



SCHOOL INSURANCE NEWSLETTER

November 2021

Market Conditions

Many districts received renewal information just too late to prepare an RFP and are “stuck” with huge premium increases and coverage reductions, particularly deductible increases. We have seen increases of 40% and a requirement to sign a three year agreement. Such agreements do not preclude the risk pool from increasing premiums based on increased reinsurance costs. Start preparing for your next renewal five months prior to expiration. Our clients are currently establishing their 2022 calendars.

WORKERS COMPENSATION

Clients occasionally state that they did not know we consulted on Worker’s Compensation. We do; in fact, Worker’s Compensation is the most competitive of all insurance. Schools did not drastically reduce payroll (the basis of WC premium) but did significantly reduce exposure to losses. Covid did not generate the losses that were expected. This line of insurance should be even more competitive in 2022. For information on WC payroll distribution, visit the FAQs under Schools on our [website](#).

2021 Network Report Card

If your district will utilize a network, even if fully insured, this information will provide a good yardstick: <https://www.tdi.texas.gov/wc/reg/netrc2021.html>. Key comparisons are doctor satisfaction, days off work, problems seeing doctors and specialists and claim costs. From the network determine the number of providers (primary, specialists and pharmacies) available in key zip codes.

Large Districts

One CFO felt that his WC costs may be too high. We prepared a display using audited financials from district websites comparing costs per students for several similarly sized districts. He was right. Comparing seven districts, the cost per student ranged from \$20-\$30. You can do the same, just divide the total cost of WC by the student count; do not include income.

Self-Funded and Districts Using TPAs

Comparing costs is very difficult. TPAs use % of savings, but when we requested payments for specific claims, the savings was different than quoted. We like to use several actual claims to compare real costs and also check with other district clients, using a list of specific handling and response questions.

Insured Districts

There are two types of coverages, Guaranteed Cost and Cost-Plus (it may be called Aggregate Deductible. Guaranteed cost premiums remain the same, regardless of claims; premiums only change with changes in payroll. The ultimate total of Cost-Plus plans depends on the claims. The insurer charges a fixed amount based on payroll, and the district pays 100% of claims up to a maximum limit. Because the district can affect some control of the cost, cost-plus districts often experience lower premiums.

Use Historical Claims Data to Predict Costs

When comparing proposals, we compare total costs based on past claim history. Factoring in payroll, medical cpi, total cpi, and safety improvements will provide an even better prediction of future costs.