

BRIM Fiscal Note – May 29, 2019

WV Student Success Act of 2019

The proposed Legislation establishes the West Virginia Student Success Act of 2019. The bill authorizes the creation of public charter schools; increases the amount of professional or other liability insurance for all country boards of education, teachers, supervisory and administrative staff members, service personnel, county superintendents of schools and school board member from \$1 million to \$1,250,000; applies the provisions of W. Va. Code § 29-12-5a to public charter schools that have been authorized under other applicable law and have included in their charter contract a determination to procure insurance from BRIM.

The effect this proposed legislation will have on costs and revenues of state government are as follows:

Passage of this bill would not affect the cost of liability insurance provided by BRIM to state agencies, boards and commissions, however as drafted it could affect BRIM's liability program for public entities, commonly referred to as the SB 3 program.

BRIM does not currently maintain any exposure data related to charter schools as described in the legislation. However, if the same liability coverage limits as currently provided to county boards of education is provided to the charter schools, the costs and expenses for the current fiscal year, or any subsequent fiscal year, should remain relatively unchanged. In addition, premium collected from both the county boards of education and charter schools would likely not change for the combined entities covered by BRIM's liability insurance program as total student enrollment for county boards of education and charter schools combined should not increase or decrease as a result of the addition of charter schools. Any increase in number of teachers, administrators and other school personnel that would interact with students as a result of the creation of charter schools could increase liability exposure, however without an actuarial opinion BRIM is unable to quantify this.

If, however, the legislation increases the primary liability coverage from \$1 million to \$1,250,000 as currently drafted, there would be an increase in premium for that layer of coverage. Without the time to seek an actuarial opinion, BRIM staff estimates this additional cost to be \$750,000. BRIM is required by W. Va. Code § 29-12-5a (c) to provide excess coverage of \$5 million. As drafted, the bill would require the Boards of Education and Public Charter Schools to have liability coverage with a limit of \$6,250,000. BRIM suggests the \$250,000 increase to the primary layer is unnecessary, given the claim history of the Boards of Education, the expected increase in cost, and the already-required \$5 million excess policy. In addition, rates for FY 2020 have been developed and BRIM cannot unilaterally change the terms of the policy renewing on July 1, 2019 but would have to work with AIG to endorse the policy for this change.