



Insurance for Homeschool Groups

By Carol Topp, CPA

"The church where we're renting space wants our homeschool group to have insurance. Can you look into it for us?" a homeschool leader recently asked me. That began my education into insurance for homeschool organizations. I learned about types of insurance, how to limit risk and how to shop for an affordable policy with the help of several insurance agents and websites.

Types of Insurance

Three common types of insurance a homeschool group could need are:

General Liability insurance: This provides protection from lawsuits involving bodily injury such as "slips and falls" and damage to physical property. It covers liability claims resulting from bodily injury or property damage arising from our homeschool activities. This is what the church wanted our homeschool group to have purchased. If our coffeemaker causes a fire, the homeschool group may be liable for any damage to the church's building.

Accidental Medical coverage: This would cover an organization if a child hurts himself while at a homeschool program. If your group has gym classes or physical activities, the risk of accidental injury is increased over simple group meetings. One agent who is quite familiar with homeschool organizations shared that accidental medical coverage might be "a waste of money." He said that most parents carry medical coverage for their children. Also, many general liability policies will include medical payments for any accidents that occur. He strongly encouraged groups to have parents to acknowledge in writing that they will cover their children's medical expenses. If your group runs a sports program this type of coverage would be highly recommended.

Director and Officer insurance: Commonly called "D&O Insurance", this provides defense for leaders if they are sued for wrongful acts in their capacity as leaders. Typical lawsuits against a nonprofit organization include mismanagement of assets and improper employment practices such as discrimination, wrongful termination, and harassment. Both agents with whom I spoke said these policies start at \$1,000 a year. They explained that it is expensive because of the litigious society that exists in America today and because D&O insurance includes provisions for employee issues which can be expensive to settle.

There are steps a group can take to keep premiums low and lessen the likelihood of an insurance claim or lawsuit.

Reducing Risk

Insurance premiums can be difficult for many homeschool organizations to afford. Annette Friesen, the Christian School and Homeschool Advisor for Peacemaker Ministries, an international ministry committed to equipping and assisting Christians and their churches to respond to conflict biblically, advises, "When people sue, typically they want three things: an apology, restitution for harm, and a clear communication to change."¹ She suggests that organizations do the following:

- Put all policies in writing. This can prevent many misunderstandings.
- Follow your policies and procedures consistently.
- Have a conflict resolution policy.
- Use conciliation clauses in your bylaws and policy manuals. Peacemaker Ministries (www.Peacemaker.net) has suggested clauses for your use. "Courts like to see these clauses because they can prevent lawsuits," Annette advises.
- Begin reading *The Peacemaker: A Biblical Guide to Resolving Conflict* available at the Peacemaker Ministries website.
- Apologize if needed.
- Make restitution when warranted.

Following are some additional ideas from the Nonprofit Risk Management Center (www.nonprofitrisk.org) for reducing potential problems:

To reduce the risk of bodily injury

- Enforce safety rules such as, "No running in the hallways."
- Use protective gear for sporting activities.
- Monitor children's behavior and intervene when a potentially dangerous situation arises.

To reduce the risk of asset mismanagement

- Have a strong fiscal system of checks and balances including dual signatures for large checks, separation of duties, and good record keeping.
- Regular financial reports and an annual budget given to the organization's leadership board.
- Collect several bids on large expenditures and obtain board approval before purchasing.

To reduce the risk of improper employee & volunteer practices

- Inform volunteers of your policies.
- Train employees on their duties and your policies.
- Educate your board members on their fiduciary duties and responsibilities.

To reduce the risk of property damage

- Check of the facilities after your group's use. Look for dripping faucets, electrical appliances left plugged in, etc...
- Know where the fire extinguishers are located.
- Practice a fire drill annually.

To reduce the risk regarding children

- An adult should never be alone with a child. Always keep in sight of others.
- Appropriate touch like side or over the shoulder hugs, not frontal hugs
- No corporal punishment (spanking) of other people's children.
- Communicate with parents on activities and schedules.
- Avoid promises of confidentiality, especially to teenagers.
- Use medical permission slips.

Shop wisely for a policy

Once you have a basic understanding of types of insurance, you're ready to shop for a good, affordable policy. "The best way for homeschool groups to go is to be under the umbrella of a church," advised one insurance broker. He ought to know; his wife has led a large homeschool co-op at their church for more than ten years. I know of several homeschool groups that operate as ministries of local churches. The church agrees to insure the homeschool group and its activities. The church may need to discuss this arrangement with their insurance agent. In good faith the homeschool group may offer to pay any increase in premiums because of their inclusion.

If you are not fortunate to find a church to work with your homeschool organization, you may need to purchase a policy. Find a friendly agent who is familiar with churches and nonprofit

organizations. Start by asking several churches whom they use for insurance. This is how I found a very friendly and helpful agent. He carried the policy on the church where we are renting space. He works with several small churches and even other homeschool organizations.

Get at least three quotes. Visit www.Homeschoolinsurancesolutions.com for a quote. They give their prices right up front on their website. Their prices are based on the number and ages of children in the program. Their policy bundles General Liability and Accidental Medical Coverage together. They cannot be bought separately. The policy covers all sports with the exception of football and gymnastics. This may be a good option if your group offers gym classes or sports. Homeschool Insurance Solutions also offers a short term policy for special events or conventions. D&O insurance is also available, but optional.

Ask questions about the policy. Explain your program carefully because some insurance agents are unfamiliar with homeschooling organizations. Tell the agent how often you meet, what activities you offer, and the number of volunteers and children in your program. When you get a quote ask what your group can do to lower the premium. Explain you have written policies and will take measures to avoid risk. Ask the agent for suggestions. Read through your policy carefully once you get it. Ask your agent any questions you have regarding coverage.

A homeschool organization cannot completely eliminate risk, so insurance may be a necessary expense. It is helpful to understand the types of insurance a group may need, the many ways a group can limit risk, and how to find a helpful agent and affordable policy. Do some homework and respond wisely to your group's need for protection. Follow up on these resources and protect your group from potential loss.

Resources:

Peacemaker Ministries www.Peacemaker.net

Nonprofit Risk Management Center www.nonprofitrisk.org

Homeschool Insurance Solutions www.Homeschoolinsurancesolutions.com

Guidestar (<http://www.guidestar.org/news/features/>) has several articles on insurance for nonprofit organizations. One is titled *Insurance Advice for Start-up Nonprofits* and another *Insurance Trips and Traps for Nonprofits*.

Carol L. Topp, CPA is a homeschooling mother who uses her accounting skills to help nonprofit organizations. Her website HomeschoolCPA has useful information for homeschool organizations. She does not claim to be an expert in insurance or the law but encourages homeschool groups to seek assistance on their particular needs. She and her family live in Cincinnati, Ohio and they enjoy swimming, reading books, and traveling.

¹ Kentucky Home Education Association Newsletter Fall 2004