

State and Local

Insurance crisis affecting CS, A&M

A&M official says jury awards causing premiums to go up

By HOMER JACOBS
Reporter

Texas A&M is one of many universities across the nation that is feeling the crunch of an insurance crisis.

John Honea, director of the A&M Insurance and Risk Management Office, says worldwide catastrophes and extravagant jury awards to plaintiffs have helped escalate insurance premiums.

"Colleges aren't any different from the private sector," he says. "We're experiencing what everybody else is."

Honea says damage claims from hurricanes last year drained the coverage capacity of many of the companies that cover colleges and universities.

"The companies can only insure so much," he says.

Although A&M's losses haven't exceeded its premiums, rates are still going up, Honea says. He

"The companies want the least exposure to risk. . . ."
John Honea, director of the A&M Insurance and Risk Management Office.

says he doesn't know how much the University spends on insurance each year but that it is a small percentage of its operating costs.

He says it doesn't matter how reliable the university is; if the insurance company is losing money, the cost of obtaining insurance is going to increase.

He says A&M also is now using Canadian and Spanish insurance companies.

"We've had to have multiple carriers cover a project because companies can't afford it alone," Honea says.

Honea also blames the legal system for high insurance costs.

He says the legal system has failed to put a cap on punitive damages, which has led to larger awards.

Jerry Cain, associate general counsel of the Texas A&M University System, says the legal system is awarding damages for pain, suffering and mental anguish that are too high.

"One solution is to cap the recovery limit on non-economic losses," Cain says.

Cain also says he favors educating the jury by telling them that the insurance companies are responsible for paying awarded damages. He says juries often forget that damages are paid by higher premiums.

Honea says although A&M's premiums are increasing, the number of claims taken out has remained steady.

He says some companies will even re-insure themselves with other insurance companies before actually bidding on a client.

"The companies want the least exposure to risk, but the greatest return on premiums," Honea says.

Honea says A&M might self-insure to keep hurricanes and earthquakes from interfering with the costs of premiums.

Cain says A&M either may have to go without insurance, get more money from the state to buy insurance, or self-insure if rates continue rising.

Honea says insurance companies last year paid \$5.5 billion more in damages than they collected in premiums, making the problem a national crisis.

Student Senate OKs change in polling site

By FRANK SMITH
Staff Writer

The Student Senate Wednesday night approved a polling site change for the student runoff elections scheduled for April 9.

The Senate also heard the first readings of five new bills and held another bill in committee, which originally had been scheduled for Senate debate.

Chris Gavras, election co-commissioner, told the Senate that because of a scheduling conflict the Pavilion will not be available as a runoff site for this year's elections. Instead, the Senate approved the election commission's recommendation that balloting be conducted on the porch of the Sterling C. Evans Library. Other polling sites for the runoff, all of which were approved at the Feb. 12 Senate meeting, include the Memorial Student Center and the Blocker Building.

Polling sites for the April 2 general election remain the same. They include the MSC, Blocker and the Pavilion. In addition, the porch of the Evans Library will be available as a nighttime voting site for both the general and runoff elections.

In other business, a bill which recommends the construction of at least four outdoor campus directories to aid visitors and new students, was retained in the student services committee because of questions of available financing for the project.

Four of the five new bills introduced Wednesday are products of the Senate's rules and regulations committee. The other new bill recommends that Texas A&M's shuttle bus system provide students with schedules of individual routes when shuttle passes are issued.

CS investigating options to renewing its liability coverage

By CRAIG RENFRO
Staff Writer

The city of College Station currently is looking at insurance coverage possibilities and trying to decide what type of policy best suits its needs.

The city's general comprehensive liability coverage expired Jan. 1 and liability coverage for city officials expired Jan. 15.

To renew the city's total coverage would cost \$665,000, said Glenn Schroeder, the city's deputy director of finance.

He said this is an increase of \$200,000 from last year's cost.

Schroeder said the rise in insurance costs is because of an in-

creasing number of nationwide claims.

"Frequently when claims come up they are large," he said. "And insurance companies don't want to risk it, so they charge a higher premium."

However, Schroeder said College Station has had only one claim more than \$100,000 in the last seven years.

Currently the city is looking at two possibilities of coverage, he said.

For \$10,000 the city has hired Self Insurance Resource Inc., of Richardson, to look into the feasibility of a self-insurance program for the city.

Schroeder said the benefits of a self-insurance program are that the city would not pay a premium to an insurance company and would not have to rely on unstable nationwide insurance market prices.

"We are currently looking at the types of policies available to see if self-insurance is feasible," Schroeder said. "If it (self-insurance) is properly managed it can save money in the long run."

The results of the consultant's study will be ready by April 1, in time for the preparation of the 1986-87 city budget.

Under the self-insurance program a separate fund would be

set up to cover the city's insurance needs, Schroeder said.

Schroeder said another possibility for coverage is the Texas Municipal League insurance program.

Under this program a number of cities across the state contribute money to an insurance pool managed by the TML, he said.

The cost for the basic package is \$665,000, and Schroeder said that cost is too high.

Schroeder said the city is appealing to the TML to qualify for a "large city" insurance program.

Under that program the city would pay \$360,000 for coverage, he said.

Discuss Battalion editorial page at Sully's Symposium

By SUSAN CLARK
and
RICHARD PEARCE
Reporters

The Battalion editorial page editor, Loren Steffy, said Wednesday at Sully's Symposium that there are many misconceptions about the editorial page.

One is that many people think Karl Pallemer speaks for the Battalion staff, Steffy said, but what he writes is his opinion only. Steffy and columnists Cynthia Gay and

Pallemer, spoke to a crowd of about 120 students.

Stacey Allen, chairwoman of the symposium, said, "Usually we have between 50 to 60 people show up. This was the largest crowd we've had this semester."

Allen said that just when she thought the discussion would really heat up, it turned to more technical matters.

Gay said she likes to present an optimistic view of A&M and prefers to write on values and outlooks, as opposed to politics. But she doesn't like to preach to readers of her column, she said.

Gay also said traditions set A&M apart and the students should support them.

Although sometimes she feels pressured to be more controversial in her column, Gay said, she would rather write about subjects everyone can relate to.

Pallemer, starting his speech with a howdy, said he doesn't hate the things he criticizes in his column. He looks at his subjects objectively, he said, but with cynicism and with humor.

Students should think about traditions, but shouldn't let them interfere with education, Pallemer said.

Pallemer, a self-proclaimed agnostic, said he has a humanistic view of life. He said people are stuck in this life and should do as much as they can to leave something behind to better the lives of others.

Steffy, when asked why The Battalion opinion page always seems to be negative, said negative things need to be brought to light so they can be changed. He added that he tries to balance the good and the bad by offering both sides of any issue.

Pallemer said, "It's the negative things that need to be brought out into the light so that they can be changed."

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