

MSB AIT

2006 ANNUAL



REPORT

Insurance programs for schools

Minnesota School Boards Association Insurance Trust

Trustees

William Higgs

Wadena-Deer Creek School Board

Arlene Bush

Bloomington School Board

Gary Lee

Fertile-Beltrami School Board

Joanne McCabe

Madelia School Board

Roy Nelson

Red Lake School Board

Kent Thiesse

Lake Crystal Wellcome Memorial
School Board

Keith Young

Eveleth-Gilbert School Board

LETTER TO THE MEMBERS

For more than 30 years, the Minnesota School Boards Association Insurance Trust has provided Minnesota school districts with the most cost-effective means to meet their insurance coverage needs. Our membership remains strong and, once again, the Trust remains by far the leading provider of public school district insurance coverage.

In the workers' compensation program, the frequency rate of injuries continues to decline, mirroring national trends. I urge all member districts to take advantage of the Trust's loss control services. These programs include training, analysis of past losses with recommendations on how to lower them in the future, and on-site surveys. All of these services are provided at no additional cost to our members, and they can have an impact on your cost of coverage.

In the property/casualty program, a lack of significant storm activity again this year resulted in lower than expected losses, especially in the property coverages area. National catastrophes, such as Hurricane Katrina, can have an impact even in Minnesota, particularly in future reinsurance costs. However, our outlook for the coming year remains positive.

I encourage you to contact any of the trustees, MSBA staff, and our administrators if you have questions about the programs. We are here for you.

William Higgs
Chair



The Board of Trustees and staff

Pictured on the left, back to front: Roy Nelson, Keith Young, Sue Honetschlager, Arlene Bush and Joanne McCabe.

Pictured on the right, back to front: Kent Thiesse, John Sylvester, Gary Lee, Denise Drill, William Higgs and Bob Meeks.

Property/Casualty

MSBAIT's Property/Casualty Program was established in 1972, and it became self-insured in 1986. The program offers mandatory property and general liability coverage and optional automobile, crime, boiler machinery and excess liability coverage. The program is fully reinsured by several A and A+ rated reinsurance carriers to protect the Trust's financial integrity. Members have received approximately \$12 million in dividends since the program's inception.

Errors and Omissions

Errors and omissions coverage was developed at the request of members. It became self-insured in 1991 to guarantee districts would have access to such coverage even when it is unavailable through traditional markets.

Workers' Compensation

Established in 1979, MSBAIT's self-insured Workers' Compensation Program offers loyalty discounts and refunds. Members have received more than \$36 million in dividends.

Volunteer Accident Coverage

MSBAIT's Volunteer Accident Coverage was developed in 1993 at members' request to provide limited medical coverage for injured school district volunteers.

Long-Term Disability

Established in 1979, this program features a survivor's benefit at no extra cost, multi-year rate guarantees and higher maximums.

Group Term Life Insurance

Group Term Life Insurance also was offered because members requested it. It provides competitive, quality group term coverage. District policies can be crafted to duplicate the benefits outlined in negotiated contracts.

Did you know?

Due to the MSBA discount, membership in the MSBAIT Group Self-Insured Workers' Compensation Insurance Program has saved Minnesota public school districts in excess of \$670,000 per year.

MSBAIT members have received dividends exceeding \$48 million from the Property/Casualty and Workers' Compensation programs.



Did you know?

MSBAIT's legal counsel have extensive experience in crisis management and response. The Trust represented the districts of Red Lake and ROCORI during their tragic school shootings.



Loss Control

MSBAIT's loss control services identify risks and provide training to reduce claims. Every loss that is prevented ultimately saves school districts money. More importantly, loss control services help ensure the safety of students, staff and visitors.

Loss control services are free to members of MSBAIT.

Examples of MSBAIT's free services

- Emergency plans for members to respond to fires, natural disasters, bomb threats and other crises
- First aid training and kits
- Training for volunteer playground monitors
- Safety inspections for playgrounds, labs, kitchens, pools, boiler rooms, district vehicles, gymnasiums, shops and more
- Training in ergonomics and workplace design
- Back injury prevention and control
- Defensive driver training
- Review of security and controls for medications
- Chemical storage inspection
- Mold and asbestos inspection
- Identification of preventative maintenance
- Accident reporting and investigation
- Training in hazard recognition

