

A background image showing a close-up of a wooden gavel resting on a wooden block, with a pair of brass scales of justice in the background. The scene is set on a desk with books, suggesting a legal or judicial environment.

# LARGE LOSS REPORT

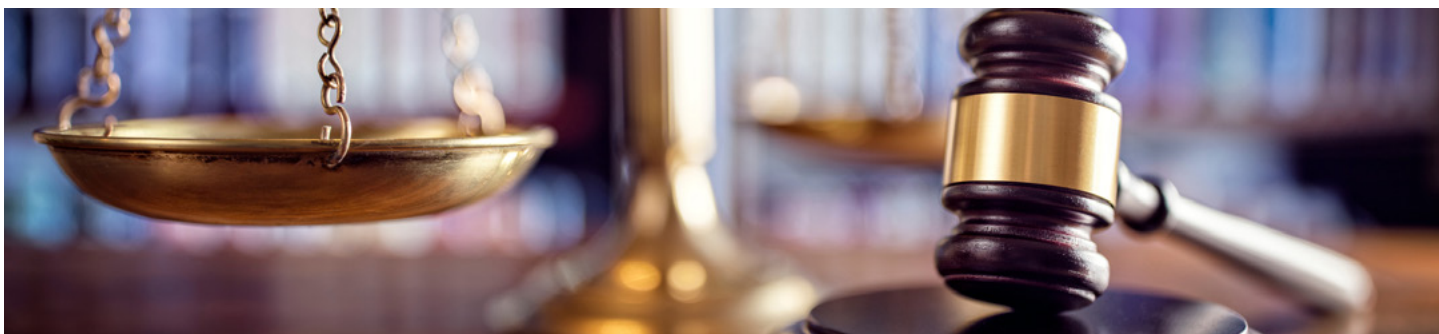
2017

*The Large Loss Report 2017* summarizes major damage awards and settlements of \$250,000 or more that affected schools, colleges, and universities in 2016.

The cases include a record \$950,000 jury award in a Title IX sexual assault report case and a \$10.5 million settlement for a student who suffered a traumatic brain injury when he was attacked at a pep rally.

These descriptions are drawn from published accounts, and most do not involve United Educators (UE) members. However, they reflect recent trends UE has seen among its claims. Complaints involved sexual abuse and assault, harassment, hazing, discrimination, and contracts. Most of these claims affected public institutions, but similar incidents could lead to financial losses and reputational damage for independent schools and private colleges and universities.

Since the release of this report, some of the outcomes may have changed as a result of subsequent legal proceedings. Regardless of the outcome, the defense expense can be significant.



## Contract Disputes

A jury awarded a construction firm **\$750,750** in a breach of contract lawsuit against the **East Hampton School District** in New York. The company claimed the district wrongfully terminated its \$80 million contract in 2006 in favor of another builder, while the district argued that the firm had abandoned the contract. District officials said the decade-long dispute ultimately cost more than **\$2.8 million** in legal fees, not counting the jury award.

## Discrimination

A federal appeals court upheld an **\$850,000** award to a former **Wayne State University** student who said her pregnancy made her the subject of discrimination. The student was participating in a social work internship when her supervisor ordered her to wear loose-fitting clothing and to refrain from rubbing her pregnant belly because her male clients were “turned on by her pregnancy.” The student received a failing grade for the internship and could not meet graduation requirements.

The **University of Tennessee** settled a gender discrimination and retaliation lawsuit brought by three former members of its athletic department for **\$750,000**. The trio—a female associate director of sports medicine and two Lady Volunteers strength coaches—said they received less compensation than employees working in similar roles for men’s teams and were fired or demoted after filing discrimination complaints in 2012.

## Facilities

An arbitrator ruled that the **Los Angeles Unified School District** must pay a charter school **\$7.1 million** for violating a state law that requires districts to share classrooms and other facilities with charter schools. Ivy Academia Entrepreneurial Charter spent \$3 million on rent and other costs to provide adequate space for its 1,100 students from 2007 to 2010. The arbitrator increased the award on grounds the school was forced to rent inferior spaces. He also ordered the district to pay the charter’s **\$650,000** legal fees. The district argued it did not have space available.

## Harassment

A jury awarded a former private school student **\$252,500** for harassment and abuse. The lawsuit claimed that the owner and founder of **Einstein Academy** in Elgin, Ill. sent the then-13-year-old boy more than 6,000 texts and emails in 2008, in an attempt to blackmail him into renewing a relationship with her daughter. After a seven-day trial, a jury found that the woman, who denied sending the messages, did author the texts and emails and intended to commit emotional harm.

## Hazing

A suburban Chicago school district has agreed to pay a total of **\$1 million** to five former Illinois high school soccer players who claimed they were sexually assaulted in a hazing ritual in 2012. The **Maine Township High School District 207** said it also fired two coaches/teachers named along with the district in the lawsuit and disciplined students allegedly involved in the assaults.

The **University of North Carolina** reached a **\$795,000** settlement with a former walk-on football player who said he suffered a concussion during a 2014 off-campus hazing incident with teammates during preseason camp.

## Hiring and Firing

**Chicago State University (CSU)** agreed to pay a **\$1.3 million** settlement to end a whistleblower lawsuit brought by a former administrator. The former chief financial officer who brought the suit will receive \$847,000 in back pay, and his lawyer will receive \$453,000. The administrator accused CSU of firing him in 2013 to punish him for complaining about potential ethical violations by the institution's president at the time.

