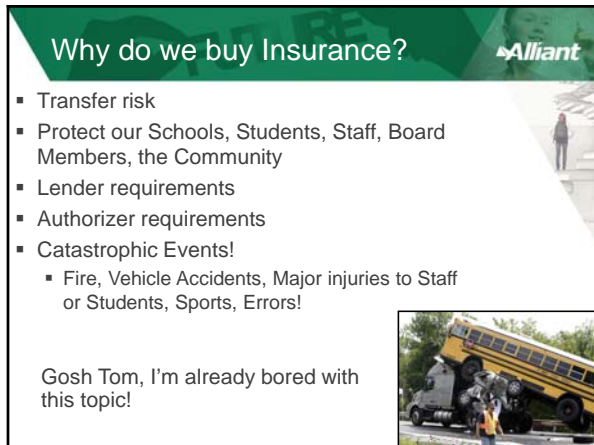




Charter Schools Insurance Program
Protecting your independence

▶ Tom Boobar MBA, MS, CSP
The Business of Protecting Charter Schools Through Insurance


Alliant



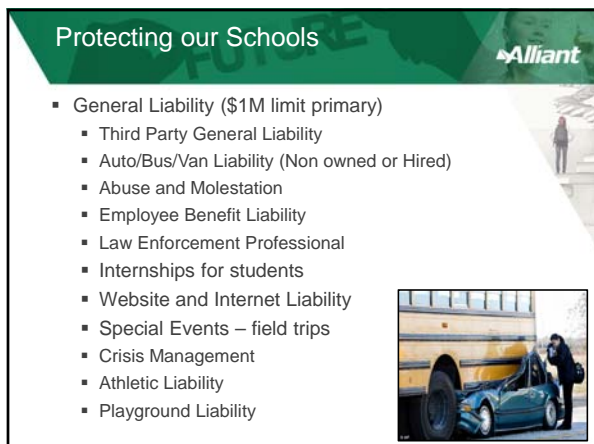
Why do we buy Insurance?

- Transfer risk
- Protect our Schools, Students, Staff, Board Members, the Community
- Lender requirements
- Authorizer requirements
- Catastrophic Events!
 - Fire, Vehicle Accidents, Major injuries to Staff or Students, Sports, Errors!

Gosh Tom, I'm already bored with this topic!




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Protecting our Schools


- General Liability (\$1M limit primary)
 - Third Party General Liability
 - Auto/Bus/Van Liability (Non owned or Hired)
 - Abuse and Molestation
 - Employee Benefit Liability
 - Law Enforcement Professional
 - Internships for students
 - Website and Internet Liability
 - Special Events – field trips
 - Crisis Management
 - Athletic Liability
 - Playground Liability



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Protecting our Schools 


- School Professional Liability (\$1M primary)
 - Educators Legal Liability (Failure to educate)
 - School Board Errors (Directors and Officers)
 - Employment Practices Liability
 - Discrimination, Harassment, Wrongful hiring-firing
 - Special Education Liability (Individual Education Plans)
 - Defense for IEP administrative and regulatory hearings
 - Defense for Revocation of Charter
 - Wage and Hour
 - Fiduciary Liability




Protecting our Schools 


- Property (Total Insured Values)
 - Buildings, Contents, Personal affects, Computers, Laptops, tablets
 - Replacement Cost vs Agreed Value
 - Business Interruption and Extra Expense
 - Equipment Breakdown
- Crime (\$1M limits)
 - Employee dishonesty
 - Forgery or Alteration
 - Monies or Money orders
 - Computer Fraud
 - Fund Transfer Fraud




School Coverages 


- Workers Compensation (Statutory Limits)
- Umbrella policy \$10M up to \$25M limits
- Cyber Liability (\$1M limits)
 - Credit Monitoring
 - Notification Costs
- Student Accident for Athletics and Field Trips
 - School Time coverage
 - With or without Sports
 - Student Accident 24/7 coverage



School Coverages 


- Foreign Liability for field trips
- Construction and Real Estate
 - Builders Risk (during construction)
 - Owner Controlled Protective
 - General Contractors, Construction Manager, Sub contractors
 - Coverage will transfer from construction phase to real property on your policy
- Health Benefits (Medical, Dental, Life and Disability, 403b and 401k, and Voluntary products)

Insurance Policy 




Important components:

- (First) Named Insured, Additional named insured, Additional Insured
- Declarations Page
- Insuring Agreement
- Definitions
- Exclusions
- Endorsements (Add to or changes coverage)


Key Definitions in a Policy 

- Definition of Wrongful Act
 - Includes any negligent act, E&O, misstatement, misleading statement etc...
- Definition of Who is an Insured (Broad better)
 - Board Members (Serving on our board or outside boards on behalf of our school)
 - School Directors, School Committee, Board of Governors
 - Employees
 - Student Teachers
 - School volunteers
 - Past, present or future EE's acting for the school
- Definition of Suit

Key Terminology 

- “Occurrence” vs. “claims-made” coverage
- Prior acts (nose) and extended reporting (tail) coverage
- Retroactive Dates
- Per Occurrence vs. Annual Aggregate limit
- Deductibles
 - Sometimes we forget about how important these can be! \$5,000 or \$50,000.....

