



# Safety Group Insurance Program

Did you know?

[www.ia-sb.org](http://www.ia-sb.org)

In 2014-15 the IASB Safety Group Insurance program, Iowa's largest property and casualty insurance program for public education, served 316 K-12 districts, 9 AEA's and 8 community colleges.

## History

The program was established over forty years ago to take advantage of IASB's ability to represent all members (Power of One) in developing a "best in class" property and casualty insurance program. An Iowa-based national company, EMC Insurance Companies, was selected to provide the property and casualty insurance and Jester Insurance Services was selected as the Managing Agent for the program. Both partners remain in place today providing first class coverage, loss control service, and handling of member property and casualty claims. Overall loss experience is predictable due to the size of the program and the number of members, allowing for steady pricing.

As the program was established, school administrators demanded premium predictability and NO EXPOSURE to any additional assessments or premiums. School administrators wanted to know the full cost up-front so that it could be budgeted and levied through the Management Fund. Thus, the program was designed as a fully insured program with a dividend on the back end. As a fully insured program, participating entities can sleep peacefully knowing that the program is covered by the Iowa Guarantee Fund and is subject to all applicable laws and regulations. Districts receive the renewal premium rates for the year in the spring with a dividend check in early fall. The dividend is calculated using claim data for the previous three years, and is only available to IASB members.

## Local Agents

Another important feature that was requested was the ability to maintain the local agent or agent of record servicing the account. Each district selects their agent of record. The local agent is more than just an insurance agent. In many entities the agent becomes the de facto entity Risk Manager. Communication with the agent is critical to ensuring that the entity has coverage adequate for the risk exposure and that someone is being attentive to asking questions about how things operate. Today more than ever, the agents also serve as district ambassadors in the community. In many cases the agents give back in volunteer time and dollars to support the many school-related events that occur during the year. Total commissions, including both the local agent and managing general agent, are kept under 10% at the direction of IASB.

## Minimizing Risk

A third critical component of the program was its design. Administrators asked to maximize the risk exposure covered within the program, i.e. premium, to reduce any surprise expenditures during the year in the General

Fund. To that end, EMC has developed a “best in class” loss control system and engineering services tailored to the school environment. With coverage tailored specifically to the school environment, new coverages and enhancements occur almost yearly in response to the changing risk needs and exposures. Just recently, EMC has added an extensive online training service called Safe Schools.

## Where have your premium dollars gone over the past 5 years?

- 59% incurred losses
- 11% underwriting/policy issuance and audit/actuarial/reinsurance/overhead
- 10% agent commissions and sponsorship (includes local agent, Jester, and IASB sponsorship\*)
- 4% loss adjustment expense
- 2% loss control expense
- 5% EMC profit is capped at a maximum of 5% per IASB negotiated contract
- 9% dividends returned to participating IASB members
- 100%

\*Over the last three years the IASB sponsorship fee was reduced to today’s annual amount of \$350,000 which is well below 1%. This was done to keep premiums, which are paid from the Management Fund, as low as possible. Without the sponsorship fee, IASB member dues paid from the district’s General Fund would need to increase nearly 28% in order to maintain the same revenue to IASB to support existing programs and services.

## About EMC and Jester Insurance

EMC has stood the test of time. Founded in 1911 to write workers’ compensation insurance in Iowa-EMC has grown to become one of the largest property and casualty companies in the region with more than 2,100 employees and assets of approximately \$4 billion. In Iowa, EMC supports the state and local tax base both directly (\$3.5 Iowa property and premium taxes) and indirectly through its 1159 Iowa employees who also pay personal property and income taxes. EMC ranks among the top 50 insurance organizations in the nation. EMC is also a big supporter of public education in Iowa.

Jester Insurance is an experienced managing agent, overseeing the program. They provide valuable expertise to EMC, IASB, local agents, and member districts, AEA’s and community colleges. The resource and advocacy for member districts is critical to recognizing potential risks when working with EMC to design coverage to reduce the exposure to member districts. Jester also provides resources and training to help local agents be the best they can be as they strive to serve their local districts.