



Independent Schools

Providing risk and insurance solutions
to independent schools for over 40 years.



Top 10 Risks to Independent Schools 2020



 Click on any of the above to find out more



Damage to Brand and Reputation

Consistently # 1-2 risk to schools

Unexpected change in expressed public opinions or perceptions of a school by the community, students, parents, staff and media. Reputation of academic performance is a key factor, however, in recent times, incidents that can attract damaging press like COVID outbreaks, bullying, abuse claims, privacy and cyber breaches, as well as mismanagement, have proven to be risk factors.



Insurance & Risk Solutions

- Public liability
- Educators liability
- Cyber liability
- Student accident protection
- Critical Incident Management Planning
- Business Continuity Management



Student Safety & Staff Wellbeing

Establishing effective WHS policies and processes is a cornerstone to creating healthy and safe work and learning environments for staff, students and school visitors. Developing a sound WHS policy requires a whole-of-school approach that extends from the boardroom to the playground.

When wellbeing programs are delivered as part of a positive and supportive workplace culture, they not only boost employee health and morale, but can also reduce absenteeism, workplace injuries, and workers' compensation claims, while underscoring a nurturing workplace culture and boosting morale.



Insurance & Risk Solutions

- Public Liability which includes cover for concussion & abuse
- Student Accident Protection
- Travel Protection
- Group Salary Continuance
- Discounted Private Health Insurance
- Employee Assistance Programs
- School Fee Protection
- Cyber Bullying Protection



Increasing Competition

An increasing number of competitive providers, alongside aggressive competition for fees, enrollments and market share means that schools must offer a premium combination of price, quality and service.

89%

of students in Australia were in schools where the principal reported that their school was competing with two or more schools. – PISA, OECD 2014⁴

⁴<https://www.smh.com.au/opinion/oeecd-says-competition-in-education-has-failed-20140902-10ba3c.html>



Insurance solutions

- Student accident protection
- Fee protection



Cyber attacks / Data breaches

Destruction or alteration of student / staff data, loss of goodwill resulting from bad publicity, breach of privacy laws, threats and ransom for stolen sensitive information all contribute to this risk. Schools are a rich treasure trove of sensitive and personally identifiable information.

¹<https://www.technologydecisions.com.au/content/security/article/education-sector-most-attacked-in-australia-1422113053>

²Aon Independent Schools Risk Report 2020

Educators have higher levels of cyber cover than other sectors. But how prepared are they for an attack?

53%

of schools feel only somewhat prepared for a cyber claim.¹

70%

of schools are concerned about their school being subject to a future cyber attack.²

Insurance & Risk Solutions

- Cyber insurance
- Cyber bullying insurance
- Cyber impact analysis
- CyQu





Failure to Attract or Retain Top Talent

Loss of income and additional costs incurred as a result of losing current or attracting new staff. Staff churn is expensive, and the quality of teachers in a school can have a huge impact on student performance and parent satisfaction. This risk can also be impacted by a shortage of qualified specific subject experts like science and mathematics teachers.

Just 8%

of schools have a formal process for identifying and developing successors for key roles, **leaving staff unprepared to take over critical roles**, which could again directly impact strategy, brand and reputation in case of a sudden change.³



Insurance & Risk Solutions

- Employee Assistance Programs
- Group salary continuance
- Private health insurance plans
- Superannuation fund
- Workers' compensation plans

³Aon Independent Schools Risk Report 2020



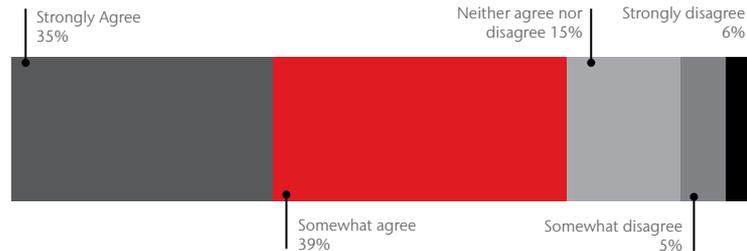
Growing Burden and Consequences of Governance / Compliance

Increased costs and time associated with compliance with corporate governance. Undoubtedly the recent Royal Commission has brought to light the importance of rigorous governance and risk management frameworks.

