



COMMERCIAL INSURANCE

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RISK MANAGEMENT

SURETY

RISK IN FOCUS

EDUCATION

Minimizing Risks in
Private K-12 Schools and Colleges

BACKGROUND

Leaders of private K-12 schools and colleges utilize a variety of risk management strategies to protect their institutions and the millions of students entrusted to them. Ten percent of K-12 students attend private schools¹ and just over 25% of college students are in private institutions.² These schools face many of the same risks as their public counterparts as well as some unique ones. Like numerous other sectors, private schools in the U.S. are currently grappling with various societal challenges. These challenges include resource and labor shortages and threats of violence.

In this paper, we'll explore three significant risks currently facing K-12 and higher-ed institutions. We'll also suggest some steps and best practices they can consider in order to preserve a nurturing environment conducive to learning and growing.

The risks and challenges discussed are:

- + Property undervaluation
- + Active assailant situations
- + Declining enrollment
- + Mental Health of Students
- + Budgetary impacts due to inflation and hardened market conditions

Insurance-based risk transfer strategies in some of these areas are just one set of tools at their disposal.



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PROPERTY UNDERVALUATION

Since mid-2022, insurance carriers and insureds have been pressured by undervaluation of property and assets, creating challenges for both. In most cases, this underreporting by private schools is inadvertent, as valuations haven't kept pace with the rising cost of construction and replacement fixtures.

Many leaders and administrators of independent private schools are unaware of the increasing risk exposure caused by the growing gap between their valuation estimates and actual replacement costs. If they suffer a loss, they may realize too late that their internal risk control measures were based on outdated financial data.

Insurers are increasingly viewing an insured's valuation estimates as suspect, insisting on more thorough and frequent appraisals with indexed adjustments applied in the meantime. But appraisals can be extremely costly and many indexing tools, even while they're likely to push valuations toward more accurate levels, can be inappropriate for private K-12 schools and colleges or are based on faulty baseline levels.



It's more important than ever that school administrators work with their brokerage and risk management teams to determine and utilize the replacement cost valuation methodologies insurers prefer.

CAT exposures are impacting the limits available in today's market.

- + Wildfire scenarios in California where schools have to self-insure for significant amounts. In some cases, carriers might reduce coverage limits or increase premiums for properties located in high-risk areas. This could include schools in regions prone to wildfires, such as areas near forests or brushlands, or schools situated in earthquake-prone zones.
- + The specific impact on insurance limits for schools in California will depend on various factors, including the school's location, proximity to high-risk areas, building construction, and the insurer's risk assessment.

It's important for schools to work closely with insurance brokers or agents who specialize in the education sector to understand the impact of natural catastrophes on their insurance limits and ensure they have appropriate coverage in place.

Schools should also implement risk mitigation strategies, such as disaster preparedness plans and building resilience measures, to minimize potential damages and demonstrate their commitment to risk reduction to insurers.

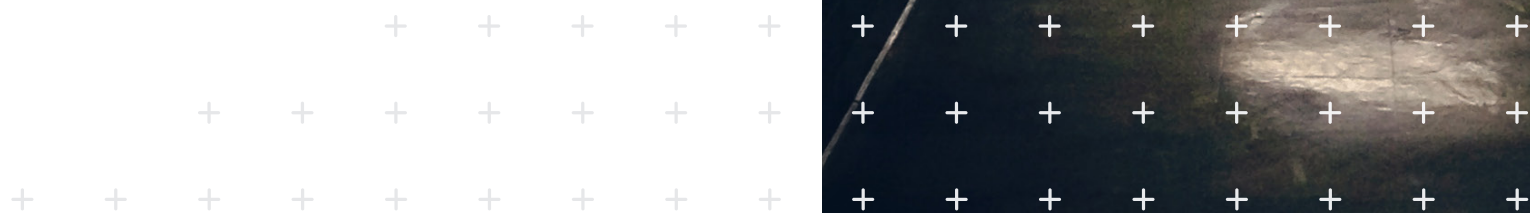



ACTIVE ASSAILANT SITUATIONS

The March 27, 2023, attack on students and faculty of Covenant Christian School in Nashville killed three young students and three administrators. No doubt, every private school administrator in the country put themselves in the shoes of Covenant School's leadership team that day and could relate more than most of us to the horror and shock the students, faculty and leaders were experiencing.

