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How NYSIR Manages Claims

Overview: The New York Schools Insurance Reciprocal (NYSIR) records some 3,400 new claims a year, including liability and physical damage claims, for school districts and BOCES that are NYSIR members, or “subscribers.” NYSIR settles claims quickly and fairly but vigorously defends members when meritless claims are brought against them. This reflects NYSIR’s standing as a member-owned, member-driven organization that provides the best, most personal support to members in need of help after any unfortunate event.

Property claims: NYSIR strives to resolve property claims as quickly as possible so affected school entities can resume full operations. NYSIR works closely with the insured to learn what is needed to restore full operations. For example, unlike most commercial insurance, NYSIR coverage will replace a “totaled” school bus that is 10 years old or younger with a comparable new bus. This has been a priority for NYSIR and the school business officials who drive it since NYSIR’s earliest days.

Liability claims: NYSIR settles meritorious general liability claims promptly but vigorously opposes claims deemed to be without merit. Other insurers often settle such claims for reduced amounts, sacrificing money and the reputations of school districts and school officials solely to avoid litigation.

Team-based management: NYSIR’s strong claims team includes experienced insurance executives, claims examiners, and veteran investigators and attorneys who are long-time NYSIR partners. Both claims examiners and external partners are also assigned responsibility for NYSIR member school entities on a regional basis, so they develop relationships with those they regularly serve.

Outcomes: About 60 percent of liability claims against members of NYSIR’s family of subscribers end with no compensation awarded to others for damage, injury, or loss. In many cases, no liability is found; sometimes NYSIR is able to transfer liability—for example, to an outside entity that was using school property and/or responsible for the event that triggered the claim. NYSIR also brings to trial about 30 claims a year. Over the last five years, 80 percent of verdicts have been in favor of the school district that NYSIR is defending and have protected school officials’ reputations.

Effects on costs: Defending meritless claims can increase short-term expenses, but in the long term, this aggressive approach to claims management controls costs. NYSIR’s approach is well established and predictable, and the plaintiffs’ bar has come to recognize the hazards of pursuing dubious claims against NYSIR subscribers.

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