Board Diversity Counts

Encouraging diversity on the board helps guard against school governance taking place in the equivalent of an “echo chamber.” Having diverse backgrounds, experience and interests among board members injects different perspectives and opinions and can help reduce risk.

Our school board is engaged around risk management⁶



Insurance & Risk Solutions

- Risk Profiling
- Educators Liability Insurance
- WHS Audits, policies and Procedures
- Business Continuity Planning
- Critical Incident Planning
- Governance Evaluator
- Insurance & Risk Solutions as identified in Failure to Attract or Retain Top Talent



Regulatory / Legislative Changes

The risk that a change in laws and regulations will materially impact the education sector. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a school and/or change the competitive landscape.



Risk consulting and insurance



WHS obligations and legislation



The Royal Commission and Child Safe Standards

Risk Solutions

- Cyber risk consulting and insurance
- Risk profiling
- Health & safety consulting





Funding / Liquidity Risk

Access to funding / distribution of funding grants has understandably been top of mind for school boards given the uncertainty around funding reforms and the impact moving forward.

Economic headwinds

Schools monitor the economy carefully, mindful of the impact it may have on enrolments and funding. More independent schools continue to open their doors, increasing competition in specific locales, while household debt levels and stagnant wages continue to challenge many family budgets.

Risk Solutions

- Risk profiling
- Risk management consulting





Economic Slowdown / Slow Recovery

Unexpected changes in the economy such as ability of parents to afford tuition, change in inflation/cost of goods/services, change in supply/demand of employment pool. Particularly relevant as Australia continues to struggle with low inflation, stagnant wages and reduced consumer and discretionary spending.



People & Consulting Solutions

- Student accident protection
- Fee protection
- Business interruption reviews
- Industrial special risks insurance



Political Risk / Uncertainty

The risk that a school's property, assets, students and intellectual property could suffer as a result of political changes or instability in a country. Changes to the political landscape, elections, educational reforms and policies and the recent Royal Commission into Institutional Responses to Child Sexual Abuse (Royal Commission) are all risk factors, and could explain why it is top of mind for educators.



Insurance & Consulting Solutions

- Kidnap, ransom & extortion insurance
- Cyber risk consulting and insurance
- Business interruption reviews
- General & property insurance
- Motor insurance

 Click on a risk to learn more

What does a school's risk profile look like?

Risk Management and Insurance for Schools

Types of insurance

 Click on an insurance to learn more

What does it cover

Putting People First

When people are not a priority for schools then reputation and brand is impacted. Enrolments slide, it becomes harder to attract and retain excellent teachers and directors, and it may take generations to rebuild the school's community standing.

Put people first though and it's a completely different story.

Schools that don't put people first put themselves at risk.

7/10

7 of the top 10 risks facing schools are related to their people, with a particular focus on brand and reputation, student safety and the need to attract and retain the best staff.⁷

⁷Aon Independent Schools Risk Report 2020



Support your teachers when they need it the most

In 2018, a primary school teacher suffered a condition that required surgery. As a result, the teacher was unable to work for several months.

Fortunately, they were covered by a Group Salary Continuance policy taken out by the employer that covered pre-existing medical conditions, including the teacher's condition.

As a result, the policy paid 75% of the salary after the initial 90-day waiting period, enabling the teacher to concentrate on recovery. It also removed the moral dilemma from the employer as to whether to continue to pay the employee an income while they were not working. Instead, the funds could be used to cover the cost of a replacement teacher during this period.

