

NEW CHARTER SCHOOLS: SURVIVAL GUIDE FOR INSURANCE AND EMPLOYEE BENEFITS



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For educators, one of the most challenging aspects of opening a new charter school is wading into areas far afield from the classroom – insurance and employee benefits.

Both are critical to managing risk and attracting teachers, particularly given the shortage of qualified classroom instructors today.

So how do you make sure your new school has a competitive employee benefits package? How do you structure liability coverage to protect everyone from employees to board members? How do you evaluate the various vendors offering stand-alone or packaged solutions? How do you make your dollars go the farthest?

In this perspective, we present an administrator’s survival guide to insurance and employee benefits. We offer a timeline for implementing these programs, focus on the key areas for decision-makers and recommend one solution that could potentially save 20% on employee benefits.

GETTING STARTED

It’s best to first focus on basic general liability and directors and officers insurance and then on employee benefits.

As soon as the school receives its charter, it should have a general liability policy. Next, it should consider coverage for directors and officers, then employment practices (coverage for suits brought by employees and former employees), workers’ compensation, and for property claims. However, it’s not necessary to start the Workers’ Comp and property coverage until the school actually has property and employees. Often, there can be a lag of a year or more from the time a school receives its charter to the time it has property and employees.

Transportation is also a potential area of liability often overlooked. Schools should have auto coverage for employees who are using their car for official school business. If the school is going to purchase vehicles, coverage will also be necessary.

Three other types of coverage are increasingly important in today’s landscape: cyber, active shooter and terrorism.

Privacy breaches are increasingly common in both the public and private sector, and the fallout from divulging confidential information, especially when minors are involved, could expose a school to significant liability. Due to the rise in gun violence and terrorism, administrators should also consider separate policies for both. Each policy provides for different types of coverage.

Ideally, the insurance coverages would start on July 1, which make renewals easier for both administrative and cash management purposes. Rather than having to track multiple renewal

dates, a uniform start date enables schools to make a single payment for all coverages.

Typically, it takes a week or two to put together a request for proposal (RFP) for these coverage options. Once the school has bids from carriers, most will present them to their board for approval.

EMPLOYEE BENEFITS

An employee benefits program can make or break a new school. In fact, a strong benefits package is key to recruiting teachers and staff.

To make sure you plan appropriately, it's necessary to determine the kinds of benefits to be included. Today, most first-year schools provide medical, dental and vision and then expand to offer life insurance and voluntary benefits, such as long-term care, disability, etc.

A school's budget will often determine the benefit plans that can be offered. In setting a budget, it's critical to benchmark the benefit programs of schools in the surrounding area. Since you'll be competing with them directly, understanding what the market is offering is essential to creating an attractive benefits package.

Another key consideration is whether the school will offer a flat dollar amount of benefits or base it on a percentage of pay. A flat dollar amount is often preferable because it helps schools budget. By contrast, a percentage approach means that as an employee's pay increases, the school will take on additional costs.

Yet another important decision is deciding what type of health plan fits your budget. The options typically include an HMO and PPO. There are cost and coverage trade-offs for each type of plan based on network deductibles, premiums, out-of-pocket expenses, among others.

Once a school decides on the benefits, the next step is helping employees understand their options during the open enrollment period. For schools that start in September, open enrollment usually begins in August and goes through the month.

To streamline the benefits enrollment process, many organizations have employees sign up online. Given the complexity of selecting the right plan, schools need to work with a benefits provider that can assist in providing answers to employees. Providers will often host on-site informational meetings with employees to help them make decisions and guide them through the online enrollment process.

Post-enrollment support is equally as important. Among the questions that employers need to work through: How will employees access information or have questions answered throughout the year? What happens when they have a claim? Who on your staff is the first-line support for routine questions about benefits? How will you enroll and process new hires and terminations? How will benefit information be communicated throughout the year?

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SHOPPING AROUND

So how do you decide which options will give you the best value for your money?

A commercial insurance broker can help you define the scope of insurance and employee benefits. They will work with providers to find the solutions that are the best in terms of cost and coverage.

Some organizations will hire one broker for insurance and another for employee benefits. Another approach is hiring a single broker that can do both – insurance and employees benefits. A broker with both capabilities can help you save time and may also have more negotiating clout.

Either way, one of the most important considerations is selecting a broker with deep expertise and experience in charter schools and a commitment to providing exceptional, ongoing service from a knowledgeable team.

High-quality, low-cost insurance and employee benefits are critical to your school’s success. The best way to achieve that strategic objective is to allow enough time to plan and partner with professionals who understand the process.



About the CharterShield School Benefits Trust

Established in 2015 through a partnership between Marsh & McLennan Agency and the Charter Schools Development Center, the CharterShield School Benefits Trust

provides medical, dental, vision, life insurance, long-term disability and short-term disability to charter schools across California. Schools who get their benefits through the Trust are purchasing employee benefits coverage as one entity to leverage purchasing power and take advantage of large group rates. As a result of this buying power, participating schools often save 20% below the market average. In addition to favorable pricing, schools that engage with the Trust work with a dedicated team of professionals who can prepare plan options, conduct benchmarking, and provide consulting to help guide schools through the process. The CharterShield Trust specializes in unique insurance solutions to reduce costs and maintain quality coverage so participating schools can focus on what matters most to them.

To learn more about the Trust: MMA-West.com/CharterShield-Trust



For more information about employee benefits and property and casualty products and solutions from MMA, please visit MarshMMA.com, or contact your local representative.

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