



# Top 10... Mistakes Private Schools Make When Securing Insurance.

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# #10

## Spoilage is not covered under EBI

Equipment Break Down Insurance, is usually offered in levels of coverage. The cheapest coverage often excludes spoilage. Schools often have thousands of dollars worth of food in deep freezers. If the compressor fails losses can large.

Ensure your EBI coverage includes spoilage.

# #9

## Not removing the 90% Co insurance clause on property.

The declared value of property and contents on your insurance policy should not be subject to a co insurance clause. Ensure State Amounts.

- How does 90%co insurance work?
- You promise that the declared values are within 10% of actual value.
- Example:
  - Declared Value: \$10,000,000      Total loss in fire
  - Actual Value: -\$12,000,000      Based on replacement cost
  - % Difference: 20%
  - Total payable: \$8,000,000
  - Penalty against your claim, 20%

# #8

## Abuse Coverages: often structured incorrectly

1. Allegations of abuse typically arise out of the past which means its is very important to keep copies of past policies for up to 30yrs.
2. Ensure abuse limits are stand alone and not combined with CGL.
3. Basis of settlement can be either claims made basis or occurrence basis. Claims made basis opens new insurer options.
4. No Deductible is ideal; calling your insurer should be the first move as they have experience in handling early stages of an allegation that can help protect your schools good name.

# #7

## Afraid to use the Policies and the features offered

Most people are afraid to use their policies and do not understand the features offered that add value.

1. Making a claim does not mean your premiums will shoot up.
2. Many policies include consultants as a free service to help offset potential claims. Free legal advice, Employment practices advice, etc.

Make sure your Broker explains these features, then use them!

# #6

## Remain unaware of Exclusions

Insurance policies are only as good as the exclusions. Many make the mistake of assuming they have full coverage.

Solution: Read the exclusions section of each policy and require your broker confirm you are properly covered in writing.

# #5

## Cyber Crime and Privacy Coverage is not secured.

- Privacy Laws Developing
- Currently in the Courts
- Types of Risks
- Identify and Manage Risks
- Basic Loss Control Techniques
- Cyber Risk Coverage offers more

# #4

## Insuring every structure and all contents.

Many Schools have out buildings that sit unused or are used but only because they still exist and would never be rebuild. Insuring these buildings is a waste of money, . Some camps also choose to leave uninsured, structures like wood sheds or lean-to's

Solution: Create a detailed list of all structures and decide which ones should be left uninsured. Save some money.

# #3

## Omit or Under insure Directors & Officers

Directors & Officers Liability coverage is purchased to protect the personal assets of the Directors and provide coverage for Employment Practices Liability. Without this coverage, directors leave their personal assets exposed along with the defence cost of being named in a suit. We want great people on our boards, ensuring they are properly covered is a must!

Ensure D&O coverage includes defense cost and employment practices. Set limits at a minimum of \$2,000,000.

Note: Separate limits from Educators E&O.

# #2

## Undervaluing building

Schools have detailed property schedules, that include type of construction, year built, square footage, contents values and building values (Usually AVC for book keeping purposes) . 99% of the time, buildings are under valued! The actual cash value of a building is not relevant when it comes insurance. The key value is the rebuild cost for a like or similar building. Even without a co-insurance penalty, if the schedule submitted to the insurer says the dinning hall is worth \$1.9, but the rebuild cost is \$2.4, you are on the hook for \$500k short fall.

Solution: Ensure your insured building are valued at current rebuild rates.  
Not ACV!

# #1

## Buying the cheapest Insurance quote.

Money is tight and value is essential. Often money will trump value and the price when a claim occurs is much higher than the savings. Your broker should not promise you the cheapest coverage, they should promise you simple, effective and economical insurance solutions that work and cover your actual needs. Insurance often seems like a necessary evil, or an undesirable commodity that you have to purchase, which may or may not work when you need it. Insurance policies are not created equal, as each insurer designs their policies to maximize the loss controls based on the target risks they are seeking. Having a knowledgeable broker that understands complex risks and specifically educational exposures is essential. Claims move smoothly when you have the right coverages, endorsements and exclusions

The test is simple. Does your broker promise the cheapest rates? If so, be warned.

# Claims

# 3 ways to Isolate the Effects of Claims

## Tools, Plans, Policies

- Risk Awareness and Assessment
- Continuity Planning and Plans
- Structuring Policies to Isolate Effects

Keep your Insurance policies forever!!!.

