

# RISK IN FOCUS



## EDUCATION

The Impacts of California's Sexual Assault Legislation

# Introduction

In recent years, 19 states have passed legislation that expands and strengthens child sexual abuse victims' legal rights. Of these states, California has been one of the most proactive, passing legislation that provides relief for longtime victims and requires stricter prevention requirements. Yet, these laws have also created serious financial pressures on all K-12 institutions in the state, public and private, as well as local governments.

By reopening the window for decades-old sexual assault claims, California's Survivors Act, and related legislation, has led to a sharp increase in lawsuits and jury awards. The result has been billions of dollars in settlements, rising legal costs, and steep insurance premium increases.

In the short-term, costs are now affecting day-to-day operations. Institutions report unfilled teaching positions, delayed building projects, and cuts to public services. Even educational institutions that have not been sued are feeling the impact through higher insurance costs and reduced coverage options.

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## Legal and Regulatory Changes

California expanded the statute of limitations for sexual assault claims through several laws, including AB 218 and AB 2777. These laws allow claims that were once time-barred to move forward, including cases going back decades. Last October, lawmakers passed SB 848, the Child Abuse Prevention Act, to expand and align safety measures across all K-12 institutions.

AB 218 raised the age limit for filing childhood sexual assault claims against educational institutions and opened a multi-year “lookback” period.<sup>1</sup> AB 2777 and related laws further expanded liability by allowing claims tied to alleged cover-ups. While AB 250 extends similar rights for private entities, educational institutions continue to face significant exposure from earlier legislation. Together, these changes have greatly increased the number of claims brought against educational institutions.

Meanwhile, SB848 expands requirements for schools to train teachers, coaches, and other school staff on how to prevent and report sexual misconduct; broadens the number of staff who are required to report abuse allegations; and requires schools to write comprehensive policies on appropriate behavior.<sup>2</sup> It also requires the creation of a database of teachers, staff, and volunteers facing credible accusations of abuse from quitting from one school and jumping to another school.



## Insurance Market Pressure

The surge in claims has strained the insurance market. Premiums have risen sharply, with some educational institutions reporting annual increases of more than \$1 million.<sup>3</sup> At the same time, several insurers have reduced their presence in California or exited the market altogether, leaving fewer coverage options.

Most educational institutions rely on insurance pools rather than traditional private insurance. In these pools, large settlements by one member can raise costs for all participants. When coverage is limited or unavailable, schools and other educational organizations may have to pay settlements and defense costs directly from operating budgets.<sup>4</sup>

## Challenges with Older Claims

Many claims involve incidents alleged to have occurred decades ago. This creates major challenges for educational institutions trying to investigate or defend them. Records may be missing or incomplete, witnesses may no longer be available, and memories may have faded.

In some cases, educational institutions cannot identify which insurance carrier provided coverage at the time of the alleged incident, or the carrier no longer exists. Faced with these challenges – and the reputational risk of litigation – many educational institutions choose to settle claims rather than contest them, adding to overall costs.

## Policy-Level Considerations

Some educational institutions are urging state lawmakers to consider limits on compensation for older claims. Currently, there are no limits, which increases uncertainty and financial risk. While no changes have been enacted, this discussion highlights growing concern among educational institutions.

## Prevention and Protection

SB 848 is designed to protect students by preventing sexual abuse and misconduct through proactive measures. The law ensures that individuals with credible accusations of abuse cannot move between schools undetected. It also provides legal protection for schools and educational institutions by requiring compliance with reporting and training standards, reducing liability risks. Compliance involves adopting policies, training staff, and updating hiring practices for implementation within a two-year timeline:

- + July 1, 2026: Schools must adopt written policies on professional boundaries and child safety, provide annual abuse prevention training, and designate more personnel as mandated reporters.
- + July 1, 2027: Schools must update hiring procedures to include expanded background checks, disclosure of substantiated misconduct, and participation in a statewide database tracking egregious misconduct.

## Organizational Best Practices

Educational institutions and other organizations exposed to Survivors Act claims can take steps to reduce risk:<sup>5</sup>

- + **Review internal policies and records:** Institutions should examine past and current policies related to supervision, reporting, and incident response.
- + **Preserve documentation:** Collect and safeguard all available records, communications, and other evidence that may relate to potential claims.
- + **Evaluate insurance coverage:** Review all relevant policies – including general liability, employment practices, and D&O coverage – to understand notice requirements, retentions, and coverage limits.
- + **Engage legal counsel early:** Early legal involvement can help coordinate investigations, preserve evidence, and manage insurance issues.
- + **Invest early to reduce future costs:** Spending time and resources now on review and preparation may help avoid much higher costs later.



## Coverage Lessons from New York

A New York state court decision offers an important reminder about insurance policy language. The court ruled that a self-insured retention could not be used to reduce the coverage amount of the policy in a Survivors Act-related claim.<sup>6</sup> This case highlights how small wording differences can have major financial consequences.

Organizations should carefully review policy terms to understand how retentions, deductibles, and limits apply – especially when facing complex, long-tail claims.



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<sup>2</sup> Jones, Carolyn. (2025, October 8). *Newsom signs bill to prevent sex abuse in schools*. CalMatters. <https://calmatters.org/education/k-12-education/2025/10/school-sex-abuse-california/#:~:text=The%20law%20goes%20into%20effect,comprehensive%20policies%20on%20appropriate%20behavior>.

<sup>3</sup> Jones, Carolyn. (2026, February 17). *California schools face a new budget hit: Soaring insurance costs after sex abuse lawsuits*. CalMatters. <https://calmatters.org/education/2026/02/sex-abuse-california-2/>

<sup>4</sup> Jones. (2026)

<sup>5</sup> Simon, Hilary. (2022, November 23). *Best practices for mitigating risk under New York's Adult Survivors Act claims*. Kennedys. <https://www.kennedyslaw.com/en/thought-leadership/article/best-practices-for-mitigating-risk-under-new-york-s-adult-survivors-act-claims/>

<sup>6</sup> Bracken II, Lawrence J., and Koelz, Andrew S. (2025, October 30). *New York State Court Holds that Policy Limits Not Reduced by Self-Insured Retention*. Hunton. <https://www.hunton.com/hunton-insurance-recovery-blog/new-york-state-court-holds-that-policy-limits-not-reduced-by-self-insured-retention>

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