

Maine School Insurance Advice

2009 Edition

Consolidation Means Changes to Your Insurance Program

Combining school districts and departments means changes to your insurance program. It's more than just bringing two or three (or four) district insurance programs together. I suggest that you bid your insurance to be sure you are getting the best deal. Allowing insurers to compete for the new, larger districts is the only way to assure that you are getting the best coverage at the best price with the best service.

Further thoughts on consolidation...

-School Board Liability Insurance - How will past school board members be protected for past decisions? Will the new policy provide prior acts coverage or do you need to buy extended reporting endorsements?

-Insurers will be swamped with school submissions this Spring. Having your bid packet in perfect order will mean that you get the most attention from your underwriter.

-If your districts are using different agents, how will you decide which to use in your proposals? Each will want to be appointed as your agent of record. Be ready to go through an agent selection process to identify the best agent for the consolidated district.

New Insurers Enter the School Market

It's too early to know what the insurance marketplace holds for this coming July. We do know that two more insurers are coming on the scene – Hanover and Peerless. Both of these insurers have deep ties to Maine and have the tools to compete successfully in the school market. They join MSMA, Massamont, Travelers, and Hartford in the competition for school insurance.

How to Successfully Bid Your School's Insurance Program

You may have seen a similar article from me last year. I have updated it for the coming consolidations.

One - Start Early

If your insurance program expires in July, you should start the bid process no later than March. Four months is the optimum time to run a thorough bid program without rushing. Adjust the following for your expiration dates:

Select Prospective Agents – Select 4 or 5 agents for the agent selection process.	January 15
Send Out Agent Questionnaire – The selected agents complete a questionnaire that provides insight into their experience and expertise.	January 20
Questionnaire Due From Agents	February 5
Interview the Top Two Agents	February 14
Select The Best of the Two and Notify Them	March 1
Send Bid Specifications to Participating Agent and MSMA	March 15
Bids Due From Participants	May 20
Agent Selection & Start of Agent's Work to Assume Your Account	June 15
New Insurance Program Start Date	July 1

I suggest a process that involves two competitors: Maine School Management Association and an insurance agent representing multiple, appropriate insurers. The chart above anticipates a process of selecting a broad pool of agents then narrowing that pool down to the best agent for your schools. The agent you ultimately select should have access to the broad marketplace. He or she will approach multiple insurers to compete with the MSMA property and casualty insurance program.

Two - Select the Right Agent

Finding the right agent is the key to the competitive process. That is, assuming that you follow my advice above and want to ultimately obtain bids from one insurance agent and MSMA.

If you currently are working with an agent, you have an idea of his abilities and strengths. Perhaps you are quite comfortable with his management of your insurance. If so, you can skip the first five steps outlined in Tip One, above.

Three - Use the MSMA Bid Process Templates

I strongly recommend that you use the free insurance bid templates available from MSMA. The forms bring you right through the bid process with minimal administrative efforts. Their process is well thought out. Short of hiring me, the templates make the process as easy as possible.

Four - Build Your Insurance Expertise

Having insurance expertise will help you as you come to the toughest part of the insurance process, selecting the right program from the bids. Again, the MSMA templates can help you line up coverage offered by all the bidders. However, you'll still need to interpret the results. I have put together a glossary of insurance terms for schools that may help you understand some of the coverages and issues raised in the bid proposals.

Go to my school insurance resource site – www.SchoolInsuranceHelp.com. You will also find white papers there on a variety of subjects.

Of Course You Could Avoid Much of the Hassle of Bidding...

The advice above is geared for the do-it-yourselfer; the school district that wants to manage the insurance process internally. Obviously, some school districts want outside assistance. That's where I come in.

I have worked with many schools and school districts over the years. My packages of service can help any district move through the bid process in a smooth and effective way. My process will bring the best result – coverage, premium, and insurer service.

I'm glad to discuss your specific insurance issues and concerns. Please call 207-284-0085 or email me at Scott@ScottSimmonds.com.

Scott Simmonds, CPCU, ARM, CMC is a fee-only insurance consultant. His practice includes a specialty in school insurance. Scott never sells insurance and does not accept fees or commissions from the insurance companies or agencies he works with. He is unbiased.

His work for schools includes coverage reviews, bid projects, and claims assistance.

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