

ATTACHMENT NO. IX-F

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Workers Compensation Insurance Renewal

Potential motion:

Move to approve Workers Compensation, Treasurer's Bond of \$5 million, School Board Legal Liability and Student Accident Insurance as provided by the Prairie State Insurance Cooperative and Williams-Manny, Ins.

Recommended action:

Approve the motion

It is recommended that the Board approve the workers compensation insurance as proposed by the Prairie State Insurance Cooperative and Williams-Manny, Ins.

The cost of coverage would be approximately \$108,499, an increase of 2% over the prior year renewal amount. (Please note that the Treasurer's bond still needs to be underwritten and costs are based upon \$0.75 per \$1,000.)

# Memo

**Date:** June 5, 2012  
**To:** Steve Baule, Superintendent  
**From:** Cathy Nelson  
**RE:** Workers Compensation Renewal

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The renewal for the 2012-2013 Workers Compensation Insurance has been received from the Workers' Compensation Self-Insurance Trust (WCSIT) \$121,728 (14.1% increase). This renewal includes Worker's Compensation, Treasurer's Bond, School Board Legal Liability and Student Accident insurance.

All renewals are based upon estimated payroll amounts within job classifications and actual wages paid are reviewed each year for premium adjustments. With the 2009/10 renewal there was a Multi-year Rate option (3 year commitment). The rate option has expired and another one is available within this renewal if desired. Membership has been declining within the WCSIT program and the financial statements seem to include much larger reserves than in the past, along with continued losses and an accumulated deficit in net assets.

A quote was also received from the Prairie State Insurance Cooperative \$110,548 which includes Worker's Compensation, student accident insurance (normally is a part of the property/liability package) and a treasurer's bond to compare the pricing in a comparable manner. Prairie State is the current Property and Liability carrier.

Current Prairie State Cooperative members are required to access both lines of insurance (Property/Liability and Worker's Compensation). North Boone is one of a few districts that currently does not have both lines. There are currently 98 members in the worker's compensation pool and 100 in the property/liability.

A comparison of the two programs follows. However, based upon the products available and the cost comparison, it is recommended that the worker's compensation and the companion products, including a Treasurer's bond in the amount of \$5 mil. (anticipates highest amount on hand at any given time to be \$20 mil) listed be placed with the Prairie State Insurance Cooperative and Williams Manny as the local insurance pool representative. Total estimated cost is \$108,749 (2% increase).

Memo: Workers Compensation Renewal

	Workers Compensation Ins. Trust Renewal (WCSIT)	Prairie State Cooperative Insurance Pool
Estimated Covered Payroll	\$9,806,526	\$9,806,526
Manual Contribution based upon NCCI rates	\$146,553 (Classifies in three job categories)	\$138,180 (Classifies in four job categories)
Workers' Compensation Rate	\$121,728	\$104,749  (Above amount includes \$68,230 which is the district's portion to the Loss Fund. This amount has the potential to be reimbursed at a later date based upon the pool's claim experience for the year. The current year members have the potential of receiving 40-60% of this back based upon current loss experience.)
Treasurer's Bond (\$7,248,420)	Included in above renewal rate	\$5,799 (based upon \$7.2m)  Has the potential to be reduced dependent upon the amount of bond that is requested. District is required to carrier 25% of the highest balance on hand. (Recommend \$5 million)
Student Accident Insurance	Included in above renewal rate	Incl. in Worker's comp rate  Normally is included in the property/casualty pool costs for Prairie State.  Other points to note: If parent chooses to purchase 24 hour coverage, this would cover the student for a full calendar year. WCSIT covers only school year.  Prairie State insurance does not exclude interscholastic football.
Board Legal Liability (\$10,000,000)	Included in above renewal rate	\$1,000,000 coverage included in above renewal rate.  Additional coverage of the remaining \$9,000,000 is covered with the umbrella liability coverage within the Property/Casualty Insurance.  This coverage is normally included in the property/casualty pool costs.
	Has 3 year option to lock current NCCI rates used in calculation.	Three year commitment
<b>TOTAL Estimated Cost</b>	<b>\$121,728</b>	<b>\$110,548</b>