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How NYSIR Protects Members: FAQs

What is NYSIR?

- The New York Schools Insurance Reciprocal is New York's premier provider of property and casualty insurance for school districts and BOCES. It is owned and administered by its own members.
- A fully licensed not-for-profit insurance company, NYSIR has sustained a long-term retention rate among its extended family of members of 98 percent. Five key member benefits drive this sustained success: *stable coverage and pricing; long-term cost-containment; proactive, partnership-focused service and claims coverage; an unwavering focus on managing and reducing risks; and an excellent financial record documented by consistently strong ratings.*

What advantages does NYSIR offer compared to for-profit commercial insurers?

- As a not-for-profit insurer, NYSIR does not need to build profit into its prices. Instead, it focuses on helping members contain costs by better managing risks—because safer worksites ultimately cut claims and claims costs. This has the effect of keeping both costs and coverage as stable as possible.
- NYSIR offers its subscribers unsurpassed claims service that is proactive and partnership-based.

How does NYSIR help participating school districts manage risks?

- NYSIR offers members evaluations of risk in school district operations, activities, and facilities. NYSIR also performs policy and procedure reviews on such issues as district employment practices, and social media and anti-bullying practices.
- NYSIR offers free annual assessments of school district employment practices to identify and reduce risks related to schools' policies, as well as training on sexual harassment and other employment-based risks.
- NYSIR offers both web-based and customized, on-demand training programs for individual members. Popular sessions include training sessions for playground monitors, security staff, and custodial employees, as well as sessions on employment liability.
- NYSIR members have unlimited access to NYSIR's risk management staff to get answers to questions or conduct research on physical hazards, district activities, procedures, school security, employment practices, transportation, and waiver and release forms.
- With its strategic partners, NYSIR sponsors regional seminars throughout New York to address current trends and legal issues that create potential loss exposures for public school districts and BOCES. Topics include: playground safety, school violence, employment practices liability, anti-bullying, sports and athletic safety, risk transfer, and boiler and electrical safety.



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- NYSIR offers free, expert reviews of contracts and bid specifications to avoid new risks.
- To protect members from exposure to liability other entities should bear, NYSIR performs risk transfer services such as reviews of service contracts and certificates of insurance compliance.

How does the NYSIR model help participating school districts contain costs?

- As a not-for-profit, NYSIR is exempt from two factors that can inflate costs of commercial insurance: the need for profits and the need to pay certain taxes.
- NYSIR's long-term approach emphasizes proactive and aggressive risk management as opposed to treating insurance as a mere price-sensitive commodity by chasing low bids every year. This approach has been shown to stabilize both coverage and pricing and to reduce long-term costs.

How well has NYSIR performed financially over the long term?

- As NYSIR marks 25 years of successful operation, its "combined ratio"—which measures how insurers balance incoming dollars with incurred losses and expenses—has been consistently under 100 percent. That is far better than the insurance industry average.
- NYSIR each year collects about \$90 million in direct premiums.
- Its surplus is over \$140 million.
- NYSIR gets consistently "clean" audits from state regulators, auditors, and reinsurers.
- Every year since 1995, the insurance industry ratings agency A.M. Best has given NYSIR an A (Excellent) rating.

Why does NYSIR maintain such a robust surplus and reserves?

- All insurers set aside reserves to pay future claims. NYSIR's reserves are evaluated regularly by auditors from the state Department of Financial Services, by NYSIR's own auditors, by its reinsurers' auditors, and by A.M. Best. These assessments invariably validate NYSIR's commitment to maintaining strong reserves.
- Insurers also typically maintain a surplus that serves as a cushion against the possibility of catastrophic claims, such as hurricanes or violent incidents on school property.
- Our consistent A (Excellent) rating from A.M. Best validates NYSIR's approach.

Why did NYSIR choose a model that includes the possibility of assessments?

- NYSIR is a reciprocal—that is, policyholder-owned—insurance company. As such, it had to choose to protect against the possibility of insurer failure either by contributing annually to the New York State Guaranty Fund, **or** by having members agree to pay extra charges—assessments—if NYSIR's surplus fell below \$1.8 million. NYSIR's current surplus exceeds \$140 million.
- NYSIR chose the latter option after projecting—correctly—that appropriate funding, underwriting and pricing, and reinsurance would make assessments unnecessary.



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How often has NYSIR imposed assessments on participating school districts?

- Never.
- What's more, NYSIR's decision not to participate in the state Guaranty Fund has saved NYSIR's family of subscribers many tens of millions of dollars over the years, because members have not had to make annual payments into the Guaranty Fund.
- In addition, NYSIR buys reinsurance to shield members from catastrophic losses. For example, NYSIR paid over \$36 million in claims after Superstorm Sandy, but its net loss was well below \$3 million—because reinsurers covered the rest.

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