

Districts Mutual Insurance

Risk Managers Quarterly Meeting Wisconsin Technical College Foundation July 8, 2005 – 10 a.m.

Members Present: Bonnie Baerwald (MPTC); Tom Hinz (NWTC); Cindy Dross (LTC); Chuck Levine (WITC); Nelson Dahl (MSTC); Tom Eckert (NATC); Dick Shikoski (BTC); Stan Hollmann (SWTC); Tom Mercier (NTC); Kevin Myren (MATC-Madison); Doug Olson (CVTC); Jim Rehagen (WCTC); Les Rognstad (WWTC); Steve Stoeger-Moore (DMI)

Guest(s): Andrew Blau (United Heartland); Dan Follmer (United Heartland); Linda Joski (AJ Gallagher); Jim Lang (Gallagher Bassett Services/Risk Control); Greg Wagner (WTCS Office)

Recorder: Bonnie Vandre-Blewett (MATC-Madison)

The meeting was called to order at 10:00 a.m.

I. Claims Analysis

A. *United Heartland*

Mr. Dan Follmer of United Heartland (UH) reviewed the 2004 year end loss analysis. A total of 302 claims were reported for the first year with the number of claims reported decreasing in the 2nd quarter of 2005. Slips/Trips/Falls were the largest number of claims (122) followed by Manual Material Handling (57). Thirty-one (31) of the 302 claims are indemnity claims. The 31 claims represent 10.26% of the claims (frequency) and 67.16% of the total dollars incurred for the fiscal year. The group questioned how the frequency rate (10%) compared nationally and was told it was a fairly good percentage.

The Experience Modification Rates (EMR) for 2004 was reviewed. Mr. Follmer provided a brief explanation of the EMR and reminded the group that this determines workers' compensation premiums. Indemnity claims go into the EMR at 100%. Mr. Follmer provided an example of the impact on an indemnity claim. He indicated that Districts can request the numbers be run to assist them in determining the impact of medical vs. indemnity for a particular claim.

Mr. Follmer presented the indemnity claims analysis and stressed the importance of returning employees back in the work place as soon as possible. Some reported they are experiencing union opposition with light duty assignments outside of the employee's regularly assigned position (i.e., custodian doing clerical work).

Mr. Olson, Claims Committee Chair, reported that the committee and the DMI Board of Directors have discussed this issue. The committee recommends attending several statewide meetings (ASC, HR, Presidents meetings) to present on the topic and make

districts more aware of the issues involved and the benefit it has to all parties. The committee also passed a resolution that states:

Therefore, be it resolved that the Board of Directors of DMI recommend the adoption of a formal Modified Duty/Early Return to Work program by all WTCS Districts (no later than April 1, 2006).

The Board has authorized the committee to make presentations at statewide meetings and also has accepted the recommendation made by the committee.

Mr. Follmer shared that UH strongly supports this type of program. It has advantages for both the employee and the employer. Those who have contact with the UH claims department will note the strong emphasis of the return to work program.

The importance of timely reporting of claims was discussed. Mr. Follmer shared that early reporting allows UH to better work with both the employee and employer on the claim. Although there is no recourse for someone not reporting a claim timely – these can not be denied -- UH does take a harder look at those that are late reports.

Mr. Follmer indicated that it appears the WTCS loss ratio since UH has insured the colleges is consistent. Mr. Olson suggested looking at the reserve claims later in the fall to see if there are any that can be closed prior to the EMR being completed.

There was a question regarding what DMI was going to do for the large number of claims in the Slips/Trips/Falls category. Discussion regarding a written program that could be sent to all facility staff and request that they incorporate the recommendations made. The Risk Loss/Control Reports for each district have recently been completed and sent. Mr. Stoeger-Moore will be visiting each district two (2) times a year and also will be offering training programs on risk / loss control and strongly encourages districts to have their staff attend.

At the last meeting Mr. Follmer was questioned why whopping cough was considered work-related vs. a claim through the employee's health insurance. He reported that it is work related since they were able to identify a direct source of the disease (at the work place in this incident).

Mr. Follmer was thanked for his presentation. **A copy of his presentation will be distributed.**

B. Midwest Claims

Mr. Stoeger-Moore reported there were 143 claims during DMI's first year. One-hundred (100) were reported as claims and the remaining 43 were reported as incidents. At this point in time, there are only 14 active claims. **Mr. Stoeger-Moore will confirm that there were only 12 districts with claims this year.** He also reminded districts that if they are uncertain whether to file an incident with Midwest,

they should error on the side of being cautious. Reports can be filed as an incident to Midwest and may be beneficial in case an incident turns into a claim at a later date.

