

**Districts Mutual Insurance - Risk Managers Quarterly Meeting  
Madison College, West Campus – Madison, WI  
January 22, 2010 – 9 a.m.**

**Members Present:** Barb Kieffer (FVTC); Mark Zlevor, Sue Debe (GTC); Cindy Dross (LTC); Joshua Cotillier (MATC-Madison); Nelson Dahl (MSTC); Walter Lanier (MATC-Milw); Bonnie Baerwald (MPTC); Jill Price (NATC); Gale Powers (NTC); Jim Blumreich, Tim McNulty (NWTC); Caleb White, Helen Laufenberg (SWTC); Steve Decker (WITC); Jim Rehagen, Jay Scherer (WCTC); Amy Schmidt (WTC); Steven Stoeger-Moore, Tim Greene (DMI)

**Guests Present:** Linda Joski, Leta Finch (AJG); Mike Carney (WTCS)

**Recorder:** Geri Justinger (DMI Administrative Consultant)

The meeting was called to order at 9:06 a.m.

**1. Introductions**

Mr. Stoeger-Moore welcomed the group to the Madison West facilities and thanked Joshua Cotillier for hosting.

**2. Enterprise Risk Management Presentation – Leta Finch, Executive Director, Higher Education Practice Group**

Mr. Stoeger-Moore introduced Leta Finch from Arthur J. Gallagher Higher Education. She introduced the topic of Enterprise Risk Management. She stated that the “Road Map to Enterprise Risk Management” was produced from a think tank that Gallagher holds annually – this document will be distributed to the group and posted on the DMI website. She explained the difference between traditional Risk Management and Loss Control and Enterprise Risk Management (ERM) is that ERM identifies the “key risks” that schools face – the issues on which the reputation of the institution rests. She stated that these risks have to be identified from the “top down”. She stated that there are several National College Associations and Boards that have begun encouraging ERM. She also stated that rating institutions have begun taking ERM into account for non-profit organizations when issuing bond ratings. She encouraged everyone attending to be actively participative in the ERM process. A question was asked on how to bring this topic up at the local level. She stated that identifying the culture that exists in your institution is important. She stated that there are two cultures that prolifically exist in varying forms – independent (I’ll take care of my business – you take care of yours), or dependent (that’s not my concern – that’s the responsibility of someone else). She stated that to change cultures from dysfunctional (independent or dependent) to interdependent can take 3-5 years. She gave examples of how other institutions identified their “key risks”. She recommended the book “The Black Swan: The Impact of the Highly Improbable” by Nassim Nicholas Taleb as a good reference. Ms. Finch handed out an ISO framework of Risk Management. She stated that she has a lot of reference materials and sample letters and encouraged everyone to contact her directly as she can serve as a facilitator and reference person.

**3. DMI Claims Management Manual**

Mr. Stoeger-Moore spoke with the group about the Claims Management Manual. Ms. Justinger will be placing this document in the Members Only section including forms that are customizable. She told the group that after it is posted if there are pieces that need

to be customizable please let her know. Mr. Stoeger spoke with the group about the best practices for incident reporting that was prepared for the group. This document will be posted in the Members Only section of the DMI website.

#### **4. Student Accident Plan Update**

Mr. Rehagen spoke with the group and stated that their subcommittee (including Ms. Kieffer and Ms. Schmidt) plan to make an in-person contact with the state office (Jim Zylstra and Mike Carney) regarding the current restrictions on the Student Accident Plan. There was discussion about where each District was in this process. Bonnie Baerwald shared that she spoke with CVTC regarding their implementation process and that they are on board. Ms. Baerwald also stated that her Health Occupation staff stated that they have a very strong desire to be able to offer the coverage on-site as well. Ms. Joski stated that there is a potential that this program could be in jeopardy due to lack of enrollment numbers, furthermore cost containment will likely be an issue – she further stated that she will contact Gallagher-Koster regarding goal numbers for the program to remain at a cost effective level. It was suggested that the implementation of this program needs to be looked at from the value that it brings to the students and the institution. Mr. Stoeger-Moore stated that Mr. Rehagen has offered to be a “champion” of this program. Several Districts expressed an interest in having Ms. Delaney and Ms. Koster attend and present information at their Districts. Ms. Joski will look into that possibility.

#### **5. Legal Issues Update – Rob Mulcahy, Michael Best and Friedrich**

Mr. Stoeger-Moore introduced Mr. Mulcahy from Michael Best and Friedrich. He stated that Mr. Mulcahy will be making a presentation on an update of legal issues. Mr. Mulcahy stated that there are two handouts that were given to the group – one is all the law and proposed legislation that could affect Technical Colleges – the other is examples of cases that are of note. Mr. Mulcahy shared the details of the several cases and how they affect the Districts. He specifically spoke about the Ledbetter case and how it affects recordkeeping (especially in labor relations) – he suggested that all information regarding labor relations (promotions, hiring decisions, applications, etc.) be kept indefinitely. He reiterated the importance of having standards in place that are followed. He stated that external comparables are still very important in determining equal wages, etc.

#### **6. Underwriting for 7/1/10 Renewal – Linda Joski, Arthur J. Gallagher Risk Management Services**

Mr. Stoeger-Moore stated that January has traditionally been the start-up of the renewal process. Ms. Joski stated that she will be providing several documents for review to each location. Those that have the foreign travel liability will need to complete an updated application. The due date for completion is mid-February (two weeks following the receipt of the information).

