

DATE: May 8, 2026

TO: Mark Jenson, Superintendent and Board of Education

FROM: Jason Kuehn, Director of Finance and Operations

SUBJECT: **Employee Property/Liability Insurance and Workers Compensation
Renewal for 2026-2027 School Year**

The Risk Management and Workers Compensation Insurance programs for Detroit Lakes Public Schools are up for renewal on July 1, 2026. Gallagher Insurance (formerly Bremer) is our authorized agent of record.

Property/Liability Insurance, Cyber Liability, Volunteer Accident

We will have a \$28,983.40 increase from last year's premium. This year's anticipated Property/Liability, Cyber, Volunteer Accident premium will be \$258,385.91 compared to \$247,325.51 last year. EMC has increased the blanket property coverage limit to \$273,420,737.00.

Public School property/liability insurance premiums are largely predicated on three variables:

1. Valuation of Buildings/Equipment
2. Number of Students Served
3. Number of Licensed Professional Staff

Our enrollments and staffing levels have slightly decreased over the last five years, while our building and equipment valuations have increased.

Our Agent of Record, Matthew Baker, from Gallagher Insurance is recommending the EMC Insurance proposal.

I recommend that we renew our insurance program with EMC Insurance as shown on the attached summary between July 1, 2026 and June 30, 2027 at the annual premium of \$258,385.91.

Workers' Compensation Insurance

Our Workers' Compensation will cost \$116,524 for 2026-27, an increase of \$14,768.00 in comparison to 2025-26. The 2026-27 premium is based on maintaining coverage with RAS-First Dakota Indemnity.

I recommend that we continue to use RAS-First Dakota Indemnity for our Workers' Compensation Insurance for the policy period of July 1, 2026 through June 30, 2027 at an estimated premium of \$116,524.00.

Summary

The overall premium of Property, Liability, Cyber Liability, Volunteer Accident, and Workers' Compensation Insurance for 2025-26 is \$405,561.91, a 7.7% increase over last year's combined premium. Included in this overall increase is a flat fee of \$30,000 paid to Bremer Insurance for brokerage services.

The Property/Liability Insurance, Cyber Liability, Volunteer Accident and Workers' Compensation Insurance are budgeted items.

Administration and Finance Committee recommend approval of this agreement.

May 8th, 2026

Jason Kuehn, Director of Finance and Operations
Detroit Lakes Public Schools ISD #22
PO Box 766
Detroit Lakes MN 56502-0766

Dear Mr. Kuehn and School Board Members:

Your renewal insurance proposal provided by EMC and RAS-First Dakota Indemnity is attached for your consideration. In this document we will compare your expiring versus renewal premium costs and describe the changes you directed us to make for your renewal policy period.

<u>Coverage Description</u>	<u>Expiring Premium</u>	<u>Renewal Premium</u>
Property	\$175,668.51	\$182,290.91
General Liability	\$11,029.00	\$11,659.00
School Leaders Liability	\$13,387.00	\$13,387.00
Inland Marine	\$871.00	\$932.00
Crime	\$1,397.00	\$1,397.00
Auto	\$30,901.00	\$34,658.00
Umbrella	\$9,731.00	\$10,376.00
Cyber Solutions	\$3,686.00	\$3,686.00
Volunteer Accident (Hartford)	\$652.00	\$652.00
Work Comp (RAS)	\$101,756.00	\$116,524.00
Broker Fee - 2026	\$27,500.00	\$30,000.00
Total Premium	\$376,578.51	\$405,561.91

The changes made to your renewal policy period are as follows:

Property: Your blanket property coverage limit was \$268,407,879 on your expiring EMC policy. EMC increased the blanket property coverage limit to \$273,420,737 applying the 4% inflation factor. Business income and extra expense coverage is included at actual loss sustained.

General and Professional Liability: Population changes were made based on the estimated number of students and staff in your district.