Schools and local police forces are learning from the recent school attacks in Nashville, Denver, Uvalde, Michigan State University and too many others. These lessons have been learned at a terribly high cost.

One of the many takeaways is the importance of having the right policies and procedures in place to prevent illicit access. The second related lesson is to avoid complacency around those policies and procedures. Faculty and administrators should be expected to internalize a heightened level of awareness. As a matter of habit, they should check exterior doors, observe items on hand that can be used to barricade a classroom doorway, know the location of the nearest safe secure room and much more.





Local governments are more likely to assign school resource officers (SROs) to public K-12 schools than to their private school counterparts. Private schools may consider retaining security agencies for this purpose. The National Association of School Resource Officers offers training to prepare security professionals to work in this unique environment, with instruction not only related to dealing with catastrophic events but for interacting day-to-day with students, including students with special needs.³

As was evident in the recent incident at East High School in Denver, assigning untrained faculty members to carry out certain police-like duties, such as searching a student for weapons, can have disastrous results.⁴

Active assailant risk management can also include maintaining Active Shooter Insurance coverage for bodily injury and property damage. A Liability Insurance policy can address accusations of school negligence in these scenarios.

K-12 and college clients can contact their representative to be connected with companies that provide security assessments.

DECLINING ENROLLMENT

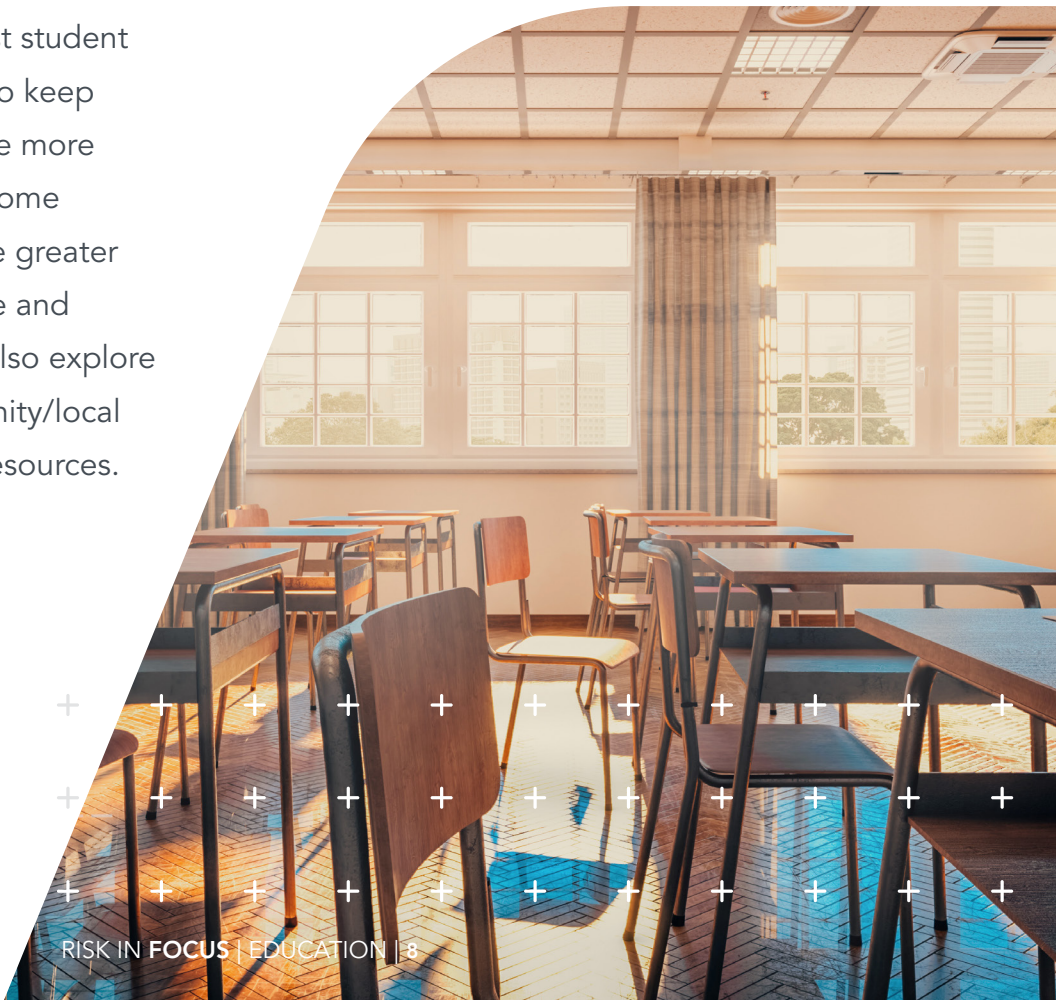
Private education institutions, whether K-12 or post-secondary schools, generally have a more challenging financial situation than public schools in that they rely on grants and tuition for funding rather than taxpayer support. Enrollment levels are critical to maintaining a solid financial base.

