

**Denton ISD**  
**Workers' Compensation Coverage with an Aggregate Deductible**  
 April 26, 2022

**SUMMARY:**

This item requests approval of Workers' Compensation Coverage with an Aggregate Deductible for Denton ISD effective July 1, 2022.

**BOARD GOAL:**

Growth & Management... In pursuit of excellence, we will:

- Adjust policies and procedures to address rapid growth and changing demographics, nurturing our strong sense of community
- Demonstrate effective and efficient management of district resources
- Provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements

**PREVIOUS BOARD ACTION:**

On June 8, 2021, the Board approved the renewal of Texas Association of School Boards Risk Management Fund (TASB) as the District's insurance provider for this coverage.

**BACKGROUND INFORMATION:**

- For 2021-2022, Excess Workers' Compensation coverage had a \$500,000 specific self-insured retention/\$1,000,000 aggregate retention and \$1,000,000 aggregate excess limit with a premium of \$130,536. The Administrative Services Only Program included Annual Actuarial Review Services and Loss Prevention Services for a premium of \$15,500.
- A Request for Proposal was issued for the 2022-2023 fiscal year and a consultant was utilized. Three carriers submitted a total of six proposals which were evaluated by a committee consisting of DISD personnel.

**SIGNIFICANT ISSUES:**

- The Aggregate Deductible option allows for an estimated contribution of \$219,034 (which is based on estimated payroll and will be audited at the end of the fiscal year) with a maximum claim liability (Aggregate Deductible) of \$644,219 for a maximum total exposure of \$863,253.
- DISD will reimburse the TASB Fund for amounts paid for workers' compensation claims up to the Claims Liability (Aggregate Deductible). The TASB Fund will pay claims in excess of the Claims Liability amount.
- TASB will continue to act as the Workers' Compensation claim administrator and Actuarial and Loss Prevention services are still provided.

**FISCAL IMPLICATIONS:**

**Workers' Compensation Coverage:**

Category	ANNUAL PREMIUM:	
	2022-2023	2021-2022
Administrative Services Only (includes Actuarial and Loss Prevention Services)	\$ 0	\$15,000
Excess Workers' Compensation Contribution	\$0	\$115,536
Workers' Compensation Aggregate Deductible	\$219,034	
<b>Total for Workers Compensation</b>	<b>\$219,034</b>	<b>\$130,536</b>
New Indemnity Claim – Rate Per Claim	No fee per claim	\$775
New Medical Claim – Rate Per Claim	No fee per claim	\$150
New Record Only Claim – Rate Per Claim	No fee per claim	\$20

**The total contribution for Workers' Compensation coverage is \$219,034 which is an increase of \$88,498 over the 2021-2022 fiscal year. If claims for 2022-2023 reach the Aggregate Deductible of \$644,219, our total exposure will be \$863,253. Having an Aggregate Deductible allows us to budget for our maximum exposure.**

**BENEFIT OF ACTION:**

Approval of these coverages will provide security of the District's employees.

**PROCEDURAL AND REPORTING IMPLICATIONS:**

The District is required to complete, sign, and return the Workers Compensation Contribution and Coverage Summary prior to June 30, 2022, in order to avoid a lapse in coverage.

**SUPERINTENDENT'S RECOMMENDATION:**

Recommends the Board approve the TASB Risk Management Fund proposal for Workers Compensation Coverage with an Aggregate Deductible for Denton ISD with a maximum exposure of \$863,253 effective July 1, 2022.

**STAFF PERSONS RESPONSIBLE:**

Dr. J. Scott Niven, Deputy Superintendent  
Chris Bomberger, Executive Director of Risk Management, Benefits & Child Nutrition

**ATTACHMENTS:**

Denton ISD Contribution & Coverage Summary (CCS)  
Consultant Letter regarding Workers' Compensation Insurance RFP Results

**APPROVAL:**

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Signature of Divisional Leader: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_