

New York State School Safety Group 491 Safe Schools Agenda

Route to:

- Superintendent
- School Business Off.
- Athletic Director
- Supt. Bldgs/Grounds
- Site Administrators
- Transportation Dir.
- Lunch Director
- Classroom Teachers
- _____

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A monthly service provided to help you with your efforts to make your school safe for students, staff and the public

The Perils in Failing to Play it Straight With Your Insurance Company

Two recent news reports illustrate the perils in failing to fully disclose or provide truthful answers to all questions on policy applications and renewals. The first, reported in the December Insurance Journal, is titled, "New York Court Confirms Agent Not Liable Where Client Fails to Disclose". The Supreme Court of the State of New York found that an insurance agent could not be held responsible for misrepresentations in a life insurance application. In this case, an insured failed to disclose a history of consuming large amounts of alcohol, and that she had recently received treatment at a residential substance abuse facility.

After her death, the carrier sought to rescind the policy due to a misrepresentation. Her husband sued the agent, claiming that he failed to disclose the importance of providing truthful answers to all questions on the policy applications.

Under New York law, insurance agents are not held responsible for misrepresentations in insurance applications signed by the insured and which clearly state that the insured is attesting to the truthfulness of the information provided.

The court granted summary judgment in favor of the agent and dismissed all claims with prejudice. So, no payout on the two \$500,000 policies and the husband has a big bill from his attorneys.

The second case is more clearly pertinent to school managers, and scarier. In a December 5 article, "Tardy Insurance Claim May Cost Roslyn Schools Millions", the New York Times reports that the

school board decided against filing a claim or making public disclosures, partly to avoid publicity, and partly because the business administrator promised to repay the \$250,000 she admitted she had stolen.

The Times reports that it was later determined that the business administrator had stolen \$4 million. An after-the-fact audit revealed that she and others had stolen at least \$11.2 million.

When the school board failed to notify its insurance carriers of the original theft, it compromised the district's ability to collect from its insurance carriers by depriving them of the prompt notice required in the policies. The insurance companies were thus deprived of the ability to investigate promptly and maximize efforts to recover any stolen funds. **Three of the four insurance companies have declined to pay claims and the fourth has reserved the right to deny the claims.**

On top of all this, 10 former board members and the district's former law firm are being sued by the current board for negligence in mishandling the insurance policies. Two insurance companies that provided \$26 million in liability coverage to directors and officers have refused to pay legal bills of the former board members or cover their losses.



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Deadliest States for Drunken Driving*

1. Rhode Island**
2. Puerto Rico**
3. Montana**
4. Texas**
5. Louisiana**
6. Hawaii**
7. Wisconsin**
8. Illinois**
9. Maryland
10. South Carolina**
11. Washington
12. South Dakota
13. Connecticut**
14. Oregon
15. Massachusetts**
16. Washington D.C.**
17. Pennsylvania

**Thirteen of these states made the list for two years straight.

States on Watch List Because of Increases in Drunken Driving Deaths*

1. Arkansas
2. North Dakota
3. California
4. Missouri
5. New York
6. New Mexico

*As reported by End Needless Death on our Roadways (END), and the National Safety Council

Over 2,000 teens between the ages of 16 and 21 were killed last year in alcohol-related crashes nationwide. “Statistics, however, do not begin to tell the story of real pain and destruction caused by impaired drivers,” according to Dr. Thomas

Esposito, co-chair of the physician-led traffic safety advocacy group END.

“If I’m Sober, I’m Safe”

Not so, according to a comprehensive study of teen driving attitudes conducted by the Allstate Foundation. The study, reported in “Chronic: A Report on the State of Teen Driving”, also examines recent discoveries by adolescent-development experts.

According to the study, drinking is a factor in less than 25 percent overall for the one thousand 15 to 17 year olds responding to the survey.

Among 16-year-old drivers, 77% of teen deaths were caused by driver error, 38% by speeding, and 13% by alcohol.

However, half of the teen responders in the study believed that most crashes involving teens result from driving drunk.

Teen motor-vehicle crashes are the leading public health threat to teenagers

The study reveals many other discrepancies between teen beliefs, attitudes and reality. Recent research on adolescent brain development helps to explain why these discrepancies exist, and why existing driver education programs have not been more effective in reducing teen driver crashes. New MRI technology has shown that the brain matures over a much longer period of time than was previously thought. Areas involved in multi-tasking, impulse control and the ability to envision consequences are still developing until age 25.

See <http://www.insurancejournal.com/sitemap/>. Click on “national”, then on “archives,” then on “November.” Under November 7, click on “Teen Driving Study Sees Need for Addressing Attitudes, Peer Influences, Not Just Rules and Skills.”