Statements of Net Assets

ASSETS

Investments, at fair value	\$ 95,872,959	\$ 88,309,593
Cash	6,200,753	8,232,124
Accrued investment income	660,879	539,346
Contributions receivable, net of allowance	3,298,620	3,227,937
Reinsurance and other recoverables, net of allowance	3,223,435	1,916,229
Prepaid reinsurance	1,361,173	1,677,337
Prepaid commissions	517,165	524,315

TOTAL ASSETS

\$111,134,984	\$104,426,881
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LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 1,479,482	\$ 2,272,611
Provision for losses and loss adjustment expenses	87,835,573	75,297,679
Unearned contributions	7,759,718	7,744,533

TOTAL LIABILITIES

97,074,773	85,314,823
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NET ASSETS

Unrestricted	14,060,211	19,112,058
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TOTAL NET ASSETS

14,060,211	19,112,058
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TOTAL LIABILITIES AND NET ASSETS

\$111,134,984	\$104,426,881
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Statements of Revenues, Expenses and Losses, and Changes in Net Assets

OPERATING REVENUES

Contributions	\$ 47,384,558	\$ 46,177,661
Reinsurance ceded	(8,122,946)	(6,431,958)
Change in unearned contributions	(14,957)	394,753
Royalties	154,874	165,812

TOTAL OPERATING REVENUES

39,401,529	40,306,268
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OPERATING EXPENSES

Losses and loss adjustment expenses	39,201,303	27,794,632
Special compensation fund	1,524,484	1,554,107
Administration	1,441,826	1,426,519
Amortization of deferred policy acquisition costs	2,155,109	2,333,573
Other operating expenses	1,941,228	1,641,719

TOTAL OPERATING EXPENSES

46,263,950	34,750,550
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INCOME (LOSS) FROM OPERATIONS

(6,862,421)	5,555,718
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NONOPERATING REVENUE

Net investment income	3,999,709	3,706,861
Net unrealized gains (losses) on investments	(2,189,135)	1,247,543

TOTAL NONOPERATING REVENUE

1,810,574	4,954,404
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CHANGE IN NET ASSETS

(5,051,847)	10,510,122
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NET ASSETS, BEGINNING

19,112,058	8,601,936
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NET ASSETS, END

\$ 14,060,211	\$ 19,112,058
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ACADEMIA CESAR CHAVEZ
 ACADEMY OF BIOSCIENCE
 ACGC
 ACHIEVE LANGUAGE ACADEMY
 ADA-BORUP
 ADAM ABDULLE ACADEMY
 ADRIAN
 AGRICUL.& FOOD SCIENCE ACADEMY
 AITKIN
 ALBANY
 ALBERT LEA
 ALDEN-CONGER
 ALEXANDRIA
 ANNANDALE
 ANOKA-HENNEPIN
 AREA SP. ED. COOP.
 ARTECH CHARTER
 ASCENSION ACADEMY
 ASHBY
 AUGSBURG ACADEMY HEALTH
 AURORA CHARTER
 AUSTIN
 BADGER
 BAGLEY
 BALATON
 BARNESVILLE
 BARNUM
 BATTLE LAKE
 BEACON ACADEMY
 BEACON PREPARATORY SCHOOL
 BECKER
 BELGRADE-BROOTEN-ELROSA
 BELLE PLAINE
 BELLINGHAM
 BEMIDJI
 BEMIDJI REG. INT. COUNCIL
 BENSON
 BENTON-STEARNES ED. DIST.
 BERTHA-HEWITT
 BIG LAKE
 BIRCH GROVE COMM. SCHOOL
 BLACKDUCK
 BLOOMING PRAIRIE
 BLOOMINGTON
 BLUE EARTH AREA
 BLUE SKY CHARTER
 BOLD
 BRAHAM
 BRAINERD
 BRANDON
 BRECKENRIDGE
 BREWSTER
 BROOKLYN CENTER
 BROWERVILLE
 BROWNS VALLEY
 BUFFALO LAKE-HECTOR
 BURNSVILLE-EAGAN-SAVAGE
 BUTTERFIELD-ODIN
 BYRON
 CALEDONIA
 CAMBRIDGE-ISANTI

