



Edina Public Schools ISD 273

Executive Summary 07/01/2025 – 07/01/2026

Nick Lano | Area Vice President
Nick_Lano@ajg.com | 952.358.7579

05/28/2025



Gallagher

Insurance | Risk Management | Consulting

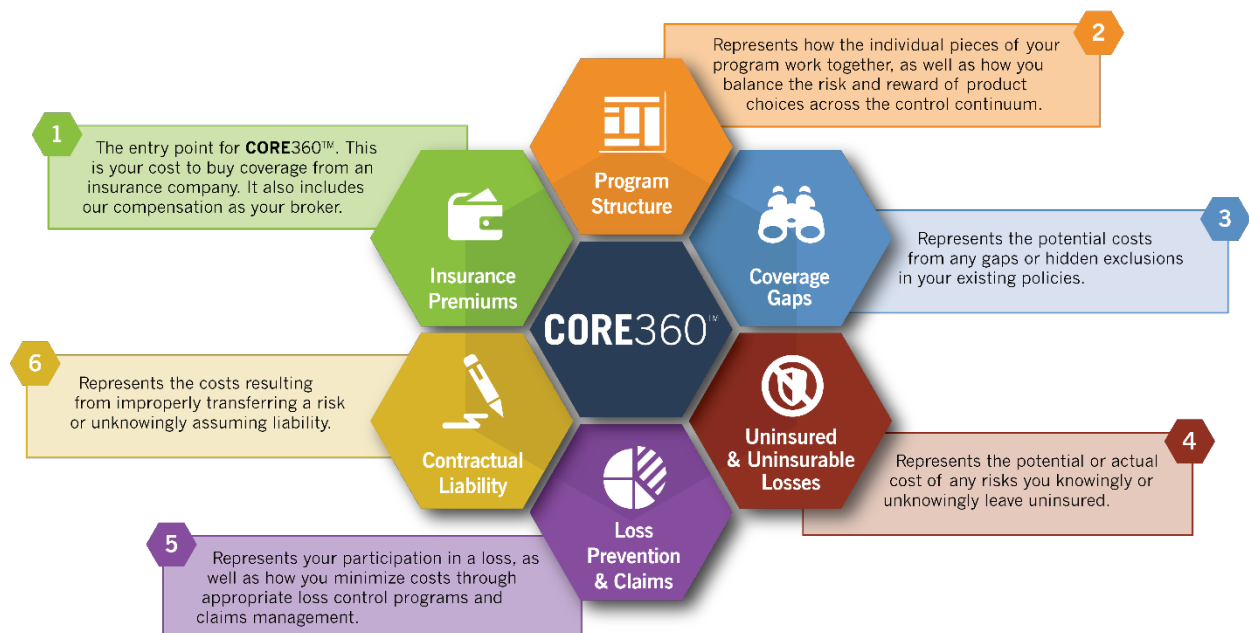
Overview

On behalf of the Gallagher Scholastic Team, we would like to thank Edina Public Schools ISD 273 for the continued opportunity to serve the district. This Executive Summary is a shorter version of our proposal and is intended to summarize the renewal and outline our **CORE360™** approach for the district. The intent of our **CORE360™** approach is to help you optimize your total cost of risk and thereby improving the district's profitability to better serve the community. We highlight each **CORE360™** cost driver, beginning with Insurance Premiums and ending with Contractual Liability. Highlighting each cost driver will not only summarize the key accomplishments, but also ensure that we are deliberate in driving value to each of your six cost drivers which represent your total cost of risk.

The Executive Summary also follows the decisions made and action items we discussed during our strategic review discussion on April 16th. During the discussion we established the following goals and objectives for 2025:

- Agreed to perform a strategic marketing approach with SFM. Previous marketing done in 2022, increased Experience Mod and adverse loss history driving net rate increase.
- Continue to provide the greatest deliverable to ISD 273 – program stability and carrier partnership.
- Continue to provide extensive loss prevention and claims advocacy services to drive down the district's total cost of risk.

We believe we have delivered on these results and look forward to reviewing the Executive Summary in further detail. We know that you have a choice and we appreciate your business and continued support.



2025 CORE360 Stewardship Scorecard

Your **CORE360™** Stewardship Scorecard has been developed for you to get a quick snapshot of how we've impacted your total cost of risk over time, by monetizing the cost of risk changes by cost driver.



Insurance Premiums

- 2025 Premium increase of 8.3% after payroll changes.
- **2025 Net Rate Increase 4%**
- Experience Mod increased 11.5% in 2025.
- 2025 Net Rate still 11.6% lower than 2019 net rate before RAS partnership was formed.



Program Structure

- Total Payroll for the district increased 4%% in 2025.
- Guaranteed Cost option provided by SFM in 2025.
- Discussed 2-year retention program structure with SFM.



Coverage Gaps

- Our review revealed no actionable coverage gaps at this time.



Uninsured & Uninsurable Losses

- There have been no changes in our understanding of the district's uninsured or uninsurable risks since our last discussion.



Loss Prevention & Claims

- Coordinated RAS Loss Control
 - Ergonomic Evaluations
 - Reviewed Non-Critical Recommendations
 - Custodian Safety Training
- 2025 Experience Mod Analysis completed.



Contractual Liability

- Hidden risk transfers & unknown assumption of liability – Snow removal companies, General Contractors and Construction Managers (for example).

US Public Sector & K-12 Education – March 31, 2025

Gallagher regularly reports on changes in the general insurance market, which supports understanding the broader environment of managing risk and insurance. Not all of those changes apply to public entities and K-12 schools, however. This addendum provides specific details for public sector decision makers by line of coverage, region and risk financing method and includes rate change information from all regions and all types of risk financing arrangements, including pools, self-insured programs, first-dollar and stand-alone coverage.