Private K-12 schools saw a boost in enrollment during the pandemic. Fortunately, a subsequent decline in the post-pandemic era isn't expected.⁵ Regardless, student recruitment should remain a top priority for private schools. Small declines can turn into trends that can send the school down a slippery slope toward closure.

Strategies for maintaining a robust student population should include steps to keep tuition low, making the experience more affordable to low- and middle-income families.⁶ Schools can try to create greater efficiencies through administrative and education technology. They can also explore opportunities to develop community/local business partnerships to garner resources.

Administrators will want to examine their school's brand. Does the community consider it to be elitist or uni-demographic? If that's the case, the school could develop outreach programs and community campaigns to counter that stereotype.

Cooperation between complementary private schools is also an option, with combined sports teams and clubs, for example, and joint purchasing arrangements. In other cases, private high schools can partner with local private colleges to expand their course offerings and access to education resources.



The mental health of students can be affected by a variety of factors, and there are a number of risks associated with poor mental health.

Some of the most common risks include:

1. ACADEMIC PRESSURE

High academic expectations and pressure to perform well in school can lead to stress, anxiety and depression in students. The pressure to achieve high grades, attend prestigious universities, and excel in extracurricular activities can be overwhelming, especially for students who feel they have limited support or resources.

2. SOCIAL ISOLATION

Many students struggle to make friends and connect with others, which can lead to feelings of loneliness and isolation. This can be particularly challenging for students who are new to a school or community, or who have social anxiety.

3. FINANCIAL STRESS

The high cost of tuition, textbooks and living expenses can place a significant financial burden on students and their families. Financial stress can lead to anxiety, depression and other mental health issues, particularly if students feel they have limited options for financial assistance or support.