CAMPBELL-TINTAH
 CANBY
 CANNON FALLS
 CARLTON
 CARVER-SCOTT ED. COOP.
 CASS LAKE-BENA
 CEDAR MOUNTAIN
 CEDAR RIVERSIDE SCHOOL
 CENTENNIAL
 CENTRAL MN ERDC
 CENTRAL MN ETS
 CENTRAL SCHOOLS
 CHISAGO LAKES AREA
 CHISHOLM
 CHOKIO-ALBERTA
 CHOSEN VALLEY
 CLEARBROOK-GONVICK
 CLEVELAND
 CLIMAX-SHELLY
 CLINTON-GRACEVILLE-BEARDSLEY
 CLOQUET
 COLUMBIA HEIGHTS
 COMFREY
 COMMUNITY PEACE ACADEMY
 CONCORDIA LEARNING ACADEMY
 COOK COUNTY
 CROMWELL-WRIGHT
 CROOKSTON
 CROSBY-IRONTON
 CROSSLAKE COMM. SCHOOL
 CROW RIVER SP. ED. COOP.
 CYBER VILLAGE ACADEMY
 CYGNUS ACADEMY
 CYRUS
 DAKOTA ACADEMY
 DAKOTA AREA COMM. SCHOOL
 DASSEL-COKATO
 DAWSON-BOYD
 DEER RIVER
 DELANO
 DETROIT LAKES
 DETROIT LAKES COMM. ED.
 DILWORTH-GLYNDON-FELTON
 DOVER-EYOTA
 DUGSI ACADEMY
 DULUTH
 EAGLE RIDGE ACADEMY
 EAGLE VALLEY
 EAST CENTRAL SCHOOLS
 EAST CENT. MN CABLE COOP.
 EAST GRAND FORKS
 EAST METRO INTEGRATION
 ECHO CHARTER
 EDEN PRAIRIE
 EDEN VALLEY-WATKINS
 EDGERTON
 EDINA
 EL COLEGIO CHARTER
 ELK RIVER
 ELLSWORTH
 ELOM INT'L. ACADEMY

ELY
 EMILY CHARTER
 ESKO
 ESV REGION ONE
 ESV REGION TWO
 EVANSVILLE
 EVELETH-GILBERT
 FAIRMONT AREA
 FARIBAULT
 FARMINGTON
 FERGUS FALLS
 FERGUS FALLS SP. ED. COOP.
 FERTILE-BELTRAMI
 FILLMORE CENTRAL
 FISHER
 FLOODWOOD
 FOLEY
 FOREST LAKE
 FOSSTON
 FOUR DIRECTIONS CHARTER
 FRASER ACADEMY
 FRAZEE-VERGAS
 FRESHWATER ED. DIST.
 FRIDLEY
 FULDA
 GIBBON-FAIRFAX-WINTHROP
 GLENCOE-SILVER LAKE
 GLENVILLE-EMMONS
 GOODHUE
 GOODHUE COUNTY ED. DIST.
 GOODRIDGE
 GRANADA-HUNTLEY-EAST CHAIN
 GRAND MEADOW
 GRAND RAPIDS
 GREAT EXPECTATIONS SCHOOL
 GREAT RIVER ED. CTR.
 GREEN ISLE COMM. SCHOOL
 GREENBUSH-MIDDLE RIVER
 GREENWAY
 GRYGLA-GATZKE
 HANCOCK
 HARBOR CITY INT'L. CHARTER
 HASTINGS
 HAWLEY
 HAYFIELD
 HENDRICKS
 HENNING
 HERMAN-NORCROSS
 HERMANTOWN
 HERON LAKE-OKABENA
 HIAWATHA VALLEY ED. DIST.
 HIBBING
 HIGH SCHOOL RECORDING ARTS
 HIGHER GROUND ACADEMY
 HILL CITY
 HILLS-BEAVER CREEK
 HINCKLEY-FINLAYSON
 HMONG ACADEMY
 HOLDINGFORD
 HOPE COMMUNITY ACADEMY
 HOPKINS