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Types of Organizations 

- Start-ups or Charter Conversions
- Independent vs Dependent charter schools
- Blended Learning
- Homeschool - Personalized Learning Models
- Virtual charter schools
- Charter management organizations (CMOs) – not for profit 501c3
- Education management organizations (EMOs) – for profit
- Charter support organizations (CSOs)
- Multi-state networks

Separate Policies? 

Policy #1

- Charter Management Organization 501(c)3
- Board of Directors

Policy #2

- Public Charter Schools individually vs master program
- Board of Directors (one or multiple boards)

Policy #3

- Support organizations for fundraising, LLC's, Inc.'s, foundations holding title to property

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Structural Differences

- **Fully Insured Program:**
 - Full risk transfer with no self insurance or risk sharing

- **Self Insured Pooling:**
 - Sharing of risk with other members
 - Possible Assessment of additional premiums from past years

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Carrier Ratings

A.M. Best rated "A" or above
(Admitted vs Not admitted)

Insurer Ratings

- Two Main Insurer Rating Agencies
 - Standard & Poor's
 - A.M. Best

Best's Ratings		Standard and Poor's	
A++, A+	Superior	AAA	Extremely Strong
A, A-	<i>Excellent</i>	AA +/-	<i>Very Strong</i>
B++, B+	Very Good	A +/-	Strong
B, B-	Good	BBB +/-	Adequate
C++, C+	Fair	BB +/-	Less Vulnerable
C, C-	Marginal	B +/-	More Vulnerable
D	Below Minimum Standards	CCC +/-	Currently Vulnerable
E	Under State Supervision	CC +/-	Currently Highly Vulnerable
F	In Liquidation	R	Under Regulatory Supervision

+/- These signs following the letter rating indicate the relative position within the class
Italics represent minimum recommended.

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Best's Financial Size Category

- Reported Capital, Surplus and Conditional Reserve Funds (in Millions)
 - **FSC VII** \$50 to \$100 – Minimum rec.
 - **FSC VIII** 100 to 250
 - **FSC IX** 250 to 500
 - **FSC X** 500 to 750
 - **FSC XI** 750 to 1,000
 - **FSC XII** 1,000 to 1,250
 - **FSC XIII** 1,250 to 1,500
 - **FSC XIV** 1,500 to 2,000
 - **FSC XV** Greater than \$2,000

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Calculating Your Premium

- **Student Count**
Rates per student for liability
- **Payroll**
Rates per \$100 of payroll for workers compensation
- **Total Insured Values**
Rates per \$100 of TIV for property coverage
- **Employee Count**
Deductibles determined by # of employees
- **Loss Runs**
Carriers look at losses divided by premium for loss ratio's

Premium Comparison

Exposures and Premium Indications	Alliant Program 2015/2016	Current Program 2015/2016
Student Count		
Employee Count (FT and PT)		
Auto's, Buses, Vans		
Property Building Values		
Property Content Values		
Payroll (Annual)		
Package Premium Indication <small>Includes Property, Liability, Abuse & Molestation, Auto, Law Enforcement Liability, School Board E&O, Educators E&O, IEP protection, Employment Practices, Employee Benefit Liability, Crime, Fiduciary</small>		
Student Accident Premium Indication		
Cyber Liability Premium Indication		
Excess Liability Premium Indication		
TOTAL PACKAGE PREMIUM INDICATION		
TOTAL WC PREMIUM INDICATION - Guaranteed Cost <small>(Range based on no xmod and good loss ratio)</small>		

Contracts and Indemnification How Does it Work?

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- Insurance language **flows from** agreements made in indemnification
- Insurance is the "collateral" for the indemnification. Ensures that there are funds available to **back up most** of the indemnity provisions.
- Start with negotiating your Schools preferred indemnity language and then move on to the insurance to support the indemnity.

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Hold Harmless vs. Additional Insured

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The diagram illustrates the flow of coverage between two entities: 'Hold Harmless' and 'Insured Contract'. Two blue ovals represent these entities. Above them, two curved arrows point from the 'Insured Contract' oval to the 'Hold Harmless' oval, labeled 'Coverage flows from Indemnity'. Below them, a large curved arrow points from the 'Insured Contract' oval to the 'Hold Harmless' oval, labeled 'Coverage flows direct via Additional Insured Endorsement'. The 'Insured Contract' oval also has a small arrow pointing to the 'Hold Harmless' oval.

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Main Types of Indemnification

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1. Strict (or "Type I") Indemnification
 - Contractor indemnifies entity for all claims costs arising from project except entity's Sole Negligence or willful misconduct.
2. Intermediate Form (Construction Projects)
 - Contractor Indemnifies except for entity's active negligence or willful misconduct
3. Limited Form
 - Contractor indemnifies for contractor's negligence
 - Can be used for cross indemnity **comparative negligence**

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Sources of Knowledge



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Transfer Risk with Certificates

- Evaluate the risk
 - **Who** could be harmed? Visitors attracted?
 - **What** are the activities and maximum likely loss? Dangerous? Crowds? Alcohol?
 - **Where?** On vs. off School premises? Site control?
 - **When?** Night? During sporting events?
 - **How** likely would your School be a defendant if there is a loss?

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Verify Contractors Coverage?

- Who comes on the School campus?
 - Contractors, Painters, Plumbers, Electricians, HVAC, Roof, Maintenance, Custodians
- What is your threshold for obtaining certificates, vs. policies vs. endorsements?
- How do you determine the appropriate coverages and limits?
- How do you determine and respond to non-compliance?

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