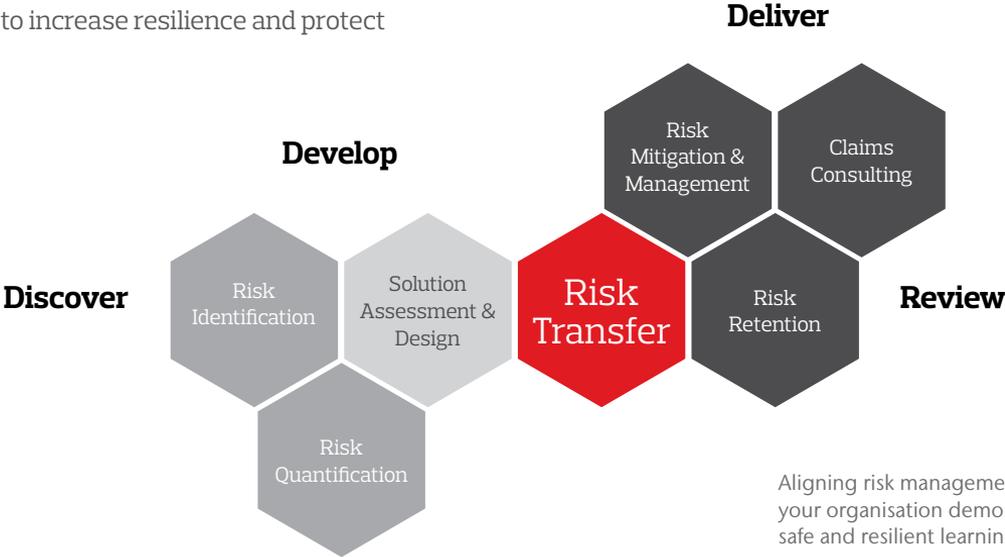


People Solutions

 Click on one of the hexagons to get started

Risk Consulting Solutions

Aon provides integrated solutions to help schools understand and improve their risk profile to increase resilience and protect their interests.

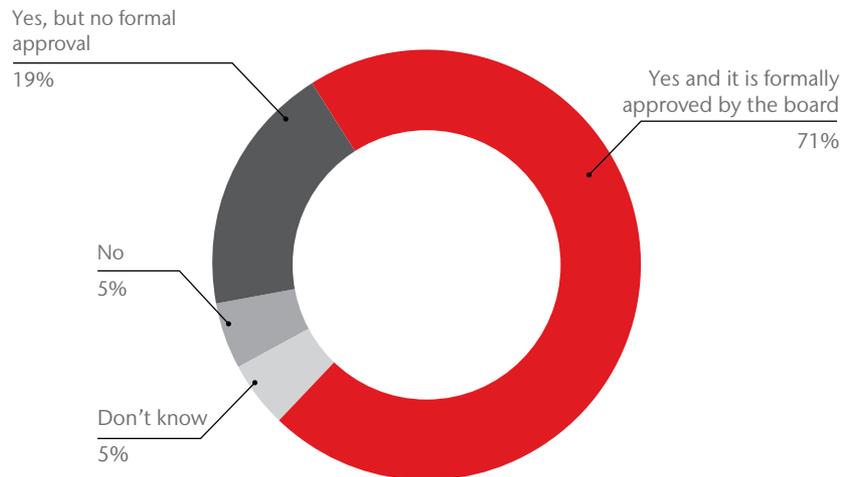


Aligning risk management to the strategic goals of your organisation demonstrates a commitment to a safe and resilient learning environment.

Taking an analytical view of risk management

A strong risk management framework will enable you to identify and reduce as many risks as possible before you purchase insurance for the remaining risk. Insurance is your last line of defence.

Does your school have a risk management plan in place?⁸



Risk profiling

While there are commonalities, every school's risk profile is unique. Risk profiling ensures that schools have the right insurance program to match their risk profile.



The report will detail how your risk management compares with peers, assign an overall performance rating, and include recommendations to enhance your approach to managing risk.

Aon will review your school's current risk management practices and prepare a personalised report. Taking into account international standards and industry best practice, the review will cover key elements including:

- ✓ Property risk
- ✓ Liability risk
- ✓ Safety risk
- ✓ Resilience
- ✓ Risk management systems and processes

The benefits of risk profiling include:

- ✓ Independent feedback on your risk management approach relative to good industry practice
- ✓ Benchmarking against relevant peers
- ✓ Insights into strengths and blind spots
- ✓ Recommendations to guide ongoing investment into risk management activities



Critical Incident Management

Aon's tool, CQ Command, will streamline your critical incident management planning and response capabilities, providing real time communication and management of events across single or multiple locations.