HOUSTON
 HOWARD LAKE-WAVERLY-WINSTED
 HUTCHINSON
 INTERMEDIATE DIST. #287
 INTERMEDIATE DIST. #916
 INTERMEDIATE DIST. #917
 INTERNATIONAL FALLS
 INVER GROVE HEIGHTS
 ISLE
 ITASCA AREA SCHOOLS COOP.
 IVANHOE
 JACKSON COUNTY CENTRAL
 JENNINGS EXPERIENTIAL H.S.
 JORDAN
 JANESVILLE-WALDORF-PEMBERTON
 KALEIDOSCOPE CHARTER
 KASSON-MANTORVILLE
 KELLIHER
 KENYON-WANAMINGO
 KIMBALL
 KINGSLAND
 KITSON CENTRAL
 KMS
 LAC QUI PARLE VALLEY
 LACRESCENT-HOKAH
 LAFAYETTE CHARTER
 LAKE AGASSIZ SP. ED. COOP.
 LAKE BENTON
 LAKE CITY
 LAKE CRYSTAL WELLCOME MEMORIAL
 LAKE OF THE WOODS
 LAKE PARK-AUDUBON
 LAKE SUPERIOR
 LAKE SUPERIOR HIGH SCHOOL
 LAKES AREA CHARTER
 LAKES COUNTRY SC
 LAKES INT'L. LANGUAGE ACADEMY
 LAKEVIEW
 LAKEVILLE
 LANCASTER
 LANESBORO
 LAPORTE
 LEARNING LEADERSHIP CHARTER
 LECENTER
 LEROY-OSTRANDER
 LESTER PRAIRIE
 LESUEUR-HENDERSON
 LEWISTON-ALTURA
 LIBERTY HIGH CHARTER
 LITCHFIELD
 LITTLE CROW TELEMEDIA NET.
 LITTLE FALLS
 LITTLEFORK-BIG FALLS
 LONG PRAIRIE-GREY EAGLE
 LOVEWORKS ACADEMY
 LUVERNE
 LYLE
 LYND
 MABEL-CANTON
 MADELIA
 MAHNOMEN