<u>Description of Population</u>	<u>Expiring</u>	<u>Renewal</u>
Total Student Count	2,634	2,600
Total Staff Count	543	524

Auto coverage: No coverage changes were made or requested. Comprehensive and collision deductibles remain at \$1,000. Auto glass deductible is \$500.

School Leaders E&O: No coverage changes were made or requested for your renewal policy period.

Crime Coverage: No coverage changes were made or requested for your renewal policy period.

Volunteer Accident Coverage: ISD #22 has a Volunteer Accident Policy that provides up to \$15,000 Accidental Death Benefit/Accidental Dismemberment Benefit, up to \$10,000 Accident Medical Expense Benefit and up to \$250 dental expense. The Hartford provides you with the accident insurance policy at an annual premium cost of \$652. This is based on using the same 200 volunteer count as provided last year.

Student Medical Payments: ISD #22 has \$1,000 Student Medical Payments coverage included in the policy with EMC.

Inland Marine: No coverage changes were made or requested for your renewal policy period.

Umbrella/Excess Liability: No coverage changes were made or requested for your renewal policy period.

Terrorism: Terrorism coverage is included in your EMC proposal at a \$5,845 annual premium cost; this can be waived, which would then reduce the annual premium costs indicated.

Cyber Liability: EMC includes \$1MM cyber/data breach coverage at \$3,686 annual premium (included in the pricing summary). Other cyber coverage options are available with broader coverage and higher limits. Optional cyber quotes can be obtained upon request.

Workers' Compensation: You instructed us to decrease your total payroll from \$28,882,500 to \$28,812,000 for your renewal policy period. We will compare the expiring versus renewal rates and payroll plus debits and credits based on your current loss ratio:

Job Description -	Code	Expiring Payroll	Rate	Renewal Payroll	Rate
Bus Drivers	7382	\$147,500	4.38	\$115,000	4.323
Teachers	8868	\$26,822,000	0.40	\$26,619,000	0.429
Other Employees	9101	\$1,913,000	3.41	\$2,078,000	3.026
Total Payroll		\$28,882,500		\$28,812,000	

Experience Modification:	0.84	- 28,866	0.86	- 25,767
Scheduled Credit:	30%	- 45,464	27.25%	- 43,132
Premium Discount:		- 11,139		- 5,412
Total Annual Premium:		\$101,756		\$116,524

Notes: Your estimated payroll was decreased by \$70,500. Your Experience Modification factor increased from 0.84 to 0.86. The 2026 base rates with RAS-First Dakota Indemnity changed slightly. Your 3-year loss ratio is at 109% and 5-year loss ratio is 77%. All these factors have had an impact on your workers' compensation renewal premium cost, which resulted in an increase of \$14,768, or 14.51%.

Renewal Cost Analysis: Your overall premium increased 7.7% this year. The primary reason for the increase is the increased workers' compensation premium, which is a result of recent years' loss performance.

Recommendation to the Board: Bremer/Gallagher is recommending the district renew with EMC for the Package and umbrella, at an annual premium of \$258,385.91. (Federal Terrorism can be waived for a premium savings of \$5,845). For worker's compensation we are recommending renewing with RAS-First Dakota Indemnity at an annual premium of \$116,524. For the Student Accident coverage, we are recommending you renew with The Hartford at an annual premium cost of \$652. The annual premium cost for all proposed insurance coverage is as follows:

Coverage Description -	Insurance Carrier -	Annual Premium Cost
Property & Liability Package	EMC	\$258,385.91
Volunteer Accident Liability	The Hartford	\$652.00
Workers' Comp	RAS-First Dakota Indemnity	\$116,524.00
Broker Fee - 2026	N/A	\$30,000.00
Total All Policies:		\$405,561.91

Thank you for placing your insurance business and trust with our agency, your patronage is appreciated! Please let us know if you have any questions or need additional information as you review your renewal insurance proposal.

Sincerely,

Matthew Baker
Bremer Insurance a Gallagher Company