We have been helping public entities and schools of all types and sizes finance risk for more than 50 years. From that broad perspective, we note these current conditions:

- There are fewer markets willing to write public sector business, especially in certain lines of coverage. This creates a lack of competition and reduces availability, which influences both coverage terms and pricing.
- Many public entities struggle to meet underwriting criteria and may be challenged to provide accurate data. These factors decrease underwriters' confidence in the sector, which influences availability and pricing.
- Public entities and K-12 schools operate under a mandate to provide services to the public, limiting their ability to curtail risky operations. Providing law enforcement protection, guarding the health and welfare of school children, delivering clean water, and firefighting are all examples of high-risk services delivered by the sector that are becoming increasingly difficult to insure.
- Demographic and political changes, which are difficult to predict and control, are influencing school populations, straining social services, and increasing the pressure on public budgets.

These factors, in addition to the expectations of the public and societal views of government, all contribute to a challenging insurance environment for public entities.

Property

The key issues influencing property coverage in 2025 are similar to those in 2024, including:

- Extreme weather events. The National Centers for Environmental Information reported that there were 27 separate billion-dollar weather and climate disasters in the U.S. in 2024. Carriers will continue to examine their exposures to severe convective storms (SCS), wildfire, and flood, among other perils.
- Data accuracy and information gaps. Inadequate renewal information, incomplete property inventories, and missing components of construction, occupancy, protection and exposure (COPE) data all contribute to poor renewal outcomes. Many schools and public agencies struggle to keep up-to-date valuation records that accurately reflect the entity's property exposures. Carriers remain highly focused on insuring to appropriate values and inflation costs. Those with incomplete or inaccurate data are likely to experience increased pricing and fewer choices at renewal time.
- Alternative solutions. Although typically adverse to new, complicated or nontraditional risk financing solutions, a growing number of public entities are now considering creative buying strategies such as group purchasing, structured reinsurance, captives and parametric coverages.
- Preparation. To achieve the best possible outcomes, we continue to emphasize that it is important to start early, prepare thoroughly, and explore all options.

Overall, the property market is stabilizing and gradually improving. However, general market changes are slower to materialize in the public sector, due to the factors listed above. Our regional experts indicate that there are improved coverage terms and rate decreases for accounts without losses and with good data and valuations. In areas that have long-required cat coverage, rates and terms are more stable and there is sufficient capacity. However, across the country, wind and hail deductibles remain a concern, and some markets are still reducing loss limits. We noted differences in rate changes depending upon the risk financing structure, as well. Accounts that rely upon standard markets saw greater increases and stricter terms; accounts that utilize shared and layered structures fared better.

A survey of regional differences demonstrates the fluctuation that continues in the public sector property market. Keep in mind that the availability of specific markets varies by region and by appetite for certain types of risks (cat versus non-cat, SCS, etc.).

Region	Range of Rate Change	Market Comments
Northeast	Flat to increases of up to 20%	Adequate capacity
Southeast	Decreases to -20% for shared/layered Increases 10%+ for single placements	Fewer markets willing to write single placements
South Central	Flat to decreases of -15%	Markets changing terms
Great Lakes & Midwest	Increases up to 10%	Insufficient capacity
Southwest	Flat to decreases of -15%	Adequate capacity
Northwest	Flat to decreases of -15%	Adequate capacity Concerns re wildfires

Casualty/Liability – Including SAM, SBLL, LEL

There are external forces that influence liability rates in general, and we've been reporting on these for a few years. The insurance market continues to be affected by:

- Litigation abuses. This includes the increased propensity to file lawsuits, the growth of litigation financing, escalating jury verdicts, and aggressive plaintiff bar ads. The perception of "deep pockets" and the public's wariness and mistrust of government also fuels a litigious environment.
- Regulatory changes. Changes in laws and regulations affect insurance premiums. Changes in state statutes related to filing sexual abuse claims, for example, have driven premium increases across many states.
- Economic factors. Inflation, interest rates, and other economic factors play a role in rate changes. Insurers may adjust rates to account for higher costs in their operations or higher payouts due to inflation.

Policies that combine liability coverages into a package are renewing with increases from 5-15%. Rate changes are higher for accounts with losses or with law enforcement exposures. Markets are seeking increases to counteract inflation, and they continue to be concerned about problematic areas of operations.

The specific lines of coverage that cause concern include:

- Sexual abuse and molestation (SAM). One major insurer of this exposure has noted that sexual molestation claims have grown three times faster than all other claim types in the past 15 years. Coverage with appropriate limits and terms has become more and more difficult to obtain, especially in states with record jury verdicts and liberal revivor statutes.
- School board legal liability (SBLL). This line of coverage includes sexual abuse and molestation claims, with the same concerns and limitations noted above. There are a limited number of markets that include SAM coverage and across the country, we saw rates range from 0 to 15% increases.
- Law enforcement liability (LEL). Coverage for law enforcement activities, jails and detention centers continues to be problematic. We noted increases across all regions, from 5-15%, with additional concerns about the limited number of markets willing to write this risk.

All of these factors combine to make casualty market conditions more volatile for public entities and K-12 schools than for other sectors. Alternative solutions such as retention financing programs and structured reinsurance are gaining traction in the sector.

Workers' Compensation

For public entities that are not in a pool, they purchase workers' compensation coverage through a stand-alone policy or they purchase excess workers' compensation above a self-insured retention. Some also bundle the coverage into a package. Most entities that purchased excess workers' compensation experienced no rate change. For those with a rate change, it was a narrow range between a -5% decrease to +5% increase. First-dollar workers' compensation rates were also mostly flat, with some small decreases in some regions. It is worth noting that in some regions, there are fewer than five markets that will include fire and police, and there is a limited number of public sector workers' compensation markets, in general. We continue to watch this line of coverage closely as the increased costs of healthcare and medical inflation begin to influence rates.

Cyber

All regions report that there is plenty of capacity for cyber insurance, and that rates are flat overall. Good controls and security are stabilizing rates, and entities that maintain effective risk controls may even experience decreases.

In the public sector world, it is important to remember that the ever-evolving nature of cyber exposures makes this an extremely difficult risk to control. Schools and governmental entities are in the top ten list of potential targets for cyber-crime and the ongoing evolution and use of Artificial Intelligence will influence this line of coverage for years to come.

