Osseo Area Schools

TO: Kim Hiel, Superintendent
FROM: John Morstad, Executive Director of Finance and Operations
Kelly Benusa, Director of Business Services
SUBJECT: Approval of Worker's Compensation Carrier
DATE: June 23, 2026
CC: Yvonne Shorts-Lind, Executive Director of Human Resources
Marshall Thompson, Director of Human Resources Labor Relations

Recommendation
We recommend the District's current workers' compensation carrier remain SFM for Fiscal Year (FY) 2027, based on the renewal terms, available credits, and continued service stability. The total FY 2027 premium, including broker fees, is $1,294,269, an increase of $15,887 or 1.2% from FY 2026.

Background
The current workers' compensation insurance contract with SFM expires on June 30, 2026. We have reviewed the renewal with attention to pricing, available credits, service quality, and overall value to the District.

SFM's quote includes:
- The experience modification factor increased to 0.98 from .75 in the prior year.
- The renewal includes a discretionary premium discount credit of $157,899.
- Current loss experience suggests renewal pricing could otherwise be 10% to 20% higher, making claims management a continued area of focus in FY 2027.
- SFM continues to provide favorable renewal pricing, including scheduled and discretionary credits totaling $510,899, which help offset underlying cost increases.
- The District's five-year loss ratio is 85.8%, up 14.8 percentage points from the prior year.

Next Steps
1. The change in premium will be included in the adopted budget for FY 2027.
2. Staff will continue refining claims management practices to reduce future claim risk and support an effective workers' compensation program.

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