

EXECUTIVE SUMMARY

FOR THE SHOREWOOD SCHOOL BOARD

Topic: Wisconsin Educators Risk Management Cooperative Agreement

Date: 20 October 2015

Prepared by: Patrick Miller

Recommended action:

<input type="checkbox"/>	Information only
<input type="checkbox"/>	Presentation/discussion
<input type="checkbox"/>	Discussion/action by committee
<input checked="" type="checkbox"/>	Discussion/action by board of education
<input type="checkbox"/>	Presentation/action next meeting

Recommendation(s): Recommend approval of the Wisconsin Educators Risk Management Cooperative (WERMC) 66.0301 Agreement for 2015-16

Purpose: WERMC exists as a 66.0301 WI Stat. agreement between a group of school districts in the State of Wisconsin for the purpose of bidding and securing property and liability lines of insurance. This would include, property, liability, workers compensation, automobile, errors and omission, broad coverage umbrella, crime, boiler and machinery, electronic data processing, fund transfer fraud, computer fraud, and any other line considered in the property/casualty/liability lines of insurance. Additionally, WERMC provides opportunities for the district risk managers to meet with member school districts to learn current and best practices with regards to managing district risk.

Background: The district formerly utilized the services of Arthur J. Gallagher & Co. for these services. While a reputable company, the district risk management assessed the service being provided and did not feel the district was receiving the best available. I am familiar with the services through WERMC and feel it will be a better fit for our risk management needs.

Attachment: WERMC 66.0301 agreement for 2015-16

**WISCONSIN EDUCATORS RISK MANAGEMENT COOPERATIVE (WERMC)
66.0301 AGREEMENT for 2015-2016**

WHEREAS, the School Districts participating in this Agreement desire to enter into a cooperative relationship to (1) purchase insurance coverage for the areas including, but not necessarily limited to, property, liability, worker compensation insurance, automobile, errors and omission, and broad coverage umbrella insurance for the school year and beyond, and (2) to educate district officials with regard to the ongoing issues and nuances of insurance and risk management, and (3) have a direct influence on the premiums their district pays;

WHEREAS, Section 66.0301 WI Stat. provides the authority to do so;

WHEREAS, such an inter-school district agreement will require a commitment to the concept of group buying and participation;

THEREFORE, the participating districts, by signature of their authorized representatives, do hereby agree as follows:

SECTION I - Organizational Structure

A. WERMC Board

Five members of the WERMC shall comprise the Board whose duties shall be to guide the development of the group and make general operational decisions on behalf of the entire group. The term of office shall be three year staggered terms. The Board shall elect a President, Secretary and Treasurer/Fiscal Agent (from the existing Board) when these positions are vacated by out-going members.

B. Voting Rights

Each member district shall be entitled to one vote which may be proxy or electronic.

C. Meetings

The WERMC shall call general membership meetings at least two times per year to conduct necessary business. Meetings may be physical gatherings or over the web. All meetings shall be noticed and posted in accordance with WI Stat. 19.84 (Open meetings law).

D. Operating Budget and Fee Structure

The budget and corresponding member fee structure for the following year is determined in the spring of each year and approved by a majority vote of the membership.

E. Errors and Omission Insurance

The WERMC membership budget shall provide sufficient annual premiums to support an E/O insurance policy which covers Board members in the discharge of their duties and as well as WERMC E/O exposure for individual member districts. The amount of policy coverage shall be reported annually to the membership.

SECTION II – Insurance Bidding Guidelines

A. Bid Specifications

The consultant will develop “baseline” bid specifications as to coverages after reviewing the policies of participating districts. Optional pricing will be requested for districts requesting coverages in excess of the baseline coverage.

B. Bid Standards

Each member district is required to participate in the liability (general, auto, umbrella liability, errors and omissions) and Workers Compensation insurance program(s) that receive(s) a majority of the member votes of the entire WERMC membership after quotes are received, analyzed, and presented by the WERMC Board subsequent to any negotiations. Coverages for property, crime, boiler and machinery, electronic data processing, limited flood, funds transfer fraud, computer fraud, and auto physical damage are excluded from the vote of the members and the members may select coverage from the 66.0301 quotations, the Local Government Property Fund, or an agent of choice. The consultant has the authority to exempt a district from the required program if a more favorable option exists in certain cases.

