

How to Reduce your General Liability Premium

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Student injuries can be a major cause of higher insurance costs and poor relations with parents and the local medical community. Obviously, increased insurance costs have a direct impact on operations. However, the indirect impact of poor relations with parents and local medical providers can ultimately be just as costly. In this article, I review the costs of student injuries and then discuss the potential benefits of Student Accident insurance. Among the positive benefits, I explore the impact on General Liability (GL) pricing and how you can market the Student Accident to your GL insurer to get the best pricing on your liability coverage.

Student Injury Costs:

- Unplanned out-of-pocket costs to school for medical expenses.
- Increased administrative burden on school to file and settle a claim.
- Unexpected expenses for parents.
- Disenchanted parents due to unexpected expense and schools handling of situation.
- Parents may have to bring suit against the school (and/or the school board) in order to pursue indemnification.
- Student injury disrupts regular school agenda.
- Discussions with parents and providers are adversarial unless you pay the claim.
- Student withdraws due to unplanned medical expenses.
- School loses the tuition revenue from withdrawn student.
- Parents send brothers and sisters elsewhere due to this experience...and so on.
- Medical providers call the school looking for payment of medical bills.
- Fundraising from alumni, parents and local community potentially suffers.
- Potentially increase Property and Casualty premiums.

Exaggeration? Not really! This is the real, long-term potential of a student injury risk management strategy that does not fully integrate loss control, General Liability and Student Accident insurance coverages. Appropriately, private schools are increasingly looking at the lifetime value of each student and parent as a customer or client. A big picture, long-term view of student injury potential is necessary to maximize this value. With the costs above in mind, consider what a Student Accident policy is designed to do.

Student Accident Benefits:

- Pays actual expenses incurred.
- Pays regardless of fault.
- Can buy limits that should accommodate almost any situation (up to \$5 million).
- Provides financial assistance to parents and students.
- Coordinates with other insurance and cover deductibles, co-pays and coinsurance.
- Claim process is simple and claims are paid promptly.
- Insurance Company handles the entire claims process...start to finish.
- Provides a superior level of claims and customer service to parents.
- Generates good will for your institution by avoiding adversarial role in the process.
- Peace of mind knowing financial obligations will be met in the event of an accident.
- Reasonable rates of as little as a quarter a week.
- Able to offer a comprehensive program without the costs to implement the plan (Premiums are paid for by parents simply as part of tuition or as a line item on school registration fees).
- Assured of better student retention figures and protection from attrition.
- Guarantees equal access to medical care for all students.
- Relieved by reduced litigation for on-campus accidents, or accidents, occurring during school activities.
- Lowers the number of claims submitted to your GL policy.
- Lowers your overall insurance rates.

So, as you can see, the costs of student injuries are great and have far reaching implications. The benefits of the Student Accident Policy are intended to address each and every one of the costs. Regardless, the bottom line for many institutions is justifying the direct costs associated with implementing a Student Accident Policy. This can be easily done!

First of all, student injury claims are much less costly under a Student Accident Policy. This is true because:

- The GL policy spends considerable claims dollars on independent adjusters and attorneys hired to conduct investigations designed to establish fault and your defense. These efforts and expenses are unnecessary on most student injury claims.
- The Student Accident Policy covers usual, customary and reasonable expenses according to industry standards while the GL is obligated to pay actual expenses.
- The Student Accident Policy coordinates with other insurance a parent might have whereas the GL must pay all expenses as primary.



- Typically, the Student Accident insurer will have access to substantial medical provider discounts through national PPOs while the GL carrier won't.

Another way to justify the implementation of a Student Accident Policy is by getting your GL carrier to pay for part of it. A comprehensive and integrated risk management and loss control program will generally make a school eligible for premium discounts on basic general liability policies. In addition, most property and casualty insurance carriers reward institutions that have Student Accident coverage because they know the number of claims reported on the general liability policy will be reduced. So, when marketing your GL coverage, make certain to include the following information, as it will help reduce liability premiums:

- Names of staff members responsible for student safety.
- Specific loss control programs implemented to reduce student injuries.
- Copy of your Student Accident Policy or Certificate showing carrier and limits.
- Premium and Loss Information from the Student Accident Policy.
- Communicate that coverage is compulsory and covers all school activities, including those off premises.
- If athletics are covered, make special note of that as well as available limits.
- Outline student injury reporting procedures including student accident claims filing and claims turnaround time.
- Provide samples of student accident reporting ability and follow up to monitor performance of plan.

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Providing this information should result in a 5%-15% reduction in GL premiums that, combined with the other direct and indirect savings, should justify the implementation of a Student Accident Policy. I urge you to consider the big picture when examining your school's situation and deciding whether Student Accident Insurance is a good strategy for you.