

# RISK IN FOCUS



## EDUCATION

Sexual Abuse and Molestation Risk Management Strategies

# Introduction

In public and private K-12 schools and districts, sexual assault, molestation, and abuse continue to be a top concern, not only for the safety of students and reputation of staff and school, but financial well-being as well. In recent years, finding sufficient sexual abuse and molestation (SAM) coverage has become a struggle for institutions, as reported incidents have grown exponentially and associated costs have skyrocketed. With institutions facing increasing rates for general liability coverage, they are also likely to find carriers lowering limits on available SAM coverages.

While premiums already cost many schools well over a hundred of thousand dollars a year, institutions may consider forging supplemental or umbrella coverage or opting for lesser coverage. Yet, the costs associated with sexual abuse and molestation (SAM) verdicts and settlement continue to rise, many passing the \$1 million threshold.<sup>1</sup> Schools cannot opt for less coverage, the financial risk is too great.

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## Increasing Incidents, Rising Costs, Greater Burdens

Reported incidents of sexual assault, abuse, and molestation in K-12 schools grew 15x between 2009 and 2019, according to the Office of Civil Rights.<sup>2</sup> With this alarming increase in incidents, the U.S. Department of Education updated Title IX to include a framework for how schools should respond to reports of assault and harassment, yet, many schools and districts have yet to implement many of these guidelines.<sup>3</sup>

The increase in SAM incidents parallels the increase in costs per incident. Verdicts and settlements costing millions of dollars are now common.<sup>4</sup> Depending on coverage and resources, one nuclear verdict could shutter an institution.

Even a false accusation can have significant costs. In most states, an incident necessitates an investigation, which can be complex and costly to undertake.

It is not only SAM allegations reported during a current school year that can affect an institution. Schools are being hit with towering verdicts due to incidents from decades ago. In 2023, a California jury awarded two former students \$135 million for sexual molestation by a teacher that occurred in the 1990s.<sup>5</sup> The district was found 90% responsible and ordered to pay \$121 million in damages.

Incorporating risk management strategies and then following procedural and reporting obligations, institutions can demonstrate to carriers they meet requirements for coverage while also helping indemnify the institution against suits and allegations in the future.



## Focus on a Risk Management Strategy

With the forecasted limit in supplemental coverage, like SAM, institutions should expect carriers to focus on policies and procedures that require documented implementation of a SAM prevention plan.

### **Underwriters will demand elements in abuse prevention plans, including, but not limited to:**

- + Statements that confirm the institution's commitment to providing a safe environment and declare zero tolerance for abuse, harassment, or neglect.
- + Regularly scheduled abuse prevention training that is provided to all staff members and volunteers.
- + Operational procedures clearly outlined in a written manual with guidelines for preventing abuse and harassment.
- + Procedures that ensure that any incidents of abuse will be properly reported to the relevant authorities.
- + Due diligence in hiring both staff and volunteers with extensive background checks during the hiring process.

Institutions need to be prepared if an incident occurs, or allegations are filed.

### **Steps taken before and during an incident include:**

- + Be proactive in keeping past records and making sure they are accessible.
- + Take steps to locate and digitize insurance policies as far back as possible. If you are not able to locate the full policies, try to locate at least the insurance carrier name and policy number. Should a claim arise, forensic insurance firms may be able to help locate or identify these gaps.
- + Create a safe and supportive environment focusing on open communication, and consider student support services and a confidential reporting mechanism.
- + Talk with your carrier to understand the information that should be gathered in case of a reported incident.
- + Have a crisis management plan in place that includes communications, staff responsibilities, and strategic partner information.

Incorporating risk management strategies and then following procedural and reporting obligations, institutions can demonstrate to carriers that they meet requirements for coverage while also helping indemnify the institution against suits and allegations in the future.

What may feel like excessive management is really mitigation strategy that helps ensure everyone in the institution is safe and protected.



## RISK IN FOCUS

### A Final Word

Consulting with an insurance broker is an excellent opportunity for schools to work with a risk management expert. Brokers can assist schools in conducting comprehensive risk assessments, helping to identify and address potential vulnerabilities and areas of concern. They can provide training and resources such as workshops, seminars, and online courses to policy templates, reporting tools.



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## KEEP READING

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### SOURCES

<sup>1</sup> Peetz, Caitlynn. (2023, February 7). More Districts Are Paying Big to Resolve Sexual Misconduct Claims. Education Week. <https://www.edweek.org/leadership/more-districts-are-paying-big-to-resolve-sexual-misconduct-claims/2023/02>

<sup>2</sup> Office for Civil Rights. (2022, December). Errata Sheet Explainer for 2017-18 Civil Rights Data Collection Sexual Violence in K-12 Schools Issue Brief. U.S. Department of Education. <https://www.ed.gov/sites/ed/files/about/offices/list/ocr/docs/sexual-violence.pdf>

<sup>3</sup> Kingkade, Tyler. (2020, May 25). K-12 schools keep mishandling sexual assault complaints. Will new Title IX regulations help? NBC News. <https://www.nbcnews.com/news/us-news/k-12-schools-keep-mishandling-sexual-assault-complaints-will-new-n1212156>

<sup>4</sup> Laman, Allen. (2024, June 3). Get an Education on School Liability and Property Risks. Insurance Insights. <https://www.insurancejournal.com/magazines/mag-features/2024/06/03/777417.htm>

<sup>5</sup> Karr, et al. (2024). Education: Insurance Pricing and Market Update – Q4 2024. IMA Financial Group. <https://imacorp.com/insights/education-markets-in-focus-q4-2024#87f3a2b3-fa46-4c2d-bdda-ff406a08533d>

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