



Estimating Premiums for Budgeting Purposes FY12

The DMI policies are rated on several different exposure data. This data is currently being reviewed by the colleges including payroll by class code, property value, content value, student FTE, faculty FTE, and vehicle inventory. DMI policy rates will be formalized by the Board at their April 21, 2011 meeting. The WCRB has already set the rates for worker's comp. To assist in the budget planning process the following **estimate** for premium for 7/1/11 is as follows:

Worker's Compensation Policy

Worker's Compensation premium is based on the payroll by class code along with the College's modification factor. Overall, 4.5% of total payroll is reported as class code 9101, the WCRB is increasing this rate by 1.1%. Overall 94.5% of total payroll is reported as class code 8868, the WCRB is increasing this rate by 8.5% If the College's modification factor and estimated payroll remain at current levels the anticipated premium will increase by at least 8.5%. Payroll increases due to local bargaining units, or any salary adjustments must be factored into the estimated payroll. Any increase in payroll along with the WCRB class code rate increases will drive up premium costs accordingly.

Property Policy

Premium associated with the DMI Property Policy is derived from the value of the buildings and their contents. Building appraisal values are revised annually using an appraisal expert and an industry recognized data base. Based on a content valuation model devised by American Appraisal and DMI the value of contents is assigned as 50% of the building value. The TIV (Total Insured Value) is a result of property value plus the content value. If DMI maintains the present "rate" at renewal the Property Premiums will increase if the building appraised value increases. At this time the appraisal data is being revised. For budgeting purposes a 5% premium increase is suggested.

Equipment Breakdown Policy

Premium associated with the DMI Equipment Breakdown Policy is based on the TIV utilized in the Property Policy (see above). If DMI maintains the present "rate" at renewal the Equipment Breakdown Premium will increase if the building appraised value increases. As noted above the appraisal data is being revised at this time. For budgeting purposes a 5% premium increase is suggested.

Casualty (Comprehensive General Liability)

Premium derived for the Casualty Policy is based on a compilation of overall Student FTE, Health Occupation Program FTE, overall Faculty FTE, and the number of vehicles in the College fleet. The FTE data obtained from the Wisconsin Technical College System Office is based on the data reported from each College. The FTE data utilized for rating is from the last completed academic year. The vehicle count is provided by the College. Typically the number of vehicles reported by the College is stable. If DMI maintains the present "rate" for renewal the Casualty Premiums can be estimated by the percent of change in FTE from 2008/09 to 2009/10.

Campus Violent Acts Policy

The premium associated with the Campus Violent Acts Policy is based on Student FTE the same data utilized in the Casualty Policy rating is applied here. If DMI maintains the present "rate" for renewal the Campus Violent Acts Premium can be estimated by the percent of change in Student FTE from 2008/09 to 2009/10.

If further assistance is needed, please contact the DMI office: steve@districtsmutualinsurance.com or (605) 422-2655.