



## Score an A+ with Your Educational Entity Clients: Public Entity Trends and Strategies for Renewal

Leverage the following insights to keep a pulse on industry trends and to guide conversations with your education accounts.

### CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to Amwins Specialty Casualty Solutions or your local Amwins broker.

### LEGAL DISCLAIMER

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*Courtesy of Amwins Group, Inc.*



## Trends shaping the educational entity market



### Increase of nuclear verdicts

According to an analysis by Marathon Strategies, the medium nuclear verdict rose to \$44 million in 2023, showcasing the devastating impact high-stakes claims can have on insurance companies and their clients. Several factors can contribute to the growth of nuclear

verdicts, such as corporate mistrust, social pessimism, erosion of tort reform, and public desensitization of large numbers. The growing prevalence of nuclear verdicts is not only escalating the cost of claims but also contributing to rate increases across the board.



### Property and casualty market trends

The property market is beginning to show signs of improvement. The pace of rate increases is anticipated to slow down for most insureds, including public entities. In addition, more capacity is available, and CAT deductibles are more manageable and budget-feasible through deductible-buyback programs.

Although 2024 seems more favorable than 2023, insureds will need to differentiate themselves to secure the best available market terms. Retail agents should instruct their clients to provide updated property appraisals. If a property appraisal hasn't been completed in the last two years or more, the client can apply an inflation factor through replacement cost valuation resources such as Marshall & Swift to help establish an

accurate insured value. Additionally, if the client has had a large loss, the client must indicate what corrective measures have been implemented to prevent recurrence.

On the casualty side, the frequency and severity of active-shooter claims have intensified. These claims involve multiple claimants and affect various lines of coverage, including liability (for student injury or death), workers' compensation (for employee injury or death), and property damage. Retail partners can support their clients by educating them about securing a crisis-management policy, implementing best practices for campus-access control, and collaborating with local law enforcement.







## Trends shaping the educational entity market *(continued)*



### Cyber liability claims on the rise

In recent years, cyberattacks have become a growing threat to school districts. Cybercriminals often target schools due to their insufficient cybersecurity infrastructure. Most schools lack the staff to manage Internet safety risks associated with educational technology, putting students at risk. Faculty and staff are vulnerable to phishing, ransomware and extortion, among other threats. An analysis by cybersecurity firm Emsisoft estimated that 108 school districts in the U.S. were victims of a cyberattack in 2023. Dealing with a cyberattack can be an unexpected financial burden for schools. Due to this, public entities such as schools, colleges and universities are scrambling to secure cyber coverage. However, with numerous carriers exiting the space due to escalating cyber liability claims, public

entities lacking cyber safeguards will struggle to find proper coverage in the current market. Those who have spent the past year improving their cyber hygiene and security typically will be rewarded with smaller renewal rate increases and improved coverage enhancements, such as higher sublimits for key coverages.

To help clients secure more competitive quotes, retail brokers should educate them about the importance of vetting and securing service vendors with domain admin authority. Service or third-party vendors who are not actively protecting their networks and data might become the weak links in a client's cyber security protocols and generate a loss for the client.



**Given today's educational entity market dynamics, retailers must start early and provide a complete submission, including loss runs, risk-management efforts, and actuarial reports and appraisals (if applicable).**

## Types of claims generating the largest losses

According to the 2024 United Educators (UE) Large Loss Report\*, the number of publicly reported losses of at least \$1 million in damage awards and settlements from K-12 schools, colleges and universities came from the following top categories in 2023:

- Sexual misconduct
- Accidents and crimes resulting in death
- Discrimination

\*The Large Loss Report 2024 summarizes 71 publicly reported major damage awards and settlements of at least \$1 million that affected K-12 schools, colleges and universities in 2023

A black and white photograph of two women walking and laughing together. The woman on the left has short, light-colored hair and is wearing glasses and a polka-dot patterned top. The woman on the right has long, dark, curly hair and is wearing a light-colored button-down shirt and dark pants. They are walking on a paved surface, possibly a sidewalk, with a blurred background of trees and buildings.

## Questions to ask new board of education members and district decision-makers

Given the evolving nature of school-district leadership, new members often face a learning curve in understanding the district's history of losses, risk-management practices, and different types of insurance structures and their implications on budgeting and out-of-pocket costs. Initiate a conversation with your clients and ask them the following questions to help them make informed decisions when choosing their liability coverage:

- What are their exposures?
- What is their budget?
- What is their risk tolerance? Do they want to undertake more or less exposure?
  - Are they more comfortable with a self-insured retention (SIR) or first-dollar workers' compensation program? Do they understand the difference?
- What loss control/risk prevention measures have they implemented?
- How often does the board of directors/educators meet to revise and plan implementation for training programs, such as but not limited to, governance training, pool management and risk management?
- How involved is the board of directors/educators in understanding the legal implications of their decision-making? Do they understand their own governing documents? How often does the board undergo training?

**Finding the right coverage for school districts can be challenging. The experts at Amwins Specialty Casualty Solutions can help you make the grade with your clients.**

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