The group discussed the large amount paid on Auto Physical Damage claims (\$63,062) compared to the adjustment expense (\$208). There was a question whether the deductible is too high. It was suggested that the amounts were skewed this year due to the Waukesha fire (2 autos totaled and several with damage). One (1) claim of this magnitude could be what drove this up. Districts were reminded to maintain a grounds-up record on claims for their deductible.

Mr. Stoeger-Moore reminded the group that DMI did not set the deductible amounts. The Risk Managers group established the deductibles and could make changes, if they would like. He also shared that DMI had a very good first year based on the number of claims and the severity.

Mr. Jim Lang of Gallagher Bassett Services provided the group with some finding from his visits to the campuses. He agreed that a Slips/Trips/Falls awareness program would be beneficial. Some recommendations made include:

- Dispose of wooden ladders – cut them in half so they do not end up back in the building
- Remove worn extension cords – cut them in half so they do not end up back in the building or picked up by someone to take home
- Remove all portable sharps containers – use wall mounted containers whenever possible
- Ensure instructors follow the same use of protective equipment as required for students
- Secure all laptops, TVs, projectors, etc.

Mr. Lang also shared that key/card control was loose at the majority of colleges and is amazed that we have not experienced more theft. Issues that he would like to focus on over the next year are assisting in the Emergency Procedures/Plans development and possibly IAQ issues. Mr. Lang provided ready.gov and FEMA.gov as two websites with sample templates for Emergency Procedures/Plans. Currently Gallagher Bassett is working on a self-contained CD/DVD that provides on-line training with or without quizzes.

The group questioned what the requirement for responding to the District Risk Loss/Control Reports was. Mr. Stoeger-Moore indicated that there is no policy yet on this matter.

In planning for the next year, Mr. Stoeger-Moore asked the group what ‘hot topics’ were currently being worked on at their college. The feedback included:

- Emergency Procedure Manual & training (4)
- 15 passenger van and policy on 24 passenger bus

- Disaster Recovery Plan
- Labeling Program for hazard materials
- Security / Key Program
- MVRs
- Mandatory response for Risk Loss/Control Report from Gallagher Bassett
- Administrative training on effect of claims
- Early Return to Work Program (2) and Union crossover
- Slips / Falls (3)
- Security / Theft Prevention

II. Program Structure 2005-06

Mr. Stoeger-Moore reviewed the program structure with the group. The group was reminded that the EEL deductible is an aggregate and includes defense costs. There are substantial changes this year with Workers' Compensation Excess Insurance. Last year DMI's coverage level was \$250,000 but has increased to \$350,000. The Board made the decision to assume the additional risk and also approved another carrier (Midwest Employers). Another change is in the Excess Property coverage. This has risen from \$200M to \$250M on a per occurrence basis. If there are any questions on coverage, deductible, or claims handling, contact Mr. Stoeger-Moore. If you are unable to contact Mr. Stoeger-Moore you may contact Ms. Linda Joski at AJ Gallagher.

III. Worker Compensation Policy Issued

Each District was provided their Wisconsin Worker's Compensation policy. The rated premium shown on the declaration page was derived from the estimated payroll provided when the underwriting data was gathered.

IV. DMI Declaration Pages and Endorsements

Each district was provided a policy packet for the next year. A decision was made not to re-issue the full policy as it is relatively the same as the prior years. The packet included declaration pages and endorsement schedules. These pages should be inserted in the District's policy book. The group was urged to keep previous year policies as long as they have room for them.

Mr. Stoeger-Moore informed the group that there are new policy numbers. He also indicated that the Annual Meeting endorsement will be updated and sent to all (this has changed since printing). The group was reminded that as of July 1, 2005, 15-passenger vans were excluded and that an endorsement is in the packet. This raised the question regarding the use and coverage of 24-25 passenger buses to meet college's transportation needs. Mr. Stoeger-Moore indicated that the 25-passenger bus is not specifically excluded. Coverage would ensue as long as the terms and conditions do not change from our reinsurance providers.

Mr. Stoeger-Moore also reminded the group that they can use the services of Hartford Steam Boiler free of charge by contacting them at their 800 number.

V. Business Travel Accident, Crime, Foreign Travel

There are three (3) lines of coverage run by the Trust. These include Crime, Business Travel Accident and Foreign Travel. Business Travel Accident is new this year and provides District board members with insurance on both business and personal travel. Mr. Stoeger-Moore was asked to provide clarification on the 100 miles from home referenced in the travel handout. If this is 100 miles from home the benefit for board members would be rather limited. **Mr. Stoeger-Moore will follow-up with the group via email on this issue.**

The group questioned whether AACC or ACCT provided travel insurance and suggested this be looked in to. **Mr. Greg Wagner will check with Paul Gabriel and will get any information he is able to find to Mr. Stoeger-Moore.**

Ms. Dross reported that premium invoices have been mailed to District. If you do not have them, you should shortly.