All quotes will declare all agency and contingency commissions, including how those reimbursements are calculated and what specific arrangements have been made with the insurance company by coverage line. Agents are allowed to charge fees in lieu of commission.

C. Time Commitment

Each member district will be required to agree to a twelve- month commitment. Carriers will be given a one-year commitment with a clear understanding that the group may choose to negotiate.

D. Purchase Commitment

Each district must commit to participating in the program(s) that receive(s) the most votes of participating districts once the bids are received and analyzed, except in cases of a consultant exemption for the benefit of the district.

E. Bid Procedure

The Cooperative shall retain an independent consultant to coordinate the bidding and purchase process. The consultant shall coordinate and act as a clearing-house for the dissemination of information to the districts regarding the bid results.

F. Prospective New Members

(1) Prospective new member district(s) shall either contract directly with the consultant to obtain a WERMC insurance proposal or request that the consultant refer the prospect to an agent to provide a WERMC insurance proposal.

G. Non-July 1 Renewals

The bid specifications shall be written to require the successful carriers to issue policies to post-July 1 renewals from the date of renewal to June 30 and annually thereafter. For Workers Compensation, districts with renewals other than July 1 will need to request short-term policies from their existing carriers that expire on June 30 except in special circumstances where a district's experience modification factor would be adversely affected by a change of its policy period. Subsequently, the Workers Compensation policy period would be changed when there would be no significant adverse effect upon the experience mod factor.

H. Power to Negotiate

The WERMC Board will be expressly granted the authority to conduct negotiations with carriers subsequent to receipt of bids in order to craft the best arrangements for all participating districts.

Section III - Membership Dues

Dues for the subsequent year shall be established in the spring of each year by the WERMC Board. Dues shall be based upon a member district's prior year 3rd Friday, September FTE membership. For CESAs, dues shall be based upon the number of current year staff, including substitutes. For new members, membership services and fees will commence on July 1 or the date of their acceptance into active member status in WERMC. The deadline for payment of dues in full is July 31 of each year or, for new member districts, within 30 days of acceptance as a WERMC member. Member districts joining after July 1 shall have their first year membership dues prorated to the date of acceptance.

Section IV – Consultant Services

Risk Management Strategies LLC, herein referred to as “Consultant,” shall serve as the designated independent WERMC consultant and shall do so at the sole discretion of the WERMC membership. The Board has the authority and responsibility to hire the consultant and negotiate an annual contract with the consultant prior to July 1 of each year.

Section V - Annual Member Commitment

In order to assure a stable orderly budget process, by January 31st of each year, member districts shall be required to give notice to the WERMC President of intent to withdraw from WERMC for the next fiscal year. If this notice is not given timely, WERMC will bill the district for the following school year.

Section VI - Adding New Members

The WERMC Board may determine guidelines and pre-qualification standards for admission of new member districts in consultation with the consultant. Approval of new member districts will be confirmed only upon an affirmative vote of 2/3 of the Board. See also Section II (F).

Section VII - Accounting

The Board shall review periodic financial statements. Accounting records shall be kept in accordance with sound financial standards. In addition, a current financial report shall be distributed and reviewed at the membership meetings.

Section VIII - Duration

The terms of this agreement shall be for 12 months fiscal periods (July 1-June 30) and shall automatically renew for a subsequent twelve- month period unless the member district notifies the WERMC Board in writing to discontinue membership, per section V.

Section IX - Entire Agreement

This agreement constitutes the entire agreement between the parties. There exists no other agreement(s) oral or written, between the parties contained in this agreement.

IN WITNESS THEREOF, the parties have executed this agreement this _____ day of _____, _____.

School District: SHOREWOOD

By: _____
Board President

By: _____
Clerk

Date _____

RETURN SIGNED AGREEMENT TO FISCAL AGENT:

Jeanne Stahl, Business Manager
Hayward Community Schools
15930 W 5th Street
Hayward, WI 54843

Or via email at jstahl@hayward.k12.wi.us