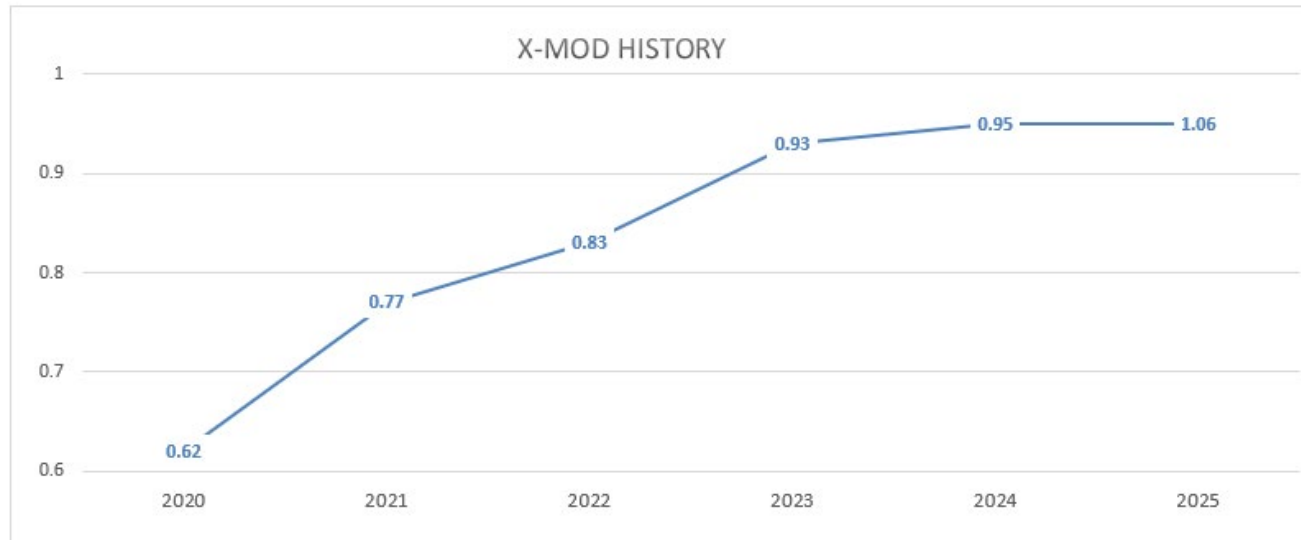
Conclusion

Insurance market conditions for public entity and K-12 buyers continue to be challenging. Many environmental, social and political influences contribute to these conditions in addition to the market trends highlighted in this report. We work diligently to understand these influences so that we can help our clients make the best risk financing decisions.

Historical Program Exposures

Class Code	Description	2020 – 2021 AUDITED	2021 – 2022 AUDITED	2022 – 2023 AUDITED	2023 – 2024 AUDITED	2024 – 2025 ESTIMATED	2025 – 2026 PROJECTED
7380	Chauffeurs & Helpers	\$24,795	\$24,704	\$41,852	\$58,235	\$45,657	\$46,474
7382	Bus Co. All Other Employees	\$1,345,763	\$1,676,667	\$2,034,831	\$2,343,917	\$2,219,825	\$2,275,321
8385	Bus Co. Garage Employees	\$229,051	\$230,979	\$368,257	\$558,430	\$401,737	\$797,046
8868	College Professional Employee	\$72,235,046	\$77,070,867	\$79,849,630	\$84,635,203	\$87,109,062	\$90,401,785
9101	College – All Other Employee	\$3,523,256	\$3,757,553	\$3,737,279	\$3,399,736	\$4,077,049	\$4,240,131
Total		\$77,357,911	\$82,760,770	\$86,031,849	\$90,995,521	\$93,853,330	\$97,760,757

Historical Characteristics:





Workers' Compensation Claims Summary

HISTORICAL FOUR YEARS

WORKERS' COMPENSATION											
POLICY TERM	CARRIER NAME	IND / PD PAID	MED / BI PAID	EXPENSES PAID	TOTAL PAID	TOTAL RESERVES	TOTAL RECOVERIES	TOTAL INCURRED	# OF OPEN CLAIMS	# OF CLOSED CLAIMS	# OF CLAIMS
07/01/2020 to 07/01/2021	RAS	\$17,437	\$63,571	\$23,195	\$104,203	\$108,890	\$0	\$213,093	1	27	28
07/01/2021 to 07/01/2022	RAS	\$46,136	\$156,929	\$15,816	\$218,881	\$0	\$599	\$218,282	0	70	70
07/01/2022 to 07/01/2023	RAS	\$126,617	\$196,305	\$8,770	\$331,692	\$179,946	\$0	\$511,638	2	73	75
07/01/2023 to 07/01/2024	RAS	\$23,973	\$123,312	\$8,675	\$155,960	\$63,905	\$0	\$219,865	2	83	85
07/01/2024 to 07/01/2025	RAS	\$0	\$15,005	\$801	\$15,806	\$39,646	\$0	\$55,451	7	39	46
TOTALS:		\$214,162	\$555,122	\$57,257	\$826,541	\$392,387	\$599	\$1,218,329	12	292	304

- 2019 Total Claims - \$394,804
- 2018 Total Claims - \$134,620
- 2017 Total Claims - \$73,908

Workers' Compensation

EXPERIENCE MODIFICATION VALIDATION

Mod Analysis for Independent School District 273

Mod Snapshot

Effective date: 7/1/2025

The Key Numbers

Total expected losses	\$574,679
Total expected primary losses	\$277,376
Total expected excess losses	\$297,303
Total unlimited losses	\$729,114
Total limited/adjusted losses	\$651,583
Total actual primary losses	\$284,592
Total actual excess losses	\$366,991
Computed ballast value	53,580
Computed weighting value	0.40
Modification factor	1.06
ARAP factor	1.00