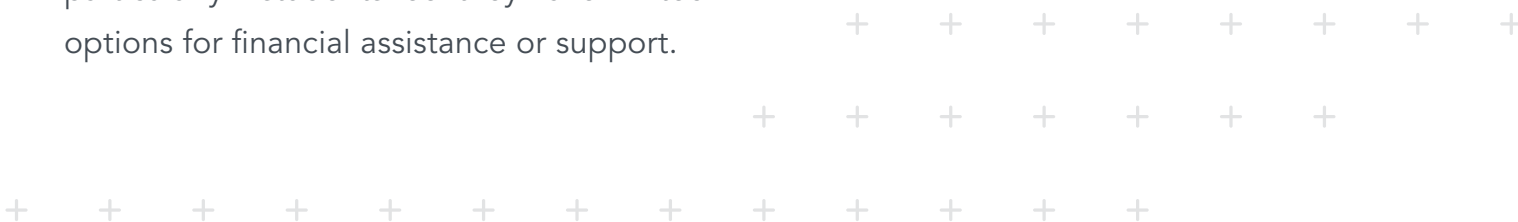
4. RELATIONSHIP ISSUES

Conflicts with friends, family or romantic partners can cause significant stress and anxiety for students. Relationship issues can also lead to feelings of loneliness and isolation, particularly if students feel they have no one to turn to for support.

5. SUBSTANCE USE

Substance use, including alcohol and drug use, is a common coping mechanism for students who are struggling with mental health issues. Substance use can exacerbate mental health problems and lead to addiction, which can have long-term negative consequences.

Overall, poor mental health can have significant negative consequences for students, including decreased academic performance, social isolation and an increased risk of self-harm or suicide. It is important for students to seek help if they are struggling with mental health issues, and for schools to provide resources and support to promote mental wellness.



There are several ways that schools can help support mental health issues in students:

1. PROVIDE RESOURCES

Schools can provide students with access to mental health resources such as counselors, therapists and support groups. This can help students who are struggling with mental health issues to get the help they need.

2. EDUCATE STUDENTS

Schools can educate students about mental health and how to recognize the signs and symptoms of common mental health issues. This can help reduce the stigma surrounding mental health and encourage students to seek help if they need it.

3. CREATE A POSITIVE SCHOOL CULTURE

Schools can create a positive school culture by promoting inclusivity, kindness and empathy. This can help students feel supported and connected to their school community, which can have a positive impact on their mental health.

4. IMPLEMENT WELLNESS PROGRAMS

Schools can implement wellness programs that promote healthy habits such as exercise, healthy eating and stress reduction techniques. These programs can help students manage stress and improve their overall mental health.

5. PROVIDE ACCOMMODATIONS

Schools can provide accommodations for students with mental health issues such as extra time on exams or assignments, or a quiet space to study. These accommodations can help reduce stress and anxiety for students who are struggling with mental health issues.

