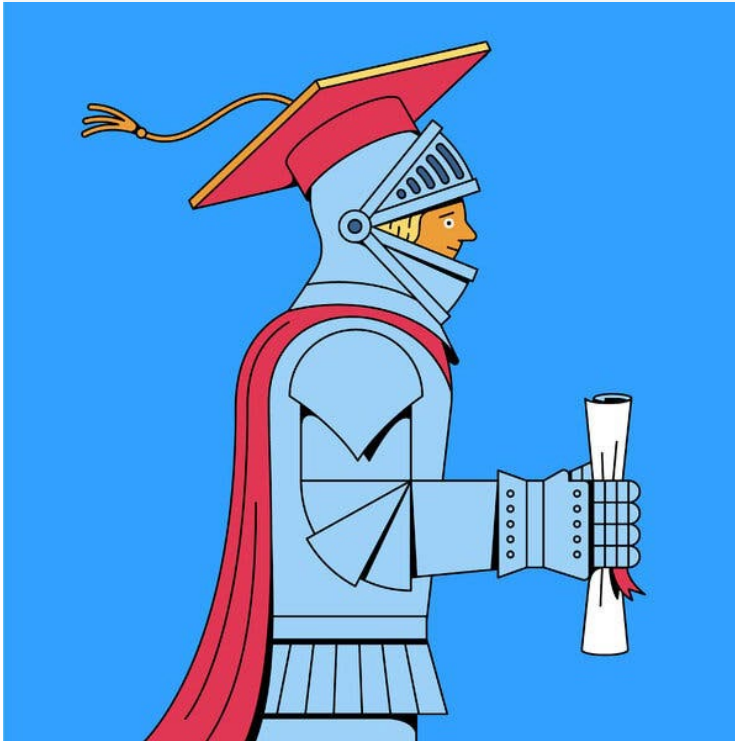


College Tuition Insurance Gains Attention in Pandemic

The policies have been around for decades. But before buying them, experts say, parents need to determine what they cover and what they don't.



By [Ann Garrns](#)

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With the new college year about to begin amid a [resurgent pandemic](#), college tuition insurance is getting new attention.

Tuition insurance is just what it sounds like: Students or their families buy a policy that will reimburse them for all or part of their tuition and other costs of attending college if the student must withdraw from school for a documented medical or mental health reason.

The average [published cost](#) of tuition, fees, and room and board at private, four-year colleges was about \$51,000 last year, according to the College Board. Not all students pay full price, because of college discounts and scholarships. Even so, missing a semester and having to make it up can be costly for students and their families.

But while the coverage sounds appealing, it's important to know the details of how a policy works and what situations are covered, insurance experts say.

“Certainly anyone thinking about getting it must read the policy first to see if the thing you're concerned about is really covered and what exclusions and conditions apply,” said Robert Hunter, an insurance expert with the Consumer Federation of America.

Kristina Dooley, a college consultant in Hudson, Ohio, and president of the Independent Educational Consultants Association, said that she didn't typically advise families to buy tuition insurance, but that the pandemic seemed to have spurred interest in it.

“I've had more families ask about it in the past year and a half than ever before,” she said.

Colleges and universities typically offer full tuition refunds for just a short period after the start of classes, and then offer partial refunds for four or five weeks; many may offer little or nothing if a student must withdraw later in the semester. Some schools offer tuition insurance as a way to cover that gap.

Despite formal cutoff dates for refunds, institutions would probably work with a student in a medical or mental health crisis to arrange a partial or full refund, or offer a deferral so the student can withdraw but return to classes the next semester, said Justin Draeger, president and chief executive of National Association of Student Financial Aid Administrators.

Tuition insurance policies, sometimes called tuition refund insurance, have been around for decades.

Policies offered by GradGuard, which markets them in partnership with about 400 colleges, specifically exclude student withdrawals resulting from an epidemic. But the company's insurance partner, Allianz, has chosen to cover medical withdrawals resulting from the coronavirus, said John Fees, a co-founder and the managing director of GradGuard.

An [update](#) attached to policy information on GradGuard's website, dated Feb. 12, says that “until further notice, although not covered under most plans, we are currently accommodating claims for when an insured student completely withdraws from school for the covered term due to becoming ill with Covid-19.”

GradGuard policies will continue to cover withdrawals by students who fall sick with Covid in the coming academic year, Mr. Fees said. He declined to say how many such claims the company's policies have paid. And he noted that the policies did not cover withdrawals simply because a school switched from in-person classes to remote learning. (Some families [sued](#) colleges and universities that had switched, claiming that remote learning was either substandard or not what they were promised. The lawsuits have had mixed results.)

