

AN OVERVIEW OF BUSINESS INSURANCE (OTHER THAN EMPLOYEE BENEFITS)

Year of Success

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M3 Insurance

RISK MANAGEMENT PROCESS



INSURANCE AGENTS AND INSURANCE COMPANIES

- Limited Number of Qualified School Insurance Companies in Wisconsin
- Partnership
- WASB Insurance Plan

TYPICAL POLICIES PURCHASED BY SCHOOLS

- Workers' Compensation
- General Liability
- Automobile
- Educator's Legal Liability
- Excess Liability
- Property
- Crime
- Cyber

EMERGING RISKS

- Cyber
- Pollution
- Communicable Diseases
- Divided communities/
Board tension/
Social discourse



WORKERS' COMPENSATION

- Legally required
- Pays for injuries to employees
 - In the course of employment
 - In the scope of employment



WORKERS' COMPENSATION

- Who is an employee?
 - Any party that receives remuneration
 - Caution: Independent Contractors
 - ▶ *Wisconsin 9 point test*



- Employee
- Independent Contractor

WORKERS' COMPENSATION CLAIMS

- Timeliness is Very Important
 - First Report of Injury to School and Insurance Company
 - Waiting period for Indemnity
 - Return to Work

WORKERS' COMPENSATION PREMIUM

- Class Code 8868 9040
- Payroll
- Experience Modification
 - Your experience compared to other schools

COMPARISON FOR EXPERIENCE RATIO	
Before	After
Exp Mod	Exp Mod
1.20	.98

EXPERIENCE MOD EXAMPLE

- Professional payroll
 - Code 8868
 - Rate .53
 - All other payroll
 - Code 9101
 - Rate 4.74
 - Experience mod 1.0
 - Experience mod 1.25
- \$13,000,000
 - $130,000 * .53 =$
\$68,900
 - \$1,250,000
 - $12,500 * 4.74 =$
\$59,250
 - $68900 + 59250 = \mathbf{128,150}$
 - $128150 * 1.0 = \$128,150$
 - $128150 * 1.25 = \$160,188$
 - $1.25 = \mathbf{\$32,038 \text{ more}}$

WORKERS' COMPENSATION DIVIDENDS

- Dividends are paid by insurance companies
 - Variations: Flat, Sliding Scale or Combination
 - Not Guaranteed (almost always paid)
 - Basis: Losses, Competition, Market Conditions

WORKERS' COMPENSATION BASICS

- The basics of coverage & benefits
 - It's all about the statute



WORKERS' COMPENSATION BENEFITS

- Med Pay: Medical treatment, appliances & supplies
- Indemnity: begins after 3 day waiting period; waiting period waived if out more than 7 days
- TTD: Tax free and 2/3 of gross 52-week average weekly wage
- TPD: Temporary Partial payment for injured employee if working at a reduced wage

WORKERS' COMPENSATION BENEFITS

- PPD: Payment for Permanent Impairment from injury
- PTD: Lifetime Payments when Employee can no longer work due to injury
- Death Benefits: Burial Expense, Death Benefit

MONEY SAVING TIPS

- Establish culture of safety and early return to work within restrictions. Coordinate with Doctor
- Maintain close contact with employee and require check-ins after medical appointments; Keep claim adjuster informed
- Accident investigation-root cause/district wide solution



MONEY SAVING TIPS

- Require reporting of injuries within 24 hours
- Have a return to work transitional duty program
- Claim reviews/ aggravated inequities (review reserves)

LIABILITY

- General (GL) and Auto Liability (AL)
- Covers district's negligence for bodily injury, personal injury and damage to property of others.



*"Do you have
your insurance information on you?"*

LIABILITY

- Wisconsin Statute 893.80 Liability Claim Caps
 - \$50,000 per claim for GL
 - \$250,000 per claim for Auto
- Surrounding states/federal government do not have caps
- Bus fleet exposure
- Wisconsin Statute 895.52 “recreational immunity”



SAVING MONEY ON LIABILITY CLAIMS

- Report to claims – stay out of the middle
- Advise employees to only talk to district insurance company
- What is said WILL be used against you



EDUCATORS'/SCHOOL BOARD LEGAL LIABILITY

- Includes Special Education, Professional Error or Omission and Employment Type claims
- Errors or Omissions: Failure to use due care and degree of skill expected of a professional in that profession
- Many of these claims are federal claims
- Uptick in Failure to Educate claims due to COVID-19 and mask vs. no mask policies

SCHOOL BOARD LEGAL LIABILITY

- Business office should be notified immediately
- Notify Insurance Company immediately
- Consult with Insurance Company on Attorney choice
- No private conversation about the claim

PROPERTY

- Insures the property you own or lease
- Includes property in the Open
- No standard coverage
- Extra expense
- Boiler – Mechanical Breakdown

INLAND MARINE

- Contractor's equipment
- Portable property

CRIME

- Employee Dishonesty: Employee Theft
- Computer Fraud: Funds stolen via computer
- Funds Transfer Fraud: Unauthorized transfer of funds
- Money and Securities
- Forgery and Alteration
- Might include Social Engineering

EMERGING RISKS

- Cyber
 - Theft
 - Ransomware
 - Social Engineering
 - Personally Identifiable information
 - Underwriting: tightening
 - ▶ *Schools are targets*

EMERGING RISKS

- Pollution
 - Mold/asbestos
 - ▶ *Clean – up*
 - ▶ *Liability*
 - ▶ *Disposal*
 - ▶ *Liability for Contractors*

EMERGING RISKS

- Communicable diseases
 - New exclusion after COVID
- Divided communities
 - Mask vs No Mask debate
 - Curriculum disagreements

EDUCATION & RESOURCES

- WASBO-CSRSM and conferences
- WSSCA
- PRIMA IRMI, etc
- WASB Insurance program