

# DEKALB COUNTY SCHOOL DISTRICT



**Excess Workers' Compensation  
& Employer's Liability  
July 1, 2024 to July 1, 2025**

May 3, 2024

**Prepared by:**

**LaToya Cotton- Robinson, Account Executive**  
**Brittany Palmquist, Account Manager**

## EXECUTIVE SUMMARY

Edgewood Partners Insurance Center (EPIC) is proud to represent DeKalb County School District in its risk management and insurance programs. We are pleased to present to you this year's Excess Workers' Compensation & Employer's Liability Insurance Renewal for the July 1, 2024 to July 1, 2025 policy term.

Prolonged market stability, strong reserves and profitable underwriting results have generated favorable conditions across the workers' compensation insurance segment for nearly a decade, paving the way for flat premiums or moderate rate decreases for most policyholders.

A few trends could be contributing to this climbing ratio. While advancements in workplace safety solutions and Artificial Intelligence (AI) have helped mitigate employee injuries and illnesses (as well as associated workers' compensation claims), developments such as inflation, shifting workforce demographics, ergonomic exposures among remote staff and employee mental health challenges have posed some market concerns.

Although favorable segment conditions pressed on in 2023, industry experts have reported that reserve redundancies stemming from reduced presumptive liability issues since the beginning of the COVID-19 pandemic and increased market competition could drive down underwriting profits in 2024. Fortunately, these experts also confirmed that it would take a drastic shift in segment losses to actually push the ratio over 100, thus limiting potential impacts for policyholders. As a result, most policyholders can expect another year of flat premiums or modest rate reductions, while those with higher experience modification factors may encounter increased pricing and possible coverage restrictions.

### **Workers' Compensation Developments And Trends To Watch:**

**Artificial Intelligence (AI) Solutions:** AI technology has the potential to change many aspects of the workplace, especially as it pertains to preventing and managing occupational injuries. Thus, implementing this technology could have a significant impact on organizations' workers' compensation programs. In particular, such technology can utilize advanced imaging, scanning and data analysis techniques to provide fast diagnoses when workers get injured on the job, deliver more in-depth insights regarding employees' conditions, and promptly review medical records and injury characteristics to generate customized treatment plans.

**Employee Mental Health Challenges:** Mental health consists of individuals' emotional, psychological and social well-being. In times of distress, individuals may experience poor mental health. Emotions associated with poor mental health include grief, stress, sadness or anxiousness. According to the Centers for Disease Control and Prevention, mental health concerns are on the rise, with 1 in 5 U.S. adults experiencing mental illnesses—such as anxiety, depression or post-traumatic stress disorder (PTSD)—each year; however, just one-third of these individuals seek help.

Considering these findings, it has become increasingly critical for businesses to adopt supportive workplace cultures and incorporate mental health initiatives within their employee well-being efforts. Such initiatives may include training supervisors to monitor staff for signs of mental health distress, creating awareness campaigns and events to reduce stigma (e.g., meditation or yoga classes), forming employee assistance programs, providing flexible scheduling and ample time off, offering written resources and encouraging workers to utilize helplines or contact mental health professionals as needed.

## EXECUTIVE SUMMARY

In addition to considering mental health initiatives to better support employees and reduce potential workplace incidents, it's vital for businesses to keep in mind that many states have or are in the process of enacting legislation that would expand workers' compensation coverage to include job-related mental health conditions. Forty-one states have adopted laws that provide some level of coverage for occupational mental health concerns, with various federal and state bills currently underway.

**Ergonomic Exposures Amongst Remote Staff:** The initial onset of the pandemic pushed businesses across industry lines to transition to remote operations, requiring their employees to work from home. As the pandemic subsided, some employers implemented return-to-office initiatives, while others continued to offer remote or hybrid arrangements, thus creating a large-scale shift in the overall proportion of employees working from home. According to global media company Forbes, 12.7% of employees worked remotely full-time in 2023, while 28.2% had hybrid schedules.

Many employers initially thought their remote staff would be less prone to job-related injuries, but the past few years have proven otherwise. Specifically, some employees' remote work setups are contributing to musculoskeletal disorders, causing workers' compensation concerns. Recent industry research found that remote employees with poorly designed workstations, namely those lacking effective ergonomic measures, are more likely to experience ailments such as carpal tunnel syndrome, repetitive motion injuries, back pain, neck and shoulder sprains, headaches and digital eyestrain. According to this research, more than 40% of all workers have reported an emergence of or increase in back, shoulder and wrist pain since 2020, highlighting the severity of the problem. Multiple studies have also shown that remote employees tend to work more hours per day than their on-site counterparts, often from nonergonomic areas (e.g., bedrooms, dining tables or couches) instead of dedicated home office spaces, providing additional opportunities for occupational injuries.