40%

of schools have not tested their critical incident management plan in the last 12 months.⁹

Our industry leading critical incident management web application, CQ Command empowers your organisation's leaders to manage critical incidents immediately and effectively, minimising disruption to the ability to educate students.

You can access a pre-configured critical incident management plan established for education providers, or configure the application to fit your existing plan.



⁹Aon Independent Schools Risk Report 2020

Business Interruption Reviews

Gain a comprehensive understanding of the impact that a disruption to your school can have and ensure you have the appropriate cover in place.

As schools become larger, the way they operate, their risk exposures and how they can be affected in a disruption also become more complex. Identifying the right insurance coverage to protect against the risks they're exposed to can become more complex as well - but this is where Aon can help.

A business interruption review will identify any gaps in insurance coverage that would prevent your school from recovering quickly and fully in the event of an incident, and can also identify any areas of over-insurance, which can result in cost savings for your school.

That means thinking more broadly and holistically about the ability to provide quality education to students and contingent risk exposures that could affect a school's ability to keep up enrolments and meet student and parent expectations.

Tip

Insurers are increasingly scrutinising the robustness of business continuity planning when underwriting business interruption exposures.



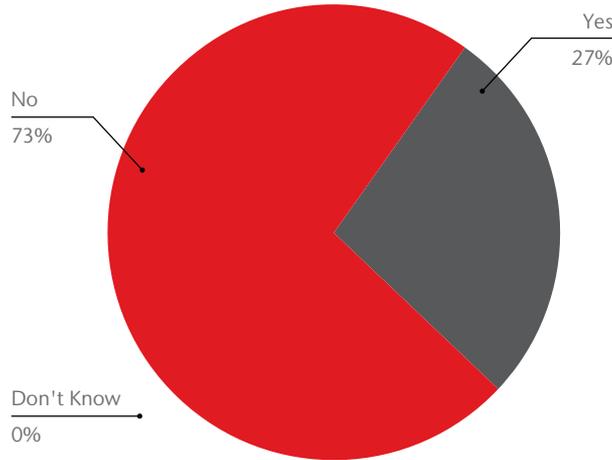
Business Continuity Planning

Ensure your school is resilient to unforeseen events by formalising a plan to deal with a range of operational interruptions.

An Aon risk consultant can help your school identify potential threats to the organisation and quantify the impact on your school's operations if those threats were to eventuate.

We can:

- Review your current program
- Develop an approach suited to your strategy
- Benchmark against national and global best practice
- Help you implement training and awareness programs
- Conduct audits, testing and program reviews
- Quantify threats and the impact to operations
- Develop incident management plans and assist with roll-out



Our school has a documented Business Continuity Plan

A Third of

schools say they do not have a business continuity plan.¹⁰

30%

of schools that do not have a plan, explain that either other issues have taken priority or they do not have the resources available.¹⁰

This is a major issue for independent schools that are critically dependent on their brand and reputation.

¹⁰Aon Independent Schools Risk Report 2020

Asset Valuations

Reduce the risks associated with underinsuring your school's tangible assets and save on the costs of over-insuring.

Insurance is designed to restore your business to the position it was in before an insured loss. Without a formal valuation you run the risk of being underinsured.

In the event of a loss your loss adjuster will ask you:

- 1. How did you decide the amount you are insured for?**
- 2. Can you validate exactly what assets were lost?**