Break 11:52 pm for lunch. The group decided to do a working lunch to accommodate those with longer commutes.

VI. Total Program Cost and Premium Invoices

The group reviewed the 2005/06 Insurance Premium document that was in the meeting packet. As indicated earlier, invoices have been mailed.

VII. March USA Settlement Office

The meeting packet included a copy of an article on the Marsh USA settlement that was discussed by the group. The settlement goes back to 2001 and the several colleges have already signed and returned the document received to claim a portion of the \$850 million settlement.

The group was alerted to the possibility of a similar settlement offer for the AON settlement, an Illinois firm that some colleges may have had.

VIII. Worker Compensation Payroll Audit 2004/06

Colleges will be contacted by North Central Insurance Service (NCIS) to schedule an on-site Worker Comp payroll audit (July 1, 2004 – June 30, 2005). They will verify the actual payroll and based on their findings a premium adjustment may occur. The meeting packet included a list of required documentation that will be needed for the on-site visit.

The primary contacts at the college were those members of the Risk Managers group. **If you would not be the contact for your college, email Mr. Stoeger-Moore with the correct contact person (name, phone number, email address).**

IX. Meeting Dates / Places for 2005-06

The DMI Board established quarterly meeting dates and recommend the Risk Managers continue to meet quarterly the day after the DMI Board meeting. Suggestions fro agenda

items can be sent to Mr. Stoeger-Moore for upcoming meetings. The following dates and locations were shared with the group:

DMI Board Meeting	Risk Managers Meeting
October 13, 2005 – WTCS Foundation, Waunakee, WI <i>(The Board will meet the full day starting at 10 a.m. and incorporate a Strategic Planning session. (See Topic #7))</i>	October 14, 2005
January 26, 2006 – DMI Office, Port Washington, WI	January 27, 2006
April 27, 2006 – Strohm Ballweg Office, Madison, WI	April 28, 2006
April 28, 2006 – DMI ANNUAL MEETING – WTCS Foundation, Waunakee, WI	
June 5, 2006 – Conference Call (10 a.m.) to approve the reinsurance rates for the upcoming year	
July 13, 2006 – Green Bay, WI	July 14, 2006

The group discussed the option of having some of the meetings via the WisLine.

Discussion/Comments regarding meeting method:

- Need to ensure a quorum at the April 28, 2006, DMI Annual Meeting so may have to be face-to-face meeting
- If considering WisLine option for a couple meetings, consider the January meeting due to weather and road conditions for those driving
- How to get electronic presentations out to those not at the host site – use Web X or WisLine Web Conference option
- Electronic meeting packets will need to be utilized – often last minute materials are inserted, possibly causing a delay in receiving
- Will need a host site for those wanting to attend a face-to-face meeting

The group agreed to hold the dates with the October 14, 2005, meeting established as a WisLine meeting. The host site will be the WTCS Foundation Office in Waunakee. Since driving time will not be an issue, the meeting will begin at 8:30 a.m. and end by 12:30 p.m. This will eliminate the need to arrange for the catering of lunch. An agenda topic will be to review how the use of the WisLine worked for the meeting and to determine locations for the remaining three (3) meeting dates.

X. Prima Update

Steve Stoeger-Moore briefly reported on the PRIMA conference he attended in Milwaukee. The conference provided an opportunity for DMI to be visible to the public.

XI. MVR Check

Currently DMI recommends MVRs be checked for all routine operators of district vehicles. In the past these have been done by AJ Gallagher. A corporate change by AJ Gallagher requires the person provide their social security number when performing a MVR check. DMI members were uncomfortable with this requirement, so as of July 1, 2005, DMI will no longer use AJ Gallagher for this service. The DMI Board authorized DMI to enter into a contract with the Department of Transportation for MVR checks with DMI being the agent. This system requires the full name of the driver, their date of birth, and their drivers' license number. Colleges will continue to obtain authorization from the individual to access their MVR.

Mr. Stoeger-Moore briefly explained the evaluation point system used in determining the status of a driver. The college will not be given particulars of any individual's MVR and will only be told the driver is acceptable or unacceptable. If an employee contests the decision, the employee should be referred to Mr. Stoeger-Moore. If the college wants to review an employee's MVR, they can request the employee obtain a copy and share it with them. The DOT system will also notify DMI if a license of an individual checked through the system previously has their license revoked. This will then be notified to the college.

