

Risky Business: A Primer on School Insurance

By Deb Denker and Elda Martocci



In some ways, education institutions are like any other business when it comes to insurance coverage. Property could be damaged, accidents may be blamed on negligence, and employees may be injured during the course of the workday.

Traveling sports teams, field trips, and transportation responsibilities increase the possibility that something will go wrong.

And school employees are expected to be sterling role models on and off the job.

Schools have the added challenge of operating within an environment of public scrutiny because educators are viewed as caretakers of a young population in need of adult supervision and protection.

These factors make it critical that school districts shop for insurance with a very discriminating eye. Making a selection based on price alone may be an appealingly quick answer to a complex business decision. But it's not the best answer.

So how does a district make the wisest insurance decisions? The following are key considerations when selecting an insurer and then getting the most value out of the coverage purchased.

The Right Fit

The first step in finding the right insurance solution is to work with an agent who has experience providing coverage for educational institutions and who is familiar with

a number of insurance carriers, their underwriting strengths and weaknesses, and the services provided by each.

Keeping all insurance coverage with a single insurer is a good way to avoid gaps between policies.

The following are among the several factors to consider:

Demonstrated capability. An insurance carrier should have a high rating for financial stability, as well as a long track record of providing products and services to education institutions. The insurer should be large enough to offer the diversity of products necessary to cover all the exposures a school district faces. Keeping all insurance coverage with a single insurer is a good way to avoid gaps between policies.

Risk control experience. Insurers who work extensively with an industry are well positioned to identify best practices for managing risk. Look for an insurer who shares this knowledge through free risk control assessment and specialized services. These services can include a wide variety of assistance, such as emergency evacuation planning, food service safety, first-aid certification, driver screening, information technology security, fair employment practice guidelines, business continuity planning (when school facilities become unusable from a disaster), laboratory safety, playground safety, and much more.

Local services. An insurer with local or regional offices can more easily provide the customized service necessary for a school district to address its complex requirements. Underwriters who are familiar with the community are in a better position to identify risks.

Claims handling. Choosing an insurer that makes a strong case for its claims-handling ability is important. Insurers who offer claims specialists with specialized knowledge of education institutions provide better service to schools at the moment they need assistance the most.

Once a district and its insurance agent have settled on an insurer, it is time to work through a long list of potential exposures and customize the coverage.

The Risks Schools Face

Like any employer, school districts run the risk of being sued by their employees for workplace discrimination, harassment, or management decisions. Schools are vulnerable to automobile accidents any time transportation is part of their operation, and they're also a target for vandalism or arson. All these risks are covered by the standard property, employment practices, auto, and general liability policies that businesses buy.

Schools need coverage beyond these standard policies because they are often held to a higher standard linked to their duty to protect and educate young people. The following are some of the lawsuits schools have faced:

- A mother sued a private high school when her son was injured after jumping into a pool from a balcony. The court found the school liable because of poor supervision and a failure to address prior instances of jumping from the balcony.
- Parents filed against a private school after a student and her brother were killed while crossing the street to get to their car following after-school activities. The parents contended that the school should not have allowed students to park off campus, across a busy street.
- Two schools were sued over children's injuries resulting from falling on hard ground under monkey bars and slipping off a slide, respectively. The school that demonstrated an adequate amount of sand under the playground equipment won; the preschool lost its case on the grounds that younger children should be protected with a higher standard of care than would ordinarily be reasonable for older children.
- In athletic cases, schools were held liable for a cheerleader injured when students rather than a teacher made choices about stunts, and for a football player whose injury was worsened when a coach knowingly sent him back onto the field. The schools were not held liable, however, for a student injured during wrestling practice because of an undersize mat nor for a student assaulted by an opponent after a basketball game.

These legal actions only scratch the surface, but they are indicative of the many concerns that school districts must consider when addressing their insurance needs.

Beyond Typical Business Coverage

A comprehensive list of available insurance coverage for schools begins with property, general liability, auto, workers' compensation, and umbrella or excess liability. More specialized coverage includes management liability that is designed to address the needs of education institutions. Under this heading are educators' errors and omissions liability, directors and officers liability, employment practices liability, and fiduciary liability (for claims such as breach of duty under the Employee Retirement Income Security Act or a failure to comply with Internal Revenue Service and Department of Labor regulations).

Other coverage to consider includes athletic injury, corporal punishment, psychological counseling, professional liability, and coverage for musical instruments, rare and valuable books, computer equipment, and school displays.

School districts should also obtain coverage for protection against crime, such as employee dishonesty, forgery, theft and robbery, and computer fraud. For

those districts that occasionally send students and teachers abroad, worldwide coverage is available that includes property and general liability, accidental death and dismemberment, foreign voluntary workers' compensation, and kidnap and ransom protection.

Making the Best Decision

From facilities, grounds, and equipment to events and people, school districts have a wide range of assets, operations, exposures, and potential hazards to manage daily. Their decisions about curriculum, discipline, and other issues may be met with acceptance or controversy, depending on factors that are sometimes beyond their control.

Insurance coverage, however, is something school districts can control. By partnering with agents and insurers that understand the risks and have experience with educational institutions, a school can customize its insurance solution and create a package that is both seamless and comprehensive.

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