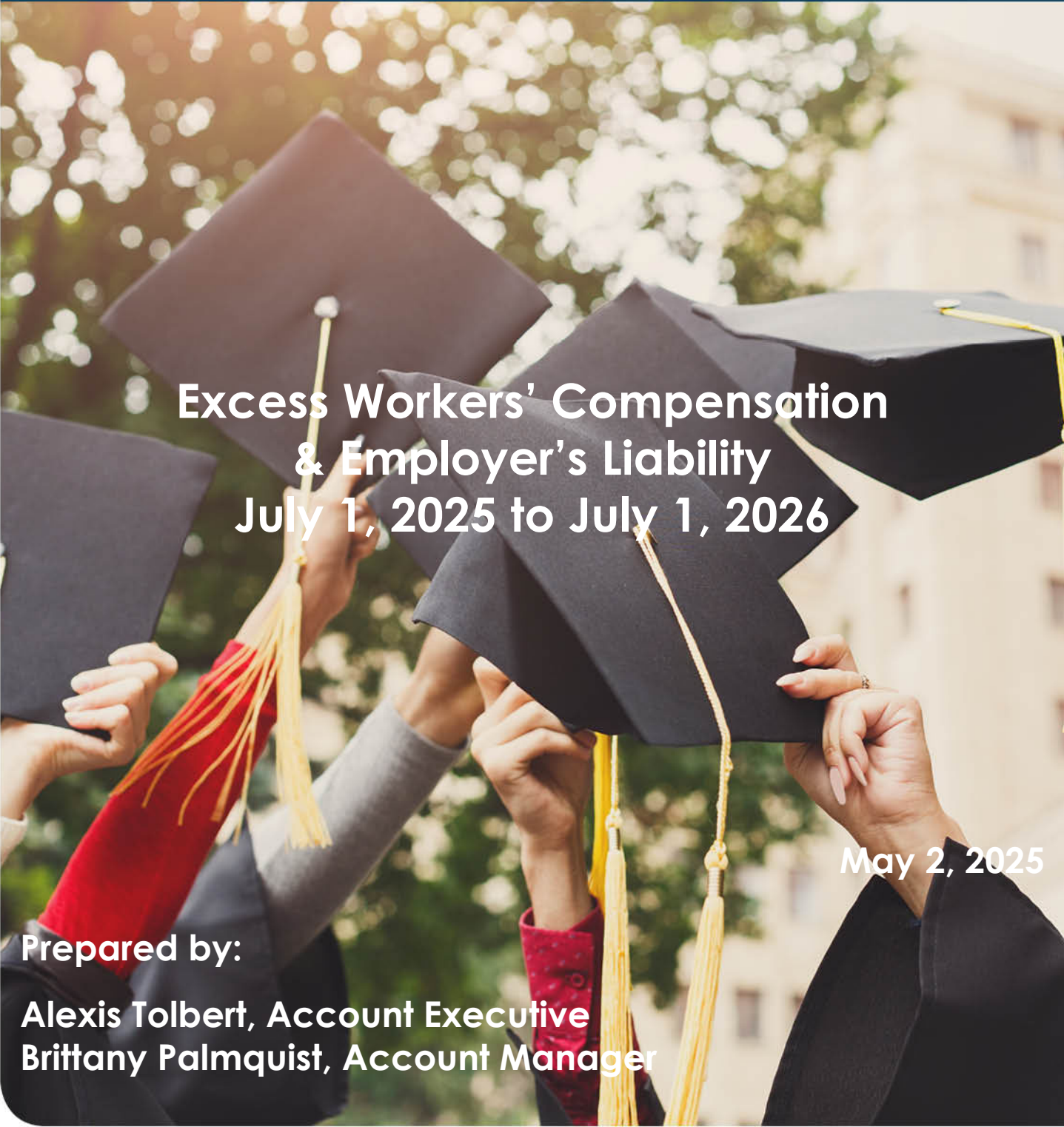


DEKALB COUNTY SCHOOL DISTRICT



**Excess Workers' Compensation
& Employer's Liability
July 1, 2025 to July 1, 2026**

May 2, 2025

Prepared by:

Alexis Tolbert, 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, 2025 to July 1, 2026 policy term.

The Workers' Compensation insurance market has been navigating a dynamic landscape, driven by a robust job market and rising wages. Despite these positive indicators, the market faces challenges, such as medical inflation and the complexities of a changing workforce.

The demand for Workers' Compensation coverage has surged alongside job growth and wage increases. Premiums have risen, reflecting the economic vitality, yet the market remains competitive, with high capacity and strategic carrier maneuvers.

In 2024, the workers' compensation insurance segment experienced another year of strong performance, continuing a decade-long profitability trend for insurers. Overall, workers' compensation insurance has been a bright spot in recent years during an otherwise challenging market across various lines of insurance. New market entrants and fierce competition have led to years of declining rates for insureds. Further, stable loss trends and healthy reserves—around \$18 billion—have supported underwriting profitability.

However, several emerging trends may indicate a challenging outlook for the workers' compensation market in 2025. Despite nine consecutive years of underwriting profits and an impressive combined ratio averaging 91% from 2015 to 2023 (which fell to 88% in 2023), Fitch Ratings suggests that the prolonged period of reserve redundancy and low claims frequency is beginning to soften.