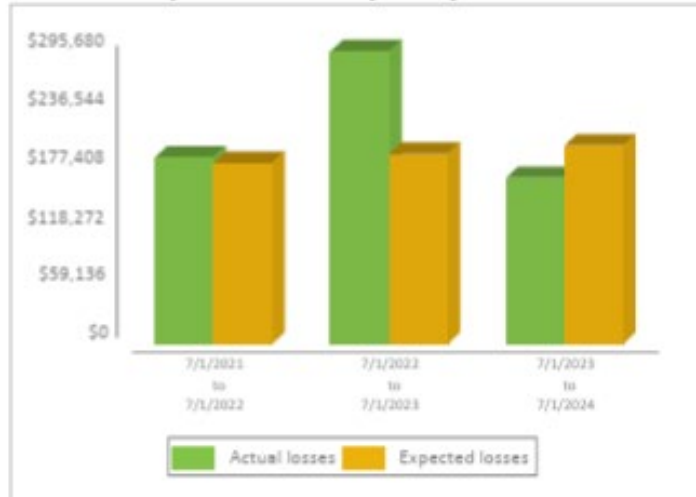
Impact of Top Itemized Losses

State	Injury Date	Incurred Loss	Impact on Mod	Mod w/o Loss
MN	5/26/2023	\$119,500	0.0933	0.9625
MN	9/30/2021	\$97,441	0.0792	0.9766
MN	11/29/2023	\$73,722	0.0641	0.9917
MN	9/25/2022	\$61,447	0.0563	0.9995
MN	3/2/2023	\$47,092	0.0472	1.0086
MN	12/10/2021	\$37,203	0.0409	1.0149
MN	10/5/2022	\$36,723	0.0406	1.0152
MN	7/30/2021	\$27,980	0.0350	1.0208
MN	2/2/2024	\$24,625	0.0329	1.0229
MN	1/24/2024	\$20,234	0.0090	1.0468

Mod Breakdown



Actual vs. Expected Losses by Policy Period



2025 Strategic Review

RECAP OF EARLY RENEWAL RATE EXPECTATIONS AND RESULTS FROM THE INCUMBET MARKET

Coverage	Carrier	Rate Indication	Rate Results	Comments
Workers' Compensation	RAS	<p>Initial renewal indication of \$568,462 or 18% premium increase after changes in payroll figures. New net rate of \$0.58.</p> <ul style="list-style-type: none"> 2025 Payroll increase of 4%. 2025 Experience Mod increasing 11.5%. Program in RAS's lowest rate tier – DTU. Same schedule credit applied in 2025. With 2025 Loss Projection – RAS underwriting to a 58% loss ratio. 	<p>Overall exceeded goal and secured a competitive renewal option from SFM that drove down the headwind in 2025. The 2025 net rate is 11.6% below the district's own net rate in 2019.</p>	<ul style="list-style-type: none"> 3-year loss ratio - 70% 5-year loss ratio - 70% Current loss ratio - 23% No change to program structure. Class Code 8868 – Rate increase of 4% Class Code 9101 – Rate decrease of 6%

Pure Loss Rate

Independent School District 273

Based on the selected pure loss rate and the projected Payroll, here are the projected losses for the 7/1/2025 - 7/1/2026 period.

Computation of Projected Losses									
Selected Pure Loss Rate	X	<u>Projected Payroll</u> \$100	=	Projected Losses	➔	\$ 0.35	X	<u>\$93,853,330</u> \$100	= \$ 328,487

ISD 273

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Renewal Premiums

2025 WORKERS' COMPENSATION RESULTS

	2024 Expiring	2025 Renewal
Carrier	RAS	SFM
Premium	\$467,035	\$501,591
Surcharges	\$13,525	\$19,159
Total Premium	\$480,560	\$520,750
Net Rate	\$0.51	\$0.53

- **2025 RAS Renewal Option – \$568,462**

Previous 2022 Marketing Results

- SFM – Declined due to loss history and not competitive at current rate structure.
- Employers – Declined, too large of a school account for them.
- United Heartland – Indicated above RAS renewal.

Notes:

- SFM option in 2025 underwritten to a 65% loss ratio (projected breakeven for the carrier).
- Maxed Scheduled Credit of 40% provided in 2021
- Scheduled Credit of 37% provided in 2022.
- Payrolls increased 7% in 2021 and 2.5% in 2022 and 3.6% in 2023 and 7% in 2024.
- **Expiring Premium in 2019 with SFM/Previous Broker - \$476,151 (\$0.60 net rate)**

Thank You for Your Business

On behalf of the Gallagher team, we would like to thank the district for the continued opportunity, partnership, support and confidence you have placed in us to handle the insurance program. We have enjoyed the partnership and look forward to continue earning the district's business year-over-year. We enjoyed implementing the agreed upon renewal strategy in 2025 and thus reducing the district's total cost of risk. Thank you



Proposal of Insurance

Independent School District 273

5701 Normandale Road
Edina, MN 55424

Presentation Date: July 1, 2025

Arthur J Gallagher Risk Management Services, LLC
A/JG License Nos. IL 100292093 / CA 0D69293



Gallagher

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Your Gallagher Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.

<i>Service Team</i>	<i>Role</i>	<i>Email</i>	<i>Phone</i>
Nick Lano Area Vice President	Producer	Nick_Lano@ajg.com	(952) 358-7579 (p) (952) 358-7500 (c)
Megan Reid (Bloomington) Client Service Manager	Client Service Manager	Megan_Reid1@ajg.com	(952) 358-7537 (p)

Service Commitment

Account Service

At Gallagher, our goal is to provide you with an exceptional insurance and risk management program delivered by a world class service organization. Gallagher is committed to partnering with our clients to ensure we consistently deliver the highest quality service possible.

Renewals

We use a standard Renewal Timeline and start early to make sure your needs are met and we are able to offer you the most comprehensive and competitively priced insurance program. At each renewal, we will meet with you to establish a renewal game plan, determine how many markets should be approached, discuss pricing in the insurance marketplace, and identify what specific needs must be addressed. We will then approach markets that we feel will offer the best alternatives. These alternatives will be presented at renewal as an option, even if we feel the incumbent program is strongest. We will demonstrate how we have created competition within the marketplace to ensure that you receive the best renewal terms.

We make ourselves accountable by working with you to develop a written service schedule that meets your needs. You can track our service by referring to our written service commitment. Service becomes especially important as your type of organization continues to change and prosper.

