing injuries at school, and preventing costly claims.

Risk management is essential to your bottom line, so find out how a prospective insurer will help you make your school safer.

Grading Insurance Companies

When you're shopping for insurance coverage, it's important to choose a company that's highly rated. You want to do business with an insurance company that's financially strong, so there will always be money in the bank to pay your covered claims.

Little Injuries, Big Claims

Think about claims in the long term; they can come back to haunt you. An incident that seems minor at the time can escalate into a major problem later on. Let's say Jonathan falls off the swing set, hits his head, and suffers a concussion. He's rushed to the hospital, x-rayed, and pronounced fit. A few years later, Jonathan starts having trouble in school: he can't concentrate and is falling behind in his work. A medical exam shows neurological damage, probably from a blow to the head suffered years ago. Jonathan's parents sue the school for negligence. If the claim is covered, the insurance company must pay, so you want a company with both financial strength and longevity.

A for Excellence

Whether you're shopping for business or personal insurance, choose a company that has an A.M. Best Company rating of A (Excellent) or above. A.M. Best is the most widely recognized rating agency for the insurance industry, and a rating represents their opinion of a company's financial strength. Your agent will be able to tell you an insurance company's A.M. Best rating.

Your agent deals with insurance companies every day, and is a valuable source of information to help you make your purchasing decision. In addition to providing you with the financial strength ratings of different insurers, your agent can give you the inside scoop about these companies. In a toss-up between two equally rated companies, your agent can recommend the one that best fits your needs.

Staking a Claim

Claims that involve children are among the most difficult and emotional claims to handle. Make sure the company you choose has in-house experience handling these types of claims. Many insurance companies employ claims management companies and other third parties to manage their customers' claims. Sometimes, these companies lack the ability and motivation to properly represent a school's best interest. Therefore, ask who handles your claims.

Building Relationships

The relationships you build with your insurance partners are key to the successful implementation of a quality insurance program. A qualified insurance professional can recommend the best program for your school, based on your unique exposures. Insurance is a continuous process—as your school evolves, your insurance needs will change. It's a good idea to reevaluate your needs every year, and change your coverages accordingly. The quality of your insurance program is a reflection of the work you proudly do every day.

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