MAHTOMEDI	NEW ULM	RENVILLE COUNTY WEST	ST. PETER
MAIN STREET PERFORMING ARTS	NEW YORK MILLS	RESOURCE TRAINING & SOLUTIONS	SWAN RIVER MONTESSORI
MANKATO	NICOLLET	RICHFIELD	SWANVILLE
MAPLE LAKE	NOBLES COUNTY INTEGRATION	RIVER BEND ED. DIST.	TAREK ACADEMY
MAPLE RIVER	NORMAN COUNTY EAST	RIVER HEIGHTS CHARTER	TEAM ACADEMY
MARSHALL	NORMAN COUNTY WEST	ROBBINSDALE	THIEF RIVER FALLS
MARSHALL COUNTY CENTRAL	NORTH BRANCH	ROCHESTER	TIES
MARTIN COUNTY WEST	NORTH COUNTRY VOC. COOP.	ROCHESTER OFF-CAMPUS	TRACY
MATH & SCIENCE ACADEMY	NORTH LAKES ACADEMY	ROCKFORD	TREKNORTH HIGH SCHOOL
MCGREGOR	NORTH SHORE COMM. SCHOOL	ROCORI	TRI-COUNTY
MCLEOD WEST	NORTH ST. PAUL-MAPLEWD.-OAK.	ROOT RIVER ED. DIST.	TRIO WOLF CREEK DIST. LEARN.
MEDFORD	NORTHEAST SC	ROSEAU	TRITON
MEEKER-WRIGHT SP. ED. COOP.	NORTHERN LIGHTS COMM. SCH.	ROSEMOUNT-APPLE VALLEY-EAGAN	TRUMAN
MELROSE	NORTHFIELD	ROSEVILLE AREA	TWIN CITIES ACADEMY
MENAHGA	NORTHLAND	ROTHSAY	TWIN CITIES ACADEMY H.S.
MESABI EAST	NORTHLAND AREA LEARN. CTR.	ROUND LAKE	TWIN CITIES GERMAN IMM. SCH.
METRO LEARNING ALLIANCE	NORTHWEST PASSAGE H.S.	ROYALTON	TWIN CITIES INT'L. CHARTER
METRO SC	NORTHWEST REG. INT. COUNCIL	RTR	UBAH MEDICAL ACADEMY
MID-STATE ED. DIST.	NORTHWEST SC	RUNESTONE AREA ED. DIST.	ULEN-HITTERDAL
MIDWEST SP. ED. COOP.	NOVA CLASSICAL ACADEMY	RUSH CITY	UNDERWOOD
MILACA	NRHEG	RUSHFORD-PETERSON	UNITED SOUTH CENTRAL
MILROY	NW SUBURBAN INT. DIST.	SAGE ACADEMY	UPSALA
MILROY AREA CHARTER	OAK LAND VOC. CTR.	SARTELL-ST. STEPHEN	VERNDALE
MINNEAPOLIS	ODYSSEY CHARTER	SAUK CENTRE	VIRGINIA
MINNEAPOLIS ACADEMY	OGILVIE	SAUK RAPIDS-RICE	VOYAGEURS EXPED. H.S.
MINNEOTA	OKLEE	SCHOOLCRAFT LEARN. COMM.	WABASHA-KELLOGG
MINNESOTA INT'L. MID. SCHOOL	ONAMIA	SEBEKA	WABASSO
MINNESOTA INTERNSHIP CENTER	ORONO	SEVEN HILLS CLASSICAL ACADEMY	WACONIA
MINNESOTA MULTI-REG. SERV. AG.	ORTONVILLE	SHAKOPEE	WADENA-DEER CREEK
MINNESOTA NORTH STAR ACADEMY	OSAKIS	SIBLEY EAST	WALKER-HACKENSACK-AKELEY
MINNESOTA ONLINE H.S.	OSSEO AREA	SKILLS FOR TOMORROW	WARREN-ALVARADO-OSLO
MINNESOTA RIV. VAL. ED. DIST.	OWATONNA	SLEEPY EYE	WARROAD
MINNESOTA RIV. VAL. SP. ED. COOP.	PACT CHARTER	SOBRIETY HIGH SCHOOL	WASECA
MINNESOTA TRANSITIONS	PAIDEIA ACADEMY	SOJOURNER TRUTH ACADEMY	WASIOJA ED. TECH. COOP.
MINNESOTA VALLEY COOP.	PARK RAPIDS	SOUL ACADEMY	WATERTOWN-MAYER
MINNESOTA VALLEY ED. DIST.	PARKERS PRAIRIE	SOUTH CENTRAL SC	WATERVILLE-ELYSIAN-MORRISTOWN
MINNETONKA	PARTNERSHIP ACADEMY	SOUTH KOOCHICHING-RAINY RIVER	WAUBUN-OGEMA-WHITE EARTH
MINNEWASKA	PAYNESVILLE	SOUTH ST. PAUL	WAYZATA
MONTEVIDEO	PELICAN RAPIDS	SOUTH WASHINGTON COUNTY	WEST CENTRAL AREA
MONTGOMERY-LONSDALE	PEQUOT LAKES	SOUTHEAST SC	WEST CENTRAL ED. DIST.
MOORHEAD	PERHAM-DENT	SOUTHLAND	WEST METRO ED. PROGRAM
MOOSE LAKE	PIERZ	SOUTHWEST & WEST CENT. SC	WEST ST. PAUL
MORA	PILLAGER	SPRING GROVE	WESTBROOK-WALNUT GROVE
MORRIS	PILLAGER AREA CHARTER	SPRING LAKE PARK	WESTONKA
MOUNTAIN IRON-BUHL	PINE CITY	SPRINGFIELD	WHEATON
MOUNTAIN LAKE	PINE ISLAND	STAPLES-MOTLEY	WHITE BEAR LAKE
MURRAY COUNTY CENTRAL	PINE RIVER-BACKUS	STEPHEN-ARGYLE CENTRAL	WILLMAR
NASHWAUK-KEEWATIN	PINE TO PRAIRIE COOP.	STEWARTVILLE	WILLOW RIVER
NATIONAL JT. POWERS ALLIANCE	PIPESTONE AREA	STILLWATER	WIN-E-MAC
NAYTAHWAUSH COMM. SCHOOL	PLAINVIEW-ELGIN-MILLVILLE	STRIDE ACADEMY	WINDOM AREA
NERSTRAND ELEM. SCHOOL	PLUMMER	STUDIO ACADEMY	WINONA
NETT LAKE	PRAIRIE SEEDS ACADEMY	ST. CHARLES	WOODSON INST. STUDENT EXCE.
NEVIS	PRINCETON	ST. CLAIR	WORTHINGTON
NEW CENTURY CHARTER	PRIOR LAKE-SAVAGE AREA	ST. CLOUD	WORTHINGTON LANGUAGE ACADEMY
NEW DISCOVERIES MONT. ACAD.	PROCTOR	ST. CROIX PREPARATORY ACADEMY	WRENSHALL
NEW HEIGHTS CHARTER	RANDOLPH	ST. JAMES	WRIGHT TECHNICAL CTR.
NEW LONDON-SPICER	RECOVERY SCHOOL OF SO. MN	ST. LOUIS COUNTY	YELLOW MEDICINE EAST
NEW MILLENNIUM ACADEMY	RED LAKE	ST. LOUIS PARK	YINGHUA ACADEMY
NEW PRAGUE	RED ROCK CENTRAL	ST. MICHAEL-ALBERTVILLE	ZUMBRO ED. DIST.
NEW SALEM ELEM. SCHOOL	RED WING	ST. PAUL	ZUMBROTA-MAZEPPA
NEW SPIRIT SCHOOL	REDWOOD AREA	ST. PAUL CONS. PERF. ARTISTS	

MSBA Insurance Trust Contacts

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