As a top national broker, we have access to over 150 insurance companies and wholesalers. This maximizes your insurance options in any given policy year situation. In addition, our integrity and influence in the marketplace have resulted in excellent relationships with our markets. These factors are especially important to consider as the insurance needs of your organization become more complex and require more sophisticated solutions.

Acquisitions

On request, we will perform an insurance due-diligence review on all products and acquisitions.

Profit Center Premium Allocations

We will provide premium breakdown by entities and/or location schedule.

Automobile Identification Cards

ID cards will be issued upon binding of coverage.

Phone Calls

Phone calls will be returned within one working day of receipt.

Certificates of Insurance

Certificates of Insurance will be issued within 24 hours of request.

Claims

Claims will be reported to the company within two working days of receipt, and acknowledgment of receipt will be sent to you. We will follow up with the carrier within ten working days after receipt of a claim. Monthly claim reports will be provided if requested.

Program Structure

Named Insured

Named Insured	Workers Compensation
Independent School District 273	X

Note: Any entity not named in this proposal may not be an insured entity. This may include affiliates, subsidiaries, LLCs, partnerships, and joint ventures.

Location Schedule

Loc.#	Bldg #					Description of Operations
		Street	City	St	Zip	
1	1	5701 Normandale Rd	Edina	MN	55424	Edina Community Center/District Office
1	2	5900 Concord St	Edina	MN	55436	Elementary School - Concord
1	3	5505 Doncaster Way	Edina	MN	55436	Elementary School - Edina Highlands
1	4	7000 Cornelia Dr	Edina	MN	55436	Elementary School - Cornelia
1	5	5701 Normandale Rd	Edina	MN	55424	Normandale Elementary School
1	6	4725 S View Ln	Edina	MN	55436	Middle School - South View
1	7	6750 Valley View Rd	Edina	MN	55436	Middle School - Valley View
1	8	5701 Benton Ave	Edina	MN	55436	Elementary School - Countryside
1	9	6401 Gleason Rd	Edina	MN	55436	Elementary School - Creek Valley
1	10	6754 Valley View Rd	Edina	MN	55436	High School - Edina
1	11	5201 W 76th St	Edina	MN	55436	Transportation Center

Market Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

<i>Line Of Coverage</i>	<i>Insurance Company ** (AM Best Rate/Financial Strength)</i>	<i>Market Response *</i>	<i>Admitted ***</i>
Workers Compensation	Dakota Truck Underwriters (A VIII)	Quoted	Admitted
	SFM Mutual Insurance Company (A- IX)	Recommended Quote	Admitted

*If shown as an indication, the actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

**Gallagher companies use AM Best rated insurers and the rating listed above was verified on the date the proposal document was created.

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A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the AM Best website at <http://www.ambest.com/ratings>.

***If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

Full Program Details

Workers Compensation

Carrier Information	Expiring	Proposed
Policy Term	7/1/2024 - 7/1/2025	7/1/2025 - 7/1/2026
Carrier	Dakota Truck Underwriters	SFM Mutual Insurance Company
A.M. Best Rating	A VIII	A- IX
Admitted/Non-Admitted	Admitted	Admitted
Payment Plan	10-10-month installment (25% down)	25% Down with 9 Installments
Payment Method	Direct Bill	Direct Bill

Premium & Exposures	Expiring	Proposed
Premium	\$467,035.00	\$501,591.00
State of MN Special Compensation Fund Assessment - 0174	\$13,525.00	\$19,159.00
Exposure / Payroll	\$93,853,330	\$97,760,757
TRIA	Included	Included
Minimum Type		None
Estimated Cost	\$480,560.00	\$520,750.00

Experience Modification Factors
1.06 - MN

States
States Covered: MN
States Excluded: OH, ND, WA, WY
Extraterritorial Jurisdictions: AK, AL, AZ, CO, CT, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MO, MS, MT, NC, NE, NM, NV, OK, PA, SC, SD, TN, TX, UT, VA, VT, WI

Standard Coverages	Expiring	Proposed
Coverage A - Workers' Compensation	Statutory	Statutory
Employers' Liability Limits - Bodily Injury by Accident - Each Accident	\$1,000,000	\$1,000,000
Employers' Liability Limits - Bodily Injury by Disease - Each Employee	\$1,000,000	\$1,000,000
Employers' Liability Limits - Bodily Injury by Disease - Policy Limit	\$1,000,000	\$1,000,000

Deductibles/SIR	Expiring	Proposed
Deductible : Workers' Compensation	None	None

Exclusions (including but not limited to)
Owners or Officers
Bodily Injury to an Employee While Employed in Violation of Law
Bodily Injury Intentionally Caused by Insured

Exclusions (including but not limited to)

Longshore & Harbor Workers' Act

Federal Employers' Liability Act

Assumptions under Contract

Subject to Audit: Annually**Auditable Exposures:**

<i>State</i>	<i>Class Code</i>	<i>Description</i>	<i>Expiring Rate per \$100</i>	<i>Expiring Exposure</i>	<i>Rate per \$100</i>	<i>Exposure</i>
MN	8868	Colleges Or Schools Profession	.5	\$87,109,062	0.53	\$90,401,785
MN	9101	Colleges Or Schools All Other	4.71	\$4,077,049	4.56	\$4,240,131
MN	7382	Bus Co: All Other Employees	4.62	\$2,219,825	5.07	\$2,275,321
MN	8385	Bus Company: Garage Employees	2.48	\$401,737	2.70	\$797,046
MN	7380	Drivers, Chauffeurs & Their He	6.53	\$45,657	7.20	\$46,474

Other Significant Terms and Conditions/Restrictions:**Description**

Premium includes TRIA premium of \$4,888

Premium Summary

The estimated program cost for the options are outlined in the following table: See attached

*Estimated Cost includes all taxes, fees, surcharges and TRIA premium (if applicable)

Quote from **SFM Mutual Insurance Company (SFM Mutual Insurance Company)** is valid until **7/1/2025**

Premiums are due and payable as billed and may be financed, subject to acceptance by an approved finance company. Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required. Note: Unless prohibited by law, Gallagher may earn compensation for this optional value-added service.

