

Date: June 1, 2010

To: Board of Education

From: Gary Kawlewski, Director of Business Services

CC: Steve Dooley, Superintendent

Subject: Workers Compensation Insurance carrier recommendation

We took proposals for workers compensation insurance for the period of 7.1.10 through 6.30.11. We received 2 solid proposals from reputable insurance carriers and are making the recommendation to award the coverage to SFM (State Fund Mutual) through the Liberty Insurance Agency. We talked with 4 different carriers. SFM has been around for a long time and is a highly respected carrier. We have received proposals from them every year I have been here. Our workers compensation claims experience has continued to be dramatically better the past two years than it has been in the past. The proposal amounts are as follows:

State Fund Mutual	\$81,797
EMC	\$87,040

Our premiums for the 09-10 year through EMC were \$93,677. We are recommending acceptance of the proposal from SFM for the 10-11 fiscal year.

Some notes about the recommendation:

- 1) You will note that the financial proposal for SFM is about \$12,000 less than the premiums for 09-10.
- 2) As a benchmark, our premiums for 2007-08 were \$184,012. The net decrease in annual premium for that 3-year period is \$102,215
- 3) We also solicited a proposal from United Heartland and American Interstate Insurance. American has declined to get started writing policies in the school market. United Heartland required a longer lead time to write the policy than what we gave them. This was not an issue previously.
- 4) This price is not subject to change with the exception of the final audit of our payroll numbers for the 10-11 fiscal year. This is an industry standard and would be the case in any of the proposals that we would accept.