



SCHOOL INSURANCE NEWSLETTER

October 2019

Worker's Compensation pricing is down significantly. Example: recently, a small district that has been with a "cost plus" plan for many years renewed, after bidding, with a fixed cost plan and saved 54%, and now has a consistent budgeted amount. There was a total of 14 bids from nine different companies, for the largest response we have seen.

Several districts have switched from a Cost-Plus plan to Fixed-Cost. Fixed-Cost insurance, and even Cost-Plus with a reasonable maximum, is advantageous when setting a budget, and eliminates the need to bring excess budgeted amounts to the Board.

Many of the providers are interlocal risk pools, removing the need for annual competitive bidding.

A pro forma analysis allows for a comparison of all types of cost options by comparing ultimate costs at various historical and theoretical loss levels.

Records. Are the WC classes shown on each individual's payroll record?

WC payroll exclusions:

Show gross salary without payroll deducted benefits should be shown.

1. Premium share of overtime (if 1.5 times is paid to employee, WC report should be 1 times).
There is not additional exposure to loss.
2. Expense accounts and reimbursed \$ - uniforms, training, weapons, gear, vehicles, etc.
3. Employer contributions to group pension plans
4. Value of special rewards for invention or discovery
5. Severance pay (except for accrued vacation time)
6. Reimbursements made for business expenses such as automobile, meals, lodging, etc.

Classification Payroll Distribution

This is the average distribution we see for schools:

Code	Classification	Distribution	TDI Rate/\$100
7380	Bus Drivers	2%	4.49
7720	Police	1%	2.27
8810	Clerical	7%	.12
8868	Professional	80%	.50
9101	All Other	10%	3.57

School Districts are currently paying approximately 50% of the Texas Department of Insurance published rates. What is important is the distribution of payroll reported. If your district has more than 10% in the "All Other category", you should probably re-evaluate the classifications.