Gallagher is responsible for the placement of the following lines of coverage:

Workers Compensation

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.

Premium Financing

Gallagher is pleased to offer Premium Financing for our clients.

What is Premium Financing?

Premium financing is a short-term loan that provides premium payment flexibility. By financing, you have the option to spread out your premium payments instead of paying in full at the time of policy purchase or renewal.

Why Premium Financing May be Good for Your Business?

- May improve **capital and cash flow management** by spreading out premium payments over the policy period.
- Allows for **consolidation of** multiple policies into one premium finance agreement with a single monthly or quarterly payment.
- Provides automated **ACH options and flexible payment** terms.

Want to Learn More?

If you are interested in learning more or obtaining a quote, contact your Client Service Manager.

Payment Plans

<i>Carrier / Payable Carrier</i>	<i>Line Of Coverage</i>	<i>Payment Schedule</i>	<i>Payment Method</i>
SFM Mutual Insurance Company (SFM Mutual Insurance Company)	Workers Compensation	25% Down with 9 Installments	Direct Bill

Proposal Disclosures

Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer

IMPORTANT: The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary based on market conditions and the insurance product placed for the client.

2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.

3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.

4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

TRIPRA is set to expire on December 31, 2027. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2027. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

Terms and Conditions

It is important that we clearly outline the nature of our mutual relationship. The following terms and conditions (these “Terms”) govern your relationship with Gallagher unless you have separately entered into a written services agreement with Gallagher relative to the policies and services outlined in this Proposal, in which case that services agreement will govern and control with respect to any conflicts with these Terms. These Terms will become effective upon your execution of the Client Authorization to Bind Coverage (the “CAB”) included in this Proposal and shall survive for the duration of your relationship with Gallagher relative to the policies placed pursuant to the CAB or otherwise at your request.

Services

Gallagher will represent and assist you in all discussions and transactions with insurance companies relating to the lines of insurance coverage set forth in the CAB and any other lines of insurance coverage with which you request Gallagher's assistance. Gallagher will consult with you regarding any matters involving these or other coverages for which you have engaged Gallagher. You have the sole discretion for approving any insurance policies placed, as well as all other material decisions involving your risk management, risk transfer and/or loss prevention needs.

Although you are responsible for notifying applicable insurance companies directly in connection with any claims, demands, suits, notices of potential claims or any other matters as required by the terms and conditions of your policies, Gallagher will assist you in determining applicable claim reporting requirements.

Treatment of Information

Gallagher understands the need to protect the confidentiality and security of your confidential and sensitive information and strives to comply with applicable data privacy and security laws. Your confidential and sensitive information will be protected by Gallagher and only used to perform services for you; provided that Gallagher may disclose and transfer your information to our affiliates, agents or vendors that have a need to know such information in connection with the provision of such services (including insurance markets, as necessary, for marketing, quoting, placing and/or servicing insurance coverages). We may also disclose such information as required by applicable data protection laws or the order of any court or tribunal, subject to our providing you with prior notice as permitted by law.

We will (i) implement appropriate administrative, physical and technical safeguards to protect personal information; (ii) timely report security incidents involving personal information to affected parties and/or regulatory bodies; (iii) create and maintain required policies and procedures; and (iv) comply with data subjects' rights, as applicable. To the extent applicable under associated data protection laws, you are a “business” or “controller” and Gallagher is a “service provider” or “data processor.” You will ensure that any information provided to Gallagher has been provided with any required notices and that you have obtained all required consents, if any and where required, or are otherwise authorized to transfer all information to Gallagher and enable Gallagher to process the information for the purposes described in this Proposal and as set forth in Gallagher's Privacy Policy located at <https://www.aig.com/privacy-policy/>. Gallagher may update its Privacy Policy from time to time and any updates will be posted to such site.

Dispute Resolution

Gallagher does not expect that it will ever have a formal dispute with any of its clients. However, in the event that one should arise, we should each strive to achieve a fair, expedient and efficient resolution and we'd like to clearly outline the resolution process.

A. If the parties have a dispute regarding Gallagher's services or the relationship governed by this Proposal (“Dispute”), each party agrees to resolve that Dispute by mediation. If mediation fails to resolve the Dispute, you and Gallagher agree to binding arbitration. Each party waives all rights to commence litigation in court to resolve a Dispute, and specifically waives all rights to pursue relief by class action or mass action in court or through arbitration. However, the parties do not waive the ability to seek a court order of injunction in aid of the mediation and arbitration required by these Terms.

B. The party asserting a Dispute must provide a written notice (“Notice”) of the claim to the other party and to the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules and Mediation Procedures. All Dispute resolutions will take place in Chicago, IL, unless you and Gallagher agree to another location. The parties will equally divide all costs of the mediation and arbitration proceedings and will each pay their own attorneys' fees. All matters will be before a neutral, impartial and disinterested mediator or arbitrator(s) that have at least 20 years' experience in commercial and insurance coverage disputes.

C. Mediation will occur within sixty (60) days of filing the Notice with the AAA. Mediation results will be reduced to a memorandum of understanding signed by you, Gallagher and the mediator. A Dispute that is not resolved in mediation will commence to binding arbitration. For Disputes in excess of \$500,000, either party may elect to have the Dispute heard by a panel of three (3) arbitrators. The award of the arbitrator(s) must be accompanied by a reasoned opinion prepared and signed by the arbitrator(s). Except as may be required by law, neither you, Gallagher, nor a mediator or arbitrator may disclose the existence, content or results of any Dispute or its dispute resolution proceeding without the prior written consent of both you and Gallagher.

Electronic Delivery

In lieu of receiving documents in paper format, you agree, to the fullest extent permitted by law, to accept electronic delivery of any documents that Gallagher may be required to deliver to you (including, but not limited to, insurance policies and endorsements, account statements and all

other agreements, forms and communications) in connection with services provided by Gallagher. Electronic delivery of a document to you may be made via electronic mail or by other electronic means, including posting documents to a secure website.