The insurance would probably cover a student who withdrew because of a mental health diagnosis related to the coronavirus, Mr. Fees said. The policies require that a licensed mental health professional examine the student and counsel withdrawal. (In the past, withdrawals for mental health reasons required a documented hospital stay, but that is no longer the case, Mr. Fees said.)

Eden Schiano, a 19-year-old from Virginia Beach, said her family was relieved that it had

bought tuition insurance through GradGuard when she enrolled at Virginia Commonwealth University last fall. Ms. Schiano had been treated for an eating disorder, she said, and her family was concerned about the demands of college and the potential loss of funds if she ended up withdrawing.

Ms. Schiano was determined to go, however, so her doctor recommended tuition insurance. The family paid \$180 for \$10,000 in coverage, according to GradGuard. (Typically, the cost of coverage is 1.06 percent or 1.8 percent per \$10,000, depending on the college.)

Once on campus, Ms. Schiano struggled to juggle remote classes and eat regular meals, and began losing weight, she said. Her doctor advised that she withdraw, which she did in October. The policy payout allowed her to regroup, she said, and she is now preparing to enroll in community college this fall.

Despite the uncertainty around Covid and increased concern about mental health, some colleges say there hasn't been a rush among families to buy tuition insurance. Reed College in Portland, Ore., which offers coverage through GradGuard's main competitor, [A.W.G. Dewar](#), said the number of families that bought coverage fluctuated between 5 and 10 percent each year.

"The college has not experienced any significant changes in participation or claim activity as a result of the pandemic," Mandy Heaton, a Reed spokeswoman, said in an email.

Dewar, which has provided tuition insurance since 1930, offers policies at dozens of [institutions of higher education](#), including marquee names like Columbia and Stanford Universities, as well as private elementary and high schools. Buying the insurance is optional, but some schools automatically enroll students unless they opt out.

The details vary by campus, but typically the Dewar policies reimburse 70 to 80 percent of the cost of tuition, fees, and room and board, according to online policy offerings. Some schools allow students to customize their coverage, for tuition only or to add room and board. Rice University, for instance, offers coverage for both the coming fall and spring terms for \$745, or \$582 for tuition only, according to its offering through Dewar. Or families can buy a specific amount of coverage, depending on their need.

Stanford has offered tuition insurance for 30 years, said Ernest Miranda, a university spokesman, but "only a very small percentage of students apply for it," including during the pandemic. In part, he said, that's because about a third of undergraduates pay no tuition out of pocket, thanks to need-based aid and scholarships, and many more have at least a portion of tuition covered.

Ragan D. Lower, president of Dewar, said in an email that there had been an "uptick" in plan participation in the last year, but that the company did not disclose data about claims.

Dewar's tuition refund plan does not exclude student withdrawals due to epidemics or pandemics, so withdrawals because of Covid-19 illness "would generally be covered," he said.

The pandemic has caused insurers to modify some offerings. In 2019, GradGuard offered a policy, known as Advantage, that covered withdrawal for just about any reason, including a change of heart by the student. The offering has been discontinued, at least for now, because it was too difficult to price policies in the pandemic, Mr. Fees said.

Another company that offered tuition insurance, Liberty Mutual, has stopped selling it. A company representative didn't respond to a request for information, but its [website](#) says

tuition coverage “is currently not available.”

Here are some questions and answers about tuition insurance:

When do I have to buy the insurance?

Typically, policies must be purchased before the first day of classes.

What about pre-existing conditions?

GradGuard’s [sample](#) policy says it covers withdrawals for pre-existing conditions, provided that on the policy purchase date, the student didn’t have any symptoms of the condition and was “medically able” to attend school for the term.

Dewar’s online information doesn’t address pre-existing conditions.

How can I find my college’s refund policy?

Most schools outline their refund policies on their financial services or school treasurer websites. Colleges offering coverage through Dewar typically include their refund schedule on the insurance website. If you can’t find it online, Mr. Fees recommends calling the school to ask.

How should I decide whether to buy tuition coverage?

Families often seem less concerned about a child’s contracting Covid, said Ms. Dooley, the adviser from Ohio, than about the child’s having mental health issues on campus. While coverage can be affordable compared with the overall cost of college, “it’s still an expense,” she said.

Before signing up, Ms. Dooley advises, concerned families should check with their college to see what its refund policy is. Then, if the worry is Covid, consider how the school has handled the pandemic so far. What was its infection rate? Is it requiring students to be vaccinated?

Finally, ask how the school is set up for remote learning. Last year, she noted, many colleges invested in technology to deliver classes online. So it may be possible that a student can return home and continue taking classes remotely in a supportive environment, without having to withdraw.