6. WORK WITH PARENTS AND CAREGIVERS

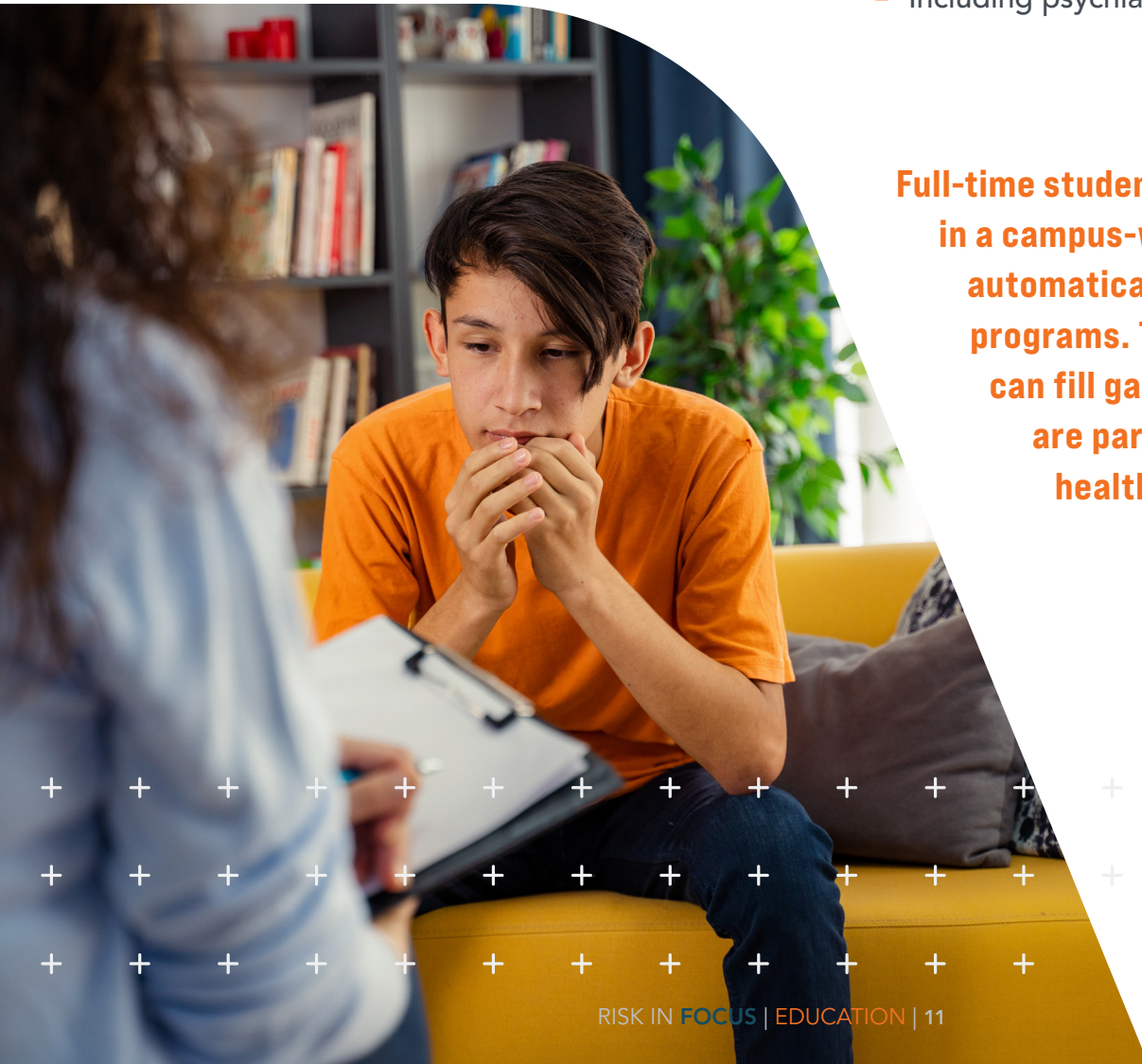
Schools can work with parents and caregivers to ensure that students receive the support they need both at school and at home. This can include sharing information about mental health resources and working together to develop strategies to support students who are struggling with mental health issues.

By taking these steps, schools can help support the mental health of their students and create a safe and supportive learning environment for all students.

Carriers are recognizing the mental health needs of students and addressing through a variety of value-added services. Some of which include:

- + Providing webinars and podcasts to improve institutions policies and procedures around mental health
- + Carriers can help provide checklists around policies for mental health
- + Student assistant programs
 - 24/7 in the moment support
 - Answers with financial questions
 - To work something out in meditation
- + Established vendors relationships to offer behavioral telehealth
- + Digital programs
 - Structured digital self-help resources
 - 24/7 crisis support
 - 24/7 unlimited support
- + Remote licensed care
 - Virtual medical
 - Virtual behavioral
 - Including psychiatry

Full-time students that are enrolled in a campus-wide health plan are automatically enrolled in these programs. Third-party vendors can fill gaps for students who are part-time, on their own healthcare plans or those who do not enroll.





MORE THAN JUST INSURANCE

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SOURCES

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² <https://www.statista.com/statistics/183995/us-college-enrollment-and-projections-in-public-and-private-institutions/>

³ <https://www.nasro.org/training/training-courses/>

⁴ <https://www.npr.org/2023/03/23/1165575298/denver-east-high-school-shooting-suspect>

⁵ <https://www.thewellnews.com/education/private-school-enrollment-rising-in-america-since-onset-of-pandemic/>

⁶ <https://www.forbes.com/sites/mikemcshane/2019/08/13/the-future-of-private-schools/?sh=765713dc629c>

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