Miscellaneous Terms

Gallagher is engaged to perform services as an independent contractor and not as your employee or agent, and Gallagher will not be operating in a fiduciary capacity.

Where applicable, insurance coverage placements and other services may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees to the Internal Revenue Service, various State(s) departments of revenue, state regulators, boards or associations. In such cases, you will be responsible for the payment of the taxes and/or fees, which Gallagher will separately identify on related invoices.

The Proposal and these Terms are governed by the laws of the State of Illinois, without regard to its conflict of law rules.

If an arbitrator/court of competent jurisdiction determines that any provision of these Terms is void or unenforceable, that provision will be severed, and the arbitrator/court will replace it with a valid and enforceable provision that most closely approximates the original intent, and the remainder of these Terms will remain in effect.

Except to the extent in conflict with a services agreement that you may enter into with Gallagher, these Terms and the remainder of the Proposal constitute the entire agreement between you and Gallagher with respect to the subject matter of the Proposal, and supersede all prior negotiations, agreements and understandings as to such matters.

Client Signature Requirements

Coverages for Consideration

Overview

Gallagher recommends that you consider purchasing the following additional coverages for which you have exposure. A Proposal for any of the coverages below can be provided.

- Volunteer Accident

Please note the recommendations and considerations summarized in this section are not intended to identify all potential exposures. Gallagher is not an expert in all aspects of your business and assumes no responsibility to independently investigate the risks your business faces. Gallagher has relied upon the information you provided in making our insurance Proposals. If you are interested in pursuing additional coverages other than those listed above, please list the additional coverages in the Client Authorization to Bind.

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 7/1/2025, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

	Coverage/Carrier
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Workers Compensation SFM Mutual Insurance Company
Included*	TRIA - Workers Compensation
Option #2: \$568,462 <input type="checkbox"/> Accept <input type="checkbox"/> Reject	Workers Compensation Dakota Truck Underwriters
Included*	TRIA - Workers Compensation

*For this coverage, TRIA cannot be rejected

Additional Recommended Coverages

Gallagher recommends that you purchase the following additional coverages for which you have exposure. By checking the box(es) below, you are requesting that Gallagher provide you with a Proposal for this coverage. By not requesting a Proposal for this coverage, you assume the risk of any uncovered loss.

Other Coverages to Consider

☐ Volunteer Accident

The above coverage(s) does not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those listed in the Additional Recommended Coverages, please list below:

Coverage Amendments and Notes:**Exposures and Values**

You confirm the payroll, values, schedules, and any other information pertaining to your operations, and submitted to the underwriters, were compiled from information provided by you. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies. You acknowledge it is your responsibility to notify Gallagher of any material change in your operations or exposures.

Additional Terms and Disclosures

Gallagher is not an expert in all aspects of your business. Gallagher's Proposals for insurance are based upon the information concerning your business that was provided to Gallagher by you. Gallagher expects the information you provide is true, correct and complete in all material respects. Gallagher assumes no responsibility to independently investigate the risks that may be facing your business, but rather have relied upon the information you provide to Gallagher in making our insurance Proposals.

Gallagher's liability to you arising from any of Gallagher's acts or omissions will not exceed \$20 million in the aggregate. The parties each will only be liable for actual damages incurred by the other party, and will not be liable for any indirect, special, exemplary, consequential, reliance or punitive damages. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with the Proposal, any of Gallagher's services or your relationship with Gallagher may be brought by either party any later than two (2) years after the accrual of the claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher's Privacy Policy located at <https://www.ajg.com/privacy-policy/>.

You have read, understand and agree that the information contained in the Proposal and all documents attached to and incorporated into the Proposal, is correct and has been disclosed to you prior to authorizing Gallagher to bind coverage and/or provide services to you. By signing below, or authorizing Gallagher to bind your insurance coverage through email when allowed, you acknowledge you have reviewed and agree with terms, conditions and disclosures contained in the Proposal.

By:

Print Name (Specify Title)_____
Company_____
Signature

Date:

Appendix

Compensation Disclosure Schedule

Client Name: Independent School District 273

Coverage	Carrier Name(s)	Wholesaler, MGA, or Intermediary Name ¹	Est. Annual Premium ²	Gallagher U.S. Owned Wholesaler, MGA, or Intermediary % and/or Fee %
Workers Compensation	Dakota Truck Underwriters	Risk Administration Services, Inc.	\$552,382.00	
Workers Compensation	SFM Mutual Insurance Company (SFM Mutual Insurance Company)	N/A	\$501,591.00	

¹ We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

² If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.

Note: When placing business with insurance companies, Gallagher Companies receive commission based on negotiated contractual terms with those carriers. The commission rate is a percentage of the premium excluding taxes and fees. Major lines of coverage, and their typical range of commissions are listed below. If you wish to receive more details on actual compensation paid to Gallagher Companies, please contact your Gallagher representative.

- **Accident & Health:** 15-25%
- **Aviation:** 14-15%
- **All Other Commercial:** 10-20%
- **Bonds/Surety:** 30-35%
- **Builders Risk:** 15-18%
- **Casualty:** 14-15%
- **Commercial Auto:** 12.5-15%
- **Inland Marine:** 20-22.5%
- **Ocean Marine:** 15-17.5%
- **Package / Business Owners Package:** 15-16.8%
- **Executive and Professional Liability:** 12-16.5%
- **Property:** 15-22%
- **Workers Compensation:** 8-11%

Compensation to Gallagher may also be disclosed in a Client Services Agreement or Consulting Services Agreement.

Claims Reporting By Policy

Immediately report all claims. Each insurer requires notice of certain types of claims depending on the potential exposure or particular injury types. It is important to thoroughly review your policy to ensure you are reporting particular incidents and claims, based upon the insurer's policy requirements.

If you are using a third party administrator ("TPA"), your TPA may or may not report claims to an insurer on your behalf. Although we will assist you where requested, it is important that you understand whether your TPA will be completing this notification.