**Inflation Issues:** The last couple of years have been met with growing inflation concerns, impacting individuals and industries across the board. The commercial insurance market is no exception to these concerns. In the realm of workers' compensation, this segment is primarily affected by the following types of inflation:

- **Medical Inflation:** Such inflation refers to rising costs for medical resources (e.g., physician services, health care facilities and supplies, and pharmaceuticals). These costs—which the National Library of Medicine asserts comprise the largest share (60%) of workers' compensation expenses—are typically determined a year in advance based on projections by Medicare and private insurance contracts. According to the NCCI, medical costs in the workers' compensation segment increased by an average of 1.5% annually between 2012 and 2019, while such costs jumped by 2% in 2021 and another 3.7% in 2022, more than doubling the 10-year average. Making matters worse, the Centers for Medicare and Medicaid predict health care spending will increase by 5.4% each year through 2028, presenting ongoing medical inflation concerns.
- **Wage Inflation:** Amid rising cost-of-living expenses and ongoing labor challenges, many businesses have increased their workers' pay to boost attraction and retention efforts, resulting in wage inflation. According to the BLS, average year-over-year wage increases spanned between 4.5% and 5.3% throughout 2021-23, up significantly from 2.6% in 2020. Because payroll is leveraged as an exposure base to calculate workers' compensation premiums, wage inflation could prompt increased rates. After all, higher wages are tied to greater benefits, and it's crucial for benefits and premiums to remain in balance to ensure workers are adequately reimbursed for lost income following occupational illnesses or injuries.

## EXECUTIVE SUMMARY

We have successfully negotiated a rate decrease of 3.23% from 0.031 to 0.0300. The District's premium has increased 14.25% or \$38,875. This is strictly payroll driven as this coincides with the District's increase in estimated payroll (\$158,917,000 or 18.06%) for the 2024 to 2025 policy term from \$880,000,000 to \$1,038,917,000.

For the past three (4) years we have consistently marketed the District's Excess Workers' Compensation & Employer's Liability Insurance with all of the viable insurance carriers.

Carrier Approached	Marketing Results
Star Insurance Company (Incumbent)	Quotation Provided.
Safety National	Declined due to past history with District.
Midwest Employers Casualty Company	Could not meet District's strict need by date. Also, requires their own Concentration of Risk form to be completed.
Arch Insurance Company	Declined. Would not be competitive as their pricing would be significantly higher than expiring and they would require a \$2M SIR.
AIG Insurance Company	Declined. Can no longer write K-12 risk, only Higher Education.
Chubb Insurance Company	Declined. Cannot provide coverage for police exposure.
BRIT Insurance	Declined. Not a good fit.
Star Stone Insurance	Declined. Not a good fit.
Lloyd's of London	Declined due to losses.
Bridge Excess Solutions, an FC Capital Company	Declined. Not competitive with current pricing & not a market for self-administered risks.

Please provide renewal instructions prior to Friday, June 28th in addition to the signed & dated authorization to bind.

Thank you for allowing EPIC Insurance Brokers & Consultants to serve as an extension of your Risk Management Department. Should you wish to discuss this renewal proposal, please feel free to let us know.

We look forward to reviewing our Proposal with you today.

## EXCESS WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE

<b>COMPANY:</b>	Star Insurance Company	<b>EFFECTIVE:</b>	July 1, 2024 to July 1, 2025
<b>POLICY #:</b>	TBD	<b>PREMIUM:</b>	\$311,675 Deposit Premium

**WORKERS' COMPENSATION:** State law O.C.G.A. (34-9-2 Section A, Paragraph 2) requires that every employer provide Workers' Compensation insurance for their employees. This insurance provides coverage for accidents or disease arising from employment as prescribed by these state laws. Benefits can include lost wages, medical expenses, and permanent disfigurement/disability payments.

**STATUTORY WORKERS' COMPENSATION:** This coverage is used to comply with the Workers' Compensation Coverage that is required by your state law. Under this requirement, an employee can be compensated if they are injured while working for you, regardless of your negligence as an employer.

**EMPLOYER'S LIABILITY:** This coverage will pay for all sums which you are legally obligated to pay because of bodily injury by accident or disease sustained by any employee arising out of their employment. This coverage is distinct from any Workers' Compensation policy claim.

**SPECIFIC LIMIT EACH ACCIDENT**

Policy Part One, Workers' Compensation: Statutory  
Policy Part Two, Employer's Liability: \$2,000,000

**SPECIFIC LIMIT EACH EMPLOYEE FOR DISEASE**

Policy Part One, Workers' Compensation: Statutory  
Policy Part Two, Employer's Liability: \$2,000,000

**RETENTIONS:**

Specific Retention- All Other \$1,500,000

**ESTIMATED ANNUAL PAYROLL:** \$1,038,917,000 (EXPIRING PAYROLL: \$880,000,000- 18.06% INCREASE OR \$158,917,000)

**EXCESS RATE:** 0.0300 (EXPIRING EXCESS RATE: 0.031- 3.23% DECREASE OR \$0.001)

**ESTIMATED AND DEPOSIT PREMIUM INCLUDING TERRORISM:** \$311,675 (EXPIRING PREMIUM \$272,800- 14.25% INCREASE OR \$38,875)

# AUTHORIZATION TO BIND

EPIC Insurance Brokers & Consultants  
 Attn: LaToya Cotton- Robinson, Account Executive  
 2405 Satellite Boulevard, Suite 200  
 Duluth, GA 30096

Re: Authority to Bind Insurance Coverage  
 DeKalb County School District  
 Excess Workers' Compensation Insurance

Dear LaToya:

I have reviewed the following renewal Proposal presented by EPIC Insurance Brokers & Consultants (EPIC) on May 3, 2024. I am hereby instructing EPIC to bind coverage on behalf of DeKalb County School District with terms and conditions as outlined in EPIC's Proposal.

COVERAGE	POLICY PERIOD	PREMIUM
EXCESS WORKERS' COMPENSATION \$1,500,000 SELF INSURED RETENTION	JULY 1, 2024 TO JULY 1, 2025	\$311,675

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 Dr. Devon Horton, Superintendent  
 DeKalb County School District

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 Date