There is a fee of \$5/record requested with a minimum of \$30/month for the service. AJ Gallagher has provided DMI with a \$2500 credit and will provide staff hours to review up to 500 MVRs during the year. Many colleges have procedures that require MVR checks on more drivers than DMI recommends. The Board has recommended the Underwriting Committee discuss the number of MVR checks that can be done in a year and also the number allowed for each district. More procedures are forthcoming once the committee completes their recommendations.

XII. Other Topics from the Group

A. State System

Mr. Wagner reported the system office has been contacted by the DNR in regard to national wildfire curriculum and training. At this time the system office is not aware of any college participating in this. Mr. Olson recommended an MOU between the DNR and the system office be written with the risk transferred to the state of Wisconsin. Mr. Wagner will check further into this issue.

It was also reported that there may be an increase in the waiting list for motorcycle training programs due to the DOT mandate that people attend the training in order to obtain a license. DOT provides the curriculum and the college provides the instructors. Mr. Stoeger-Moore reminded the group that the motorcycle training courses are insured by U.S. Insurance Services. If an incident occurs and you choose to report it to DMI, please remember to report it as an incident and not a claim.

Mr. Wagner shared with the group that some colleges may be contacted to provide driver education programs. As dollars tighten for the K-12 schools, other options will be sought for these services. Colleges were reminded that the program is certified by

DPI and must be approved by the DOT. If these requirements are not met, there could be potential liability issues.

Mr. Wagner reported that the governor has until July 18, 2005 to line veto or veto the full budget that was submitted to him.

B. Board of Director's Report

Mr. Myren thanked the group for their assistance and support in making DMI's first year a success. The following items were shared with the group:

- The DMI Board will hold a Strategic Planning Session on October 13, 2005, to establish longer term plans. Feedback will be solicited from several different groups including the Risk Managers group. A survey will most likely be sent electronically, and your feedback and direction would be appreciated.
- DMI received the GFOA Award for Excellence at the GFOA annual conference. Cary Tessmann and Kevin Myren accepted the award on behalf of DMI. This is the third award DMI has received this year (CCBO, Bellwether finalist, GFOA). A press release is being completed and will be sent to each district for use in their local press.
- The DMI Board accepted the recommendation of the Risk Management/Loss Control Committee to use the Department Coding System developed by United Heartland for claim reporting. The document was previously shared with the Risk Managers group at their January 2005 meeting. The document will be sent out for input to make sure it is workable for the group.
- The DMI Board accepted the recommendation of the Claims Committee to adopt a formal Modified Duty/Early Return to Work program by all WTCS District. Any questions on the recommendation or the program should be directed to the committee chair, Mr. Olson. The Board also recommended presentations on the topic be provided to several statewide groups.
- The DMI Board discussed the MVR issue that will be discussed by this group later today.

Mr. Myren also shared that there are areas of improvement for DMI in 2006 that are being looked at. Monthly newsletters will be provided on up-to-date topics of interest and the Executive Vice President of DMI will be visiting each district at least two times during the year.

There was a question regarding the protocol for getting input or direction from the Risk Managers group on the recommendations committees take to the DMI Board. Mr. Myren indicated that this is a topic that was identified for the Strategic Planning session. The Board appreciates input and recognizes it is better to have this prior to taking action on an item. When committees were formed, each committee attempted to have at least one member from the Risk Managers group. However, this may be the time to re-look at committee membership and add new people. Communication is also an issue with committee meetings held quarterly or semi-annually – this doesn't

always provide enough time to communicate to all. It was stated that new members are always welcome on any committee.

The group also asked for clarification on the election process for the DMI Board of Directors. Directors serve 5-year terms on a rotationally basis. An election is held annually for one position at the DMI Annual Meeting -- this next year the available position will be that of a district president (currently held by Mike Lanser). There was an acknowledgement that the process needs to be more formalized and the establishment of a Nomination Committee is needed.

C. DMI Website

The website continues to be updated and enhanced with areas for member-only access. Certain areas will be password protected for internal control purposes.

The group discussed the website flowchart and suggested the Forms portion be password protected at the highest level possible. In the Meeting portion, it was suggested we add Presentations; DMI Guidelines/Policies/Position Statement; Best Practices; Renewal Forms; E-mail link to all committee chairs. In addition the group suggested forms be available on-line that colleges can personalize. The group also would like to see WC claims on-line with password protection. Members were asked to send any further suggestions/comments to Mr. Stoeger-Moore and Geri Justinger (geri@districtsmutualinsurance.com).

D. Appraisals

Invoices for appraisal services should be paid directly to Gallagher Bassett. The group again stated that the Facility Managers agreed to use the new figures for their 3-Year Plans. Ms. Joski will be revising the Statement of Values for each college.

XIII. Adjourn

The meeting adjourned at 1:35 p.m.

Respectfully submitted,