The **Houston Independent School District Board of Education** settled a lawsuit with a fired principal for **\$550,000**. The district terminated the principal's employment following an investigation into cheating on state exams in 2009. An administrative law judge later ruled the principal was not responsible for the alleged cheating.

## Negligence

A jury awarded **\$900,000** to a former **Morgan State University** football player who was injured in an on-campus shooting in 2012. The student suffered lasting effects from multiple gunshot wounds and was forced to quit football, according to the lawsuit. His attorneys argued that Morgan State failed to protect its students from the shooter, who was not a student, and from previous violent incidents on campus.

## Sexual Harassment

A former **Bristol Community College** police officer has been awarded **\$2.45 million** by a Massachusetts jury in her sexual harassment lawsuit that claimed male police officers and administration officials treated her poorly for years because she's a woman.

## Sexual Molestation and Assault

**Bergen Catholic High School** in New Jersey agreed to a **\$1.9 million** settlement with 21 alleged sex abuse victims. The former students' lawsuit said that 11 teachers physically and sexually abused them in the 1960s and '70s. The men will be paid between \$65,000 and \$115,000 each.

The **Los Angeles Unified School District** has reached an **\$88 million** settlement over sexual abuse cases that occurred at two elementary schools. The two teachers who abused the students are serving prison sentences. The settlement involves 30 children and is the second largest in district history. In 2014, the district agreed to pay \$140 million to victims in another sexual abuse case.

The **Española School District** in New Mexico settled a sexual abuse lawsuit for **\$3.2 million**. The lawsuit was filed on behalf of an elementary school student who was allegedly abused by a former teacher during the 2007 to 2008 school year. A private insurer has denied coverage for all but \$750,000 of the settlement or any future settlements with other alleged victims, on grounds the district failed to disclose potential claims involving the teacher.



The **Winston-Salem/Forsyth County School Board** in North Carolina reached a **\$365,000** settlement in a lawsuit that accused district administrators of negligence for failing to prevent a high school athletic director from sexually abusing a high school student. The lawsuit alleged that district officials created a “dangerous situation” because they allowed employees to contact students outside of school hours through cellphones and computers.

**Florida State University** reached a record **\$950,000** settlement of a Title IX lawsuit filed by a former student who said she was raped by quarterback Jameis Winston in 2012. The settlement is the largest among Title IX claims related to indifference to sexual assault reported by a student. The university also agreed to institute a five-year sexual assault awareness, prevention, and training program.

**Portland Public Schools** agreed to a **\$250,000** settlement for a male employee who claimed that a teacher sexually assaulted him. The employee, who sought \$400,000, claimed that the teacher had been deemed a sexual threat and that the district failed to take proper action. The teacher pleaded guilty to a harassment charge stemming from the incident and was sentenced to 18 months of probation. The charge included “offensive physical contact.”

A jury awarded **\$810,000** to a Hawaii public school student who said she was raped by a student. The alleged incident occurred in a unisex bathroom at a high school where both students were enrolled in the special education program. In its judgment against the **Hawaii Department of Education**, the jury also found that the girl suffered “severe, pervasive and objectively offensive” sexual harassment that violated Title IX.



## Racial Discrimination

A federal jury ordered the **Philadelphia School District** to pay **\$2.3 million** to a security firm that sued the district and its then-superintendent for racial discrimination. The firm, owned by two white men, had been selected to install security cameras at schools when the superintendent, now deceased, transferred the \$7.5 million, no-bid contract to another firm that had black ownership. The new company was not eligible for no-bid contracts. The district, as well as the late superintendent’s estate, was found liable for \$2.1 million in damages to cover lost profits as well as \$200,000 in compensatory damages. In a related case, the **Philadelphia School Reform Commission** settled a lawsuit brought by a former administrator who told the *Philadelphia Inquirer* newspaper about the contract switch. The commission agreed to pay the administrator **\$725,000**. He had claimed his free speech and whistleblower rights were violated when he was suspended and then fired after his disclosure.

## Taxes and Fees

The **Coatesville Area School District** in Pennsylvania “amicably resolved” a fee-dispute lawsuit against its former solicitor for **\$420,000**. The district filed a lawsuit against the solicitor and his firm seeking return of fees, alleging they had overbilled for services and inflated fees, engaged in conflicts of interest, and provided poor legal advice. The attorney and his firm received more than \$7.7 million in fees from the district from 2002 to 2013, one of the highest fee levels for any district in the state.

**Princeton University** has agreed to pay **\$3.48 million** in 2021 and 2022 to the city of Princeton and **\$416,700** each year from 2017 to 2019 to a nonprofit housing organization serving economically disadvantaged residents. The payments are part of a settlement to local homeowners who challenged the university’s property tax exemption. The university pays about \$11 million each year in property taxes, but residents argued that it would pay up to \$40 million if the exemptions were disallowed.

## Traumatic Brain Injury

The **Kern County School District** in California reached a **\$10.5 million** settlement with a student who suffered a traumatic brain injury, psychological problems, and a hormone deficiency following a 2010 assault. Bakersfield High School students attacked the plaintiff, who was wearing a chicken costume to mock a rival team’s mascot, at a pep rally. The lawsuit said that school officials encouraged the attack and failed to stop students from kicking, pummeling, and piling onto him.



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EduRisk™ from United Educators provides members with risk management resources to help prevent incidents that put people and institutions at risk. And, when claims do occur, UE protects our schools, colleges, and universities with education-specific coverage and an experienced claims management team. This prevention and protection philosophy enables UE to reduce the overall cost of risk for our policyholders.

United Educators is Rated A (Excellent) by A.M. Best.

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