

**INDEPENDENT SCHOOL DISTRICT 271  
Bloomington, Minnesota**

**REQUEST FOR SCHOOL BOARD ACTION**

DATE OF BOARD MEETING: June 11, 2018

SUBJECT: 2018-19 Vendors and Rates for District Insurance

ORIGINATING DEPARTMENT: Office of Human Resources

APPROVAL OF ADMINISTRATIVE COUNCIL MEMBER: Mary Burroughs  
Executive Director of Human Resources

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**RESOLUTION FOR BOARD TO ADOPT:**

RESOLVED, that the School Board of Independent School District 271 approves the vendors and rates for District insurance for the 12-month period from July 1, 2018 to June 30, 2019, per the attached Memo.

1. RAS/First Dakota Indemnity Company – Workers Compensation Insurance Policy
2. Kraus-Anderson Insurance – COMPTROL Workers Compensation Claims Management and Loss Prevention Program
3. Markel Insurance Company – Blanket Accident Policy - Special Risk for Registered Volunteer Workers
4. Travelers – Fiduciary Liability for Self-Funded Health Insurance Plan
5. Hartford Fire Insurance Company- ERISA Bond

FURTHER BE IT RESOLVED, that the School Board of Independent School District 271, per its organizational meeting of January 8, 2018, authorizes the Superintendent, or his designee, to execute documents within the authorized budget as appropriate to the daily operations of the school district.

**RECOMMENDATION OF SUPERINTENDENT:**

Approve.

**DETAILED BACKGROUND:**

On May 14, 2018, the Board approved a motion for vendors and rates for District group insurance. This is Part 2, which includes Workers Compensation (including Claims Management and Loss Prevention Program), Volunteer Workers/Blanket Accident, Fiduciary Liability, and ERISA Bond. The attached Memo provides the specifics of the recommended resolution, as well as significant background information.

Office of Human Resources

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TO: School Board  
CC: Cabinet and Holman Law Office  
FROM: Mary Burroughs, Executive Director of Human Resources  
DATE: June 11, 2018  
RE: Memo: 2018-19 Vendors and Rates for District Workers Compensation

The Office of Human Resources and Office of Business Services recommend the following vendors and rates for the District workers compensation program for the 12-month period from July 1, 2018 to June 30, 2019, as follows:

**1. RAS/First Dakota Indemnity Company – Workers Compensation Policy (renewal)**

Annual cost	2017-18	2018-19	Increase
Premium	\$618,741.00	633,877.00	2.4%

- Policy duration: one year.
- Rationale: Staying with current Workers Compensation organization since they presented a competitive price.
- Remarks: Mod rate has increased to 1.19.

**2. Kraus-Anderson Insurance (K-A) – COMPROL Workers Compensation Claims Management and Loss Prevention Program (renewal)**

Annual cost	2017-18	2018-19	Increase
Contract Amount	\$17,500.00	\$18,000.00	2.9%

- Contract duration: one year.
- Rationale: For the past twelve years, K-A Insurance has helped the District improve our return-to-work efforts, loss control, and claims management system.
- Remarks: Increased service demand due to claims increasing.

**3. Markel Insurance Company – Blanket Accident Policy - Special Risk for Registered Volunteer Workers (renewal)**

Annual cost	2017-18	2018-19	Decrease
Premium	\$2,332.00	\$2,093.00	10.2%

- Policy duration: one year.
- Rationale: To provide volunteers accident insurance while they are providing service to the District.
- Aggregate Limit of Indemnity: \$250,000 per year
- Maximum aggregate amount: \$25,000 per occurrence.
- Remarks: Rates based on number of volunteers (number fluctuates from year to year.)

**4. Travelers – Fiduciary Liability for Self-Funded Insurance Plan**

Annual cost	2017-18	2018-19	Increase
Premium	\$4,623.00	\$4,898.00	5.9%

- Contract duration: one year.
- Rationale: Our insurance consultant recommends fiduciary liability insurance for our non-ERISA self-funded medical insurance plan. Fiduciary liability insurance pays, on behalf of the insured, the legal liability arising from claims for alleged failure to prudently act within the meaning of the Pension Reform Act of 1974. “Insured” is variously defined as a trust or employee benefit plan, any trustee, officer or employee of the trust or employee benefit plan, employer who is sole sponsor of a plan and any other individual or organization designated as a fiduciary. Group life and medical expense plans, as well as pension and retirement plans, are within the scope of the law.

**5. Hartford Fire Insurance Company – ERISA Bond**

Three-year rate	2015-18	2018-21	Decrease
Premium (3 years)	\$575.00	\$543.00	5.9%

- Contract duration: First year of a three-year policy: July 1, 2018 through June 30, 2021.
- Rationale: Federal regulations require that every fiduciary of an employee benefit plan and every person who handles funds or other property of such a plan be bonded. ERISA’s bonding requirements are intended to protect employee benefit plans from risk of loss due to fraud or dishonesty on the part of “plan officials” who “handle” plan funds or other property.