

Executive Summary: Workers Compensation Insurance Renewal

This summary details the workers' compensation insurance program renewal through the Collective Liability Insurance Cooperative (CLIC). The gross program renewal cost for the upcoming fiscal year is \$105,891. This represents an annual cost reduction of 3.09% from the previous year's cost of \$109,269. Furthermore, when factoring in an individual member equity return check of \$26,174, the year-over-year financial impact to the district is a very favorable 27.05% reduction in net expenses.

Key Financial and Exposure Highlights

Despite significant growth in operational payroll exposure, the district achieved excellent rate relief due to a strengthening safety profile:

- **Total Insured Payroll Growth:** The district's total payroll expanded by 8.0%, rising from \$13,049,097 in 2025–2026 to \$14,094,013 for 2026–2027. This growth was distributed across teachers (\$12,190,661), maintenance staff (\$864,785), drivers (\$713,155), and cafeteria staff (\$325,411).
- **Experience Modification Factor (MOD) Improvement:** Due to strong risk management and lower claims volume, the district's MOD factor improved dramatically by -14.7%, dropping from an above-average 1.02 last year to an efficient 0.87 for the 2026–2027 term.
- **Fixed Costs Stability:** Total fixed program expenses including excess premiums, RPA administration, and Sedgwick claims administration and loss control fees experienced a minor inflationary adjustment of 2.2%, shifting slightly from \$18,116 to \$18,506.

Historical Claims & Loss Ratio Analysis

The favorable rates for the 2026–2027 renewal are based on a five-year look-back period valued as of December 31, 2025. Over this five-year window, the district has maintained a sustainable total lifetime loss ratio of 69.0%, with \$260,038 in total paid and reserved losses within CLIC's retention against \$376,608 in collected loss funds.

Importantly, individual member losses are strictly capped at \$300,000 to insulate the district from catastrophic high-cost claims. The outstanding risk performance over the last two cycles (1.4% and 35.0% loss ratios) successfully suppressed the long-term impact of the 2022/23 spike, driving the five-year trend downward and enabling our favorable rate structure.

Historic Cooperative Equity Return

At the recent CLIC membership meeting, an unprecedented total cooperative equity return of \$6,431,736 was announced for the workers' compensation program, marking the single largest equity distribution in CLIC's history. This return reflects the unique value of cooperatively sharing risk with safety-conscious public school districts.

Meridian CUSD #223's specific share of this historic return is an estimated \$26,174. Although the district will fund the standard gross renewal contribution of \$105,891, a separate equity rebate check will be issued by CLIC's treasurer in the coming months. Factoring in this cash return, the net program expense drops to an effective \$79,717, resulting in a total net cost reduction of -27.05% year-over-year.

Recommendation

The Administration recommends the Board of Education consider the approval of the workers' compensation insurance renewal through the Collective Liability Insurance Cooperative. Approval of this renewal ensures continuous, comprehensive protection for the district's workforce while maximizing fiscal responsibility.