

Educator Liability Insurance

Background

During the 2013 Regular Session, the Legislature passed House Bill (HB) 506 which authorizes a pay increase and liability insurance for all State education employees.¹

Generally, liability insurance “. . . protects an individual or business from the risk that they may be sued and held legally liable for something such as malpractice, injury or negligence.”² The Department of Finance will establish the liability insurance program which will be administered by the Department of Education. “Insurance coverage provided by [HB506] shall automatically cover all full-time and part-time [State education employees] at no cost to [them].” The insurance is to “protect [education employees] against damages for claims arising out of the performance of their duties” Funding for the program will be provided “. . . by the Legislature . . . in the annual Education Trust Fund Appropriations Act.”³ For Fiscal Year (FY) 2014, the Legislature budgeted \$5,000,000 for the “Liability Insurance Program.”⁴

Policy Consideration

Prior to the enactment of HB506, Alabama provided liability insurance coverage through the Department of Finance to “State employees or agents of the State,” but specifically excluded “any educational institution or board.”⁵

Because of this provision, State education employees who wanted liability insurance had to purchase their own liability insurance from a private insurer or obtain it through membership in a trade organization. For example, the Alabama Education Association (AEA) provides liability insurance to members as a benefit of paid membership.⁶

Recommendation

While budgets remain tight in Alabama, providing liability insurance allows teachers to keep more money in their pockets, puts them on equal footing with other state employees, and ensures that educators seek membership in

ISSUE SNAPSHOT

House Bill (HB) 506 authorizes a pay increase and liability insurance for all State education employees.

Prior to HB 506’s passage, Alabama provided liability insurance to all “State employees or agents of the State,” but specifically excluded “any educational institution or board.”

Providing liability insurance increases teacher’s disposable income, equalizes them with other state employees, and ensures membership to groups like the AEA for utilitarian and ideological purposes.

groups like the AEA because they agree with their utility and perspectives, rather than to simply obtain insurance coverage.

¹ H.B. 506, 2013 Reg. Sess., (Al. 2013) available at <http://alisondb.legislature.state.al.us/acas/ACTIONViewFrameMac.asp?TYPE=Instrument&INST=HB506&DOCPATH=searchableinstruments/2013RS/Printfiles/&PHYDOCPATH=//alisondb/acas/searchableinstruments/2013RS/PrintFiles/&DOCNAME=HB506-int.pdf,,HB506-enr.pdf>.

² *Liability Insurance*, INVESTOPEDIA (June 20, 2013, 3:54 PM),

http://www.investopedia.com/terms/l/liability_insurance.asp.

³ *Supra* note 1.

⁴ *Education Trust Fund Comparison Sheet 6/6/2013*, 8:55 AM, LEGISLATIVE FISCAL OFFICE, 3

<http://www.lfo.state.al.us/pdfs/FY2014%20Budgets/ETF%20FY%202014%20AS%20ENACTED.pdf>.

⁵ ALA. CODE §36-1-6.1 available at

<http://alisondb.legislature.state.al.us/acas/CodeOfAlabama/1975/36-1-6.1.htm>.

⁶ *Liability Insurance: Eel – Educators Employment Liability*, ALABAMA EDUCATION ASSOCIATION (June 30, 2013, 4:02 PM), <http://www.myaea.org/benefits/legal-benefits/liability-insurance/>