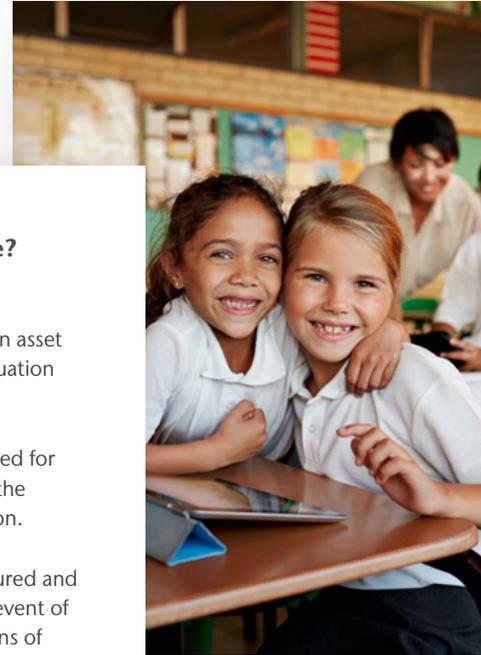
Aon's valuations team are experts in insurance valuations and can help you understand and update your asset register. A valuation report created for insurance purposes will show you an accurate calculation of your asset values and provide a guide on how much insurance cover should be purchased.

What does under-insuring look like? Let's look at a typical scenario:

A mid-sized independent school engages an asset valuation team to conduct an insurance valuation on their buildings and school assets.

The valuer discovers that the school is insured for approx. \$31 million. An actual valuation of the schools' assets come back at over \$40 million.

This school is approximately 25% underinsured and this can cause severe consequences in the event of a claim potentially leaving the school millions of dollars out of pocket.



Cyber Impact Analysis

Creating visibility and certainty around the extent to which insurance acts as an effective mitigation to current and emerging cyber risks.

26%

In 2017, education was the most attacked sector in Australia attracting 26% of all cyber attacks.¹¹

Due to the nature of sensitive and personal information maintained by schools, they are a prime target and are particularly vulnerable to cyber attacks. Schools must develop robust cyber risk management plans, periodically testing and reviewing them to keep up with technology.

Aon's comprehensive cyber impact analysis service delivers transparency and certainty. Schools gain a clear understanding of their cyber risk exposures, the extent to which current policies offer protection and recommendations about how the current Insurance program could be enhanced in order to maximise the school's cyber security safety net.



Seek

We help you understand and quantify your risk.



Shield

We know how to protect your organisation and its critical assets



Solve

We search for the truth and help you recover quickly

¹¹<https://www.technologydecisions.com.au/content/security/article/education-sector-most-attacked-in-australia-1422113053>

Why use an Aon broker

Aon has been supporting Independent Schools with risk management and insurance solutions over the past 40 years and our commitment to the sector has enabled us to innovate and deliver competitive products and services.

We're not just here to help you transfer your school's risk via insurance, but to help you build excellence in risk management.



Innovation and Risk Excellence

A student sustained extensive injuries during a school rugby match.

The incident was not covered under the school's standard public liability policy because there was no legal liability.

Aon identified an opportunity to support the education sector with cover for accidental injuries. We worked with insurers to design a solution specific to the education sector, essentially making student accident protection cover available for schools.



Dedicated Claims Support for Schools

As an Aon client you receive a dedicated claims support expert. Our claims professionals have decades of experience assisting schools with complex property claims and treat all claims with sensitivity and confidentiality.

During a crisis, a claims support service can prove invaluable and a source of professional advice. Our claims expert will also help you save time in a time of need, by advocating on your behalf with the insurer to help achieve the best possible outcome.

Supporting schools with complex claims

“ On 28 September 2011 Masada College suffered extensive damage as a result of a fire that started in a kitchenette. The direct damage to the board room, lift, kitchen, meeting rooms, offices, reception foyer of the hall and synagogue was extensive; these areas were destroyed internally with only the external walls left standing. The library, hall and synagogue were all smoke damaged to the extent that these areas had to be gutted and completely refitted.

The restoration project took over 2 years to complete but from the first day our Aon Client Manager, Andrew Leahy was on hand to assist and support us. The speed with which the insurance team sprang into action was admirable. Within hours of being notified Andrew had a team on site who worked with us in handling every aspect of the claim.

All costs that resulted from the fire were covered by our insurance. The College thanks Aon and recognises that the annual insurance review and the advice given by Aon as brokers assisted us and ensured we had adequate cover and protection for every aspect of our operation. ”

- Yvonne Nicholls
Business Administrator,
Masada College, 2014



aon.com.au/independentschools

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