##### **a. Content Valuation**

Mr. Stoeger-Moore stated that the Districts need to review their campus list / property list from Ms. Joski. He reminded everyone to make sure that leased properties are shown as \$0 and that content needs to be adequate (unless the lease includes the District covering the building insurance). He further stated that the older appraisals are nearing obsolescence but that they will still be utilized for this renewal.

##### **b. Collectibles**

Mr. Stoeger-Moore stated that he is unaware of significant exposure. Currently there is a limit of \$15M per occurrence of “collectibles” – he feels that this sublimit is sufficient. Mr.

Stoeger-Moore stated that he would highly suggest that the College obtain an appraisal for any pieces in question so proper recovery can occur in the event of loss.

**c. High-Value Vehicles**

Mr. Stoeger-Moore stated that there will be a change to the premium for high-value vehicles (over \$50,000). He stated that the rate for high-value vehicles beginning with the FY10 renewal will be the normal flat rate (\$425) plus \$20 per \$1,000 of value. The value for these vehicles will be depreciated by 5% annually. He reminded the group that reimbursement in case of loss will be actual cash value. There was discussion about unlicensed vehicles and motorcycles – all vehicles operated routinely for instruction should be on your vehicle list.

**d. Estimated Payroll**

Mr. Stoeger-Moore stated that approx. 58% of premium goes toward Workers' Comp. He stated that every year that there are questions about how to better estimate premiums. There was a question about directors being listed and a minimum charge being assessed for them (further research has show that there is no charge associated with Directors listed on audit worksheets). Mr. Stoeger-Moore reminded the group about several issues – WRS contributions need to be included, back pay is counted for the year in which it was earned. Mr. Stoeger-Moore asked that each District needs to update their "Additional Locations" sheet that they were given for Workers' Compensation. There was some discussion about monopolistic states and employees that reside therein and how that can affect Workers' Compensation coverages.

**e. "Ground-Up" Claims**

Mr. Stoeger-Moore explained that when a College has a loss that is under the deductible limit – those are considered a "ground-up" claim. He stated that keeping track of these costs will become more important in the future – for underwriting purposes. He encouraged everyone to begin (or continue) keeping track of these expenses.

There was further discussion about rates. Policies are rated by criteria that include payroll by class code, faculty FTE, student FTE, vehicles, property value, and content value. He emphasized that accurate reflection of data is critical to managing costs.

**7. College Foundation Coverage – Linda Joski**

Ms. Joski spoke with the group regarding current Foundation coverages. It was explained that there is limited coverages in place for Foundations through an endorsement via DMI to Tort limits (\$50,000). As Foundations are not a municipality DMI cannot offer coverage directly. There are several locations that have purchased stand-alone coverages to supplement existing coverages. Ms. Joski has begun to explore a group purchasing plan for Foundation coverages in order to offer better rates and coverage.

**8. Risk and Loss Control Consultant Report – Tim Greene**

**a. Loss Control – Top Ten**

Mr. Greene presented the information to the group.

**b. Risk and Loss Control Committee Report**

Mr. Greene thanked Mr. Stoeger-Moore for attending and presenting the history of DMI. Mr. Greene stated that the group reviewed claims data and created a PowerPoint on Slips, Trips, and Falls. A question was asked of the group – why aren't all Districts represented at the Risk and Loss Control Committee Meetings? Mr. Greene encouraged this group to reach out to the safety staff at their respective location. He thanked everyone for their attendance and participation.

**9. Meeting Survey Summary – Geri Justinger**

Ms. Justinger reviewed the results of the recent survey regarding meetings with the group. According to the survey in which all 16 Districts participated – 15 of the 16 Districts felt that the current quarterly meeting schedule meets needs and that the current venue is convenient. The majority of the respondents felt that topics discussed addressed needs. There were several other comments that were discussed.

**10. Claims Review**

**a. Midwest Claims**

Mr. Stoeger-Moore briefly reviewed the data with the group.

**b. United Heartland – Anne Romaine**

Mr. Stoeger-Moore briefly reviewed the data with the group. He further spoke with the group about a recent situation at one of the Districts. A student in a Trades practicum had an accident at a job site in which the College had contracted a project. This has become a workers' compensation claim. Because this individual was working in a Trades position (as a student in practicum) he was entitled to a continuation of wages at the level of that Trade.

**11. Update from Board of Directors**

Mr. Blumreich spoke with the group about the proceedings from yesterday's meeting. He spoke about the new investment advisor (Madison Scottsdale). He stated that the group discussed presentations that have been given regarding DMI. The Board has decided to create a video of this presentation for each District. The Board has also decided to initiate the process of doing an Annual Report for DMI. Mr. Blumreich stated that he and Ms. Kieffer will speak with the Insurance Trust (at next week's meeting) about the possibility of the offering additional insurance products through the Trust.

**12. Topics from Group**

Mr. Stoeger-Moore thanked everyone for attending and wished everyone safe travels.

**13. Adjourn at 2:11 p.m.**

Respectfully submitted,

Geri A. Justinger  
DMI Administrative Consultant