



Ripon Area School District

1120 Metomen St., Ripon, WI 54971

www.ripn.k12.wi.us

MEMORANDUM

To: Board of Education

From: Jonah Adams, Business Manager

Date: August 15, 2024

Subject: Insurance Premium and Coverage Renewal for the 2024-2025 School Year

Background

In the 2019-2020 school year, the Ripon Area School District transitioned from insurance plans brokered by M3 to similar plans offered through the Wisconsin Educators Risk Management Cooperative (WERMC), with coverage brokered by Ansay & Associates. WERMC is a cooperative of approximately 70 Wisconsin school districts that pool purchasing power, although each district is individually underwritten. Since this switch, the District has experienced a reduction in insurance costs. For instance, net insurance premium expenses in the 2023-2024 school year, after accounting for rebates and dividends, were \$26,362 lower than in the 2018-2019 school year.

Estimated Premiums for 2024-2025

For the 2024-2025 school year, the District projects an increase of \$37,752 in net expenditures for property, liability, and workers' compensation insurance compared to the previous year. The District anticipates a 15% rebate/dividend of \$11,328 on the workers' compensation insurance premium, which will be applied toward the current year's costs.

The anticipated increase in property insurance premiums, approximately 33%, is attributed to higher replacement costs for buildings and equipment and a switch from CM Regent to Community Insurance Corporation. According to our broker, CM Regent was previously locked into small rate increases that no longer align with current market rates once the rate lock expired. CM Regent declined to offer a proposal for the 2024-2025 school year.

The table below summarizes the District's insurance expenses:

Insurance Type	2018-19 Expense	2021-22 Expense	2022-23 Expense	2023-24 Expense	2024-25 Estimate
Liability	\$28,652	\$29,687	\$24,444	\$23,451	\$22,912
Property	\$73,000	\$53,358	\$66,645	\$69,937	\$92,989
Workers' Compensation	\$76,899	\$41,243	\$65,509	\$58,801	\$74,040
Total	\$178,551	\$124,288	\$156,598	\$152,189	\$189,941

Worker's Compensation Insurance

For 2024-2025, the District expects a 15% rebate/dividend of \$11,328 from the prior year's workers' compensation premium, reducing the premium from \$85,368 to \$74,040. The workers' compensation experience modification factor has increased from 0.88 to 1.01, reflecting a rise in claims by District employees.

Premium Summary

Tim Patterson, Insurance Advisor at Ansay & Associates, has provided the following premium and coverage summary:

<u>Coverage</u>	<u>Insurance Company</u>	<u>23-24 WERMC Program</u>	<u>24-25 WERMC Program</u>
Property	CM Regent / CIC	\$71,125	\$92,989
Total Insured Value		\$114,569,878	\$116,569,878
General Liability	CIC	\$9,304	\$9,228
School Board Legal Liability (\$5,000 Deductible)	CIC	\$6,821	\$6,388
Automobile Liability	CIC	\$3,877	\$3,827
Automobile Physical Damage (\$1,000 Deductible)	CIC	\$1,796	\$1,094
Cyber Solutions	CIC	Included	Included
Crime	F&D	\$2,375	\$2,375
Workers Compensation	Acuity	\$83,200	\$85,368
Experience Modification		0.88	1.01
	Annual Premium	\$178,498	\$201,269

Please note that dividends by law cannot be guaranteed and must be declared by the Board of Directors. Actual premiums paid in 2023-2024 are summarized in the first table and account for rebate and dividends.

Recommendation

I recommend that the Ripon Area School District continue its participation in the WERMC cooperative and renew its insurance coverage with the cooperative's partner insurers. I look forward to discussing this issue further at your convenience.