



South Washington County Schools

Keith Jacobus, Ph.D., Superintendent
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ADMINISTRATIVE REPORT

TO: Members of the School Board
Keith Jacobus, Ph.D., Superintendent

FROM: Dan Pyan, Director of Finance (651-425-6260)

Theresa Lenarz, Assistant Director of Human Resources (651-425-6279)

DATE: September 6, 2019

TOPIC/PURPOSE OF REPORT: Worker's Compensation Insurance Renewal

REFERENCE TO POLICY/STRATEGIC PLAN: Policy 701

PURPOSE OF REPORT: To recommend renewal of a contract for worker's compensation insurance for the period October 1, 2019 - September 30, 2020 with SFM Insurance Company at an estimated annual premium of \$1,095,422.

RECOMMENDED BOARD ACTION: Approve

DATE FOR BOARD ACTION: September 26, 2019

REPORT

The District entered into a contract with SFM beginning with the 2010-2011 policy period based on their submittal of the most favorable quote for a fully insured workers compensation policy. The 2019-20 renewal from SFM reflects a increase of \$47,446 from the prior year's premium. The increase in premium is related to a 2.2% increase in covered payroll and increase of 4% in the experience mod rate. The District and SFM's continue ongoing efforts to control claims expense through worker safety programs, return to work programs, and more proactive claims management.

A 6-year rate renewal history with SFM is included below.

<u>Coverage Period</u>	<u>Annual payroll</u>	<u>Experience Mod</u>	<u>Premium</u>
2014-15	\$124,256,967	1.00	\$1,072,321
2015-16	\$125,937,894	0.88	\$ 982,634
2016-17	\$139,706,804	0.81	\$ 987,085
2017-18	\$144,828,607	0.84	\$ 975,118
2018-19	\$153,710,720	0.95	\$1,047,664
2019-20	\$157,019,668	0.99	\$1,095,422

In 2017, the School Board approved of a two-year retention program versus the one year retention program that was used in the prior periods. The premium amount would be the same but the potential retention rebate would be higher when claims are lower, as they have been for the last several school years. In addition, there are no additional premiums if claims are higher than expected.

The District received a retention rebate of \$55,414 for its experience in 2017 and 2018.

Please approve the renewal of the workers compensation contract for SFM for the period of 10/1/2019 to 9/30/2020.