Insurers have benefited from unusually strong workers' compensation reserves, yet recent indicators reveal a gradual decline in reserve strength and a more cautious approach to reporting incurred losses. Insurers are also setting lower initial loss ratio estimates for recent accident years (2022-23), likely in response to a weakening pricing environment and lower incurred but not reported (IBNR) losses.

Although workers' compensation reserves remain a strength in the industry—estimated to be between 8% and 12% redundant at the end of 2023—this buffer is decreasing compared to previous years. If competitive pressures continue or trends in loss severity change, the sector may need to recalibrate. This could impact underwriting profitability and bring the market closer to breakeven or worse outcomes.

Additionally, concerns surrounding medical and wage inflation and shifts in the workplace demographic could drive up claim costs in the future. Medical treatments are becoming more expensive, and wage growth could increase indemnity payments, further straining costs. An aging workforce and evolving job roles also bring new risks and complexities that could impact claim severity and frequency.

While rates are still expected to remain flat or decrease overall in 2025, the future is largely uncertain. Insurers will need to carefully manage these rising costs and evolving risks to maintain profitability. As a result, insureds should prioritize risk management and safety initiatives to control workers' compensation costs and reduce their exposure to potentially higher rates in the future.

EXECUTIVE SUMMARY

With rising wages, low unemployment, and emerging industry challenges, insurers must adapt to shifting trends in claims, premiums, and regulatory frameworks.

In this exclusive 2025 Market explores:

- ✓ The impact of wage growth on workers' comp premiums
- ✓ How healthcare inflation and rising claim costs are reshaping the industry
- ✓ The latest regulatory developments influencing coverage and claims
- ✓ Emerging risks from workforce shifts, technology adoption, and the gig economy

Key 5 Challenges for Worker's Compensation in 2025

Sustainable market growth

The workers' compensation market continues to perform strongly, but emerging challenges like reserve strength decline, inflation, and demographic shifts could drive up claim costs. State-specific market trends vary, with some states experiencing rate decreases and others seeing increases due to legislative changes. For example, Florida's 2025 rates were adjusted to account for higher physician reimbursements.

Shifting workplace demographics

The workforce is evolving, with a growing share of both young and aging employees. The Bureau of Labor Statistics projects a 96.5% growth in the workforce aged 75 and older between 2020 and 2030. This demographic shift presents new challenges in managing workplace safety and injury prevention.

Climate risks and workplace safety

Extreme weather conditions are increasingly linked to workplace injuries. Whether direct, such as heat exhaustion, or indirect, like falls caused by disorientation, these risks are growing. Employers are advised to consider measures such as improved ventilation, cooling stations, and indoor air quality assessments to mitigate these risks.

Mental health challenges

Mental health has become a significant concern in workers' comp policies. Unaddressed mental health issues can lead to workplace injuries, absenteeism, and productivity losses. States differ widely in their coverage for mental health claims. New York, for example, enacted legislation effective January 2025, allowing workers to claim compensation for extreme job-related stress—a benefit previously restricted to first responders.

Health Care Cost

For 2025, employer-sponsored health care coverage is set to increase by 9%, exceeding \$16,000 per employee. Furthermore, the Centers for Medicare and Medicaid Services (CMS) have projected that overall health care spending will grow by 5.4%, driven by rising costs in medical services and prescription drugs. These increases are likely to impact workers' compensation claims indirectly, as employers face mounting financial pressures to balance the costs of health benefits with workers' compensation insurance.

The 2025 workers' compensation market presents a mix of stability and challenges. However, the emerging challenges like reserve strength decline, inflation, and demographic shifts could drive up claim costs. State-specific market trends vary, with some states experiencing rate decreases and others seeing increases due to legislative changes

EXECUTIVE SUMMARY

We have successfully negotiated a flat rate of 0.0300 per expiring. The District's premium has increased \$417,250 vs expiring \$ \$311,675 which is a 38.87% increase OR \$105,575)

This is strictly payroll driven as this coincides with the District's increase in estimated payroll \$1,390,833,831 vs expiring \$ 1,038,917,000 which is a 25.30% increase OR \$351,916,831)

For the past three (5) 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)	Could not provide a flat rate per expiring
Safety National	This carrier declined last year we were able to get them to come in this year with a flat rate per expiring to compete with Star Insurance
Midwest Employers Casualty Company	Could not quote due to need by date final documents were received a few days before the due date
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 this year on rates.

Please provide renewal instructions prior to Monday June 30th 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.

EXCESS WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE

COMPANY:	Safety National Casualty Corporation	EFFECTIVE:	July 1, 2025 to July 1, 2026
POLICY #:	TBD	PREMIUM:	\$417,250 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: \$1,390,833,831 (EXPIRING PAYROLL: \$ 1,038,917,000 - 25.30% INCREASE OR \$351,916,831)

EXCESS RATE: 0.0300 (EXPIRING EXCESS RATE: 0.0300 - 0% INCREASE OR DECREASE)

ESTIMATED AND DEPOSIT PREMIUM INCLUDING TERRORISM: \$417,250 (EXPIRING PREMIUM \$ \$311,675 38.87% INCREASE OR \$105,575)

AUTHORIZATION TO BIND

EPIC Insurance Brokers & Consultants
 Attn: Alexis Tolbert, 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 2, 2025. 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, 2025 TO JULY 1, 2026	\$417,250

 Superintendent
 DeKalb County School District

 Date