



## 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 14, 2017

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, 2017 - September 30, 2019 with SFM Insurance Company at an estimated annual premium of \$975,118.

RECOMMENDED BOARD ACTION: Approve

DATE FOR BOARD ACTION: September 21, 2017

### 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 2017-19 renewal from SFM reflects a decrease of \$11,967 from the prior year's premium. The decrease in premium is indicative of the district and SFM's ongoing efforts to control claims expense through worker safety programs, return to work programs, and more proactive claims management.

In addition, the district's claims management efforts over the last two years have reduced its loss ratio (ratio of claims to premiums) to the point where the district earned an estimated \$127,454 retention rebate from SFM of prior year premium payments. The premium reductions and retention rebate reflect the collaborative efforts of our Human Resources, Operations Departments and Building leadership to focus attention on workplace safety and injury reduction.

A 5-year rate renewal history with SFM is included below.

<u>Coverage Period</u>	<u>Annual payroll</u>	<u>Experience Mod</u>	<u>Premium</u>
2013-14	\$117,664,783	1.29	\$1,195,143
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

We are recommending approval of a two year retention program versus the one year retention program that we are currently on. 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.