Reporting Direct to Carrier [Only When Applicable]

Coverage(s): <i>Workers' Compensation</i>	Report To:
Insurer: SFM Mutual Insurance Company Policy Term: 7/1/2025 - 7/1/2026	Insurer/TPA Name: SFM Mutual Insurance Company Phone: 855-675-3501 Fax: 800-944-1169 Web: https://www.sfmic.com/employers/report-an-injury/

Gallagher STEP



STEP



Reduce Your Risk and Simplify Training

Safety training programs and educational materials for employees are critical for reducing accidents, increasing retention, and minimizing your total cost of risk now and in the future.

Gallagher Safety Training Education Platform (STEP) is our proprietary learning management system (LMS) that supports your safety program, provides real-time access to your loss control plans and keeps employees up to date with the latest safety standards.

Key Benefits of Gallagher STEP

- **Register** for up to 10 complimentary modules every year from a library of over 100 training and safety shorts. In addition, monthly bulletins are available, covering topics such as general and environmental safety, human resources, and health and wellness.
- **Save** valuable time by assigning employee training and monitoring their latest progress and completion.
- **Simplify** the process of training to stay in compliance and avoid costly penalties.
- **Onboard and train** an unlimited number of users while enhancing your overall risk control program.
- **Customize** your platform with your company's logo, training content and modules tailored to your business, and personalized procedures and forms for an added fee.

Please visit ajg.com/us/gallagher-step/ to learn more.

Most Popular Training Modules

- Sexual Harassment and Discrimination
- Slip, Trip and Fall Training
- Electrical Safety Training
- Back Safety Training
- Bloodborne Pathogens
- Safe Lifting Practices
- Defensive Driving Basics
- Fire Prevention Basics
- Personal Protective Equipment
- GHS Hazard Communication

Gallagher CORE360®



Gallagher CORE360® is our unique, comprehensive approach of evaluating your risk management program that leverages our analytical tools and diverse resources for custom, maximum impact on six cost drivers of your total cost of risk.

Sample of Available Training Modules and Safety Shorts

Human Resources Training

- Americans with Disabilities Act (ADA)
- California Ethics
- California Sexual Harassment & Discrimination—Employees (English and Spanish)
- California Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- Connecticut Sexual Harassment Prevention and Response
- Diversity
- Drug-Free Workplace—Supervisor
- Ethics in Action
- Fair and Accurate Credit Transaction Act (FACTA)
- Family Medical Leave Act (FMLA)
- Interviewing Strategies
- Job Applications
- Maine Sexual Harassment Prevention and Response
- Personnel Files
- Sensitivity Basics: Creating Positive Working Relationships
- Sexual Harassment and Discrimination—Employees
- Sexual Harassment and Discrimination—Supervisors
- New York City Sexual Harassment and Discrimination—Employees (English and Spanish)
- New York City Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- New York State Sexual Harassment and Discrimination—Employees (English and Spanish)
- New York State Sexual Harassment and Discrimination—Supervisors (English and Spanish)
- Smart Hiring
- Smart Risk Management—Core Principles
- Theft
- Unsafe Acts
- Violence Prevention
- Workers Compensation Essentials
- Workplace Investigations Basics
- Wrongful Termination

Safety Training

- Accident Investigation Techniques
- Asbestos Awareness (General Industry)
- Basic Conveyor Safety
- Bloodborne Pathogens (English and Spanish)
- Creating a Safe Holiday Celebration
- Common Fire and Life Safety Hazards
- Continuity of Operations Planning
- Defensive Driving—Accident Scene Management
- Defensive Driving—Backing Safely, R is for Reverse
- Defensive Driving Basics—Part I (English and Spanish)
- Defensive Driving—Changing Lanes Safely
- Defensive Driving—Driving Safely in School Zones
- Defensive Driving—General Auto Risk Management
- Defensive Driving—Intersections
- Defensive Driving—Reducing Deer-Related Incidents
- Defensive Driving—Safe Following Distance
- Defensive Driving—Spring Weather Conditions
- Defensive Driving—Winter Weather Conditions
- Determining the Root Cause of Accidents
- Disaster Planning 101
- Electrical Safety (English and Spanish)
- Ladder Safety
- Employee and Family Disaster Planning
- Evacuation Planning and Procedures
- Fire Prevention Practices (English and Spanish)
- Forklift Safety Basics for General Industry
- Hazard Communication (English and Spanish)
- Hearing Protection
- Housekeeping—Custodial, Safe Housekeeping Practices
- Identifying Strain and Exertion Exposures (English and Spanish)
- Lead-Based Paint
- Lockdown Procedures
- Lockout/Tagout (English and Spanish)
- Machine Guarding (English and Spanish)
- Means of Egress (English and Spanish)
- Mold
- Office Ergonomics Defined
- Office Ergonomics—Working in Comfort
- Office Workstation Safety
- Office Workstation Safety for Supervisors
- Personal Protective Equipment (English and Spanish)
- Portable Fire Extinguishers I
- Portable Fire Extinguishers II
- Power Tool Safety
- Preparation for Physical Activity
- Preventing Back Injuries (English and Spanish)
- Preventing Slips, Trips and Falls (English and Spanish)
- Preventing Injuries When Lifting, Moving and Transferring Residents
- Safety Pays for Life
- Temp Staffing Services. Employee Safety Orientation (English and Spanish)

Safety Shorts

Two safety shorts are considered one module selection.

- Bloodborne Pathogens
- Electrical Safety
- Emergency Procedures
- Fire Prevention and Protection
- Hand and Power Tools
- Hazard Communication
- Housekeeping/Custodial—Before You Start
- Housekeeping/Custodial—Cleaning by Hand
- Housekeeping/Custodial—Emptying Trash
- Housekeeping/Custodial—Mopping and Emptying Buckets
- Housekeeping/Custodial—Preventing Slips, Trips and Falls
- Housekeeping—General
- Ladder Safety
- Lockout/Tagout
- Personal Protective Equipment
- Safe Lifting Practices
- Slip, Trip and Fall

The Gallagher Way.
Since 1927.

Please visit ajg.com/us/gallagher-step/ to learn more.

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