



Insuring Minnesota's Most Precious Assets

**Minnesota School Boards Association Insurance Trust
2007 Annual Report**

Since 1972, serving only Minnesota public school districts

Letter to the Members

The Minnesota School Boards Association Insurance Trust (MSBAIT) is much more than just insurance. The Trust signifies the promise made by the Minnesota School Boards Association (MSBA) to its members, a promise that schools would always have a low-cost, quality insurance program despite the whims of the volatile commercial insurance industry.

MSBAIT has preserved that promise for more than 30 years. We provided insurance when the commercial markets didn't want schools as clients, and we'll remain loyal in today's market in which commercial carriers are scrambling to "buy" school clients with rates that are temporarily underpriced.

We know school leaders value an insurance program built on principles of member ownership, responsive claim and loss control services, and governance by knowledgeable school leaders. We know that even in a "soft" market, school leaders seek the long-term value provided by the programs they own and control.

On behalf of the Board of Trustees, I want to thank the hundreds of districts and education entities that continue to support MSBAIT. When school districts pool resources and work together, we have the ability to create a superior business model -- one that meets the unique needs of the education market, creates efficiencies and provides an unmatched quality of service. We appreciate *your* commitment to maintaining a strong education community in our state.

Sincerely,

Arlene Bush
MSBAIT Chair



MSBAIT's Board of Trustees & MSBA Staff

Back, left to right: Bill Leland, Keith Young, Mike Wilson, Gary Lee, Bob Meeks
Front, left to right: Roy Nelson, John Sylvester, Arlene Bush, Sue Honetschlager, Denise Drill

The Board of Trustees

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Bloomington

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Fertile-Beltrami

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Roy Nelson
Red Lake

Kent Thiesse
Lake Crystal Wellcome Memorial

Mike Wilson
Pierz

Keith Young
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MSBA Executive Director

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Rob Keller

Schools Insurance Fund

John Sylvester or Denise Drill 800-324-4459

Minnesota School Boards Association

612-766-3304 or 800-449-7709

952-941-7372 or 800-443-6011

Programs From The MSBA Insurance Trust

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.

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. These services are free to members of MSBAIT.

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.

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.

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.

Minnesota Playground Compliance Program (New!)

MSBA and MSBAIT have partnered with the National Playground Compliance Group to help districts ensure Minnesota's playgrounds comply with safety and accessibility standards.

Long-Term Disability

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

Nurse Case Manager (New!)

Beginning in 2008, MSBAIT participants will have the opportunity to work with a nurse case manager when selected claims involving injuries are filed.



Statements of Net Assets, Revenues, Expenses and Losses

ASSETS	<u>2007</u>	<u>2006</u>
Investments, at fair value	101,130,901	95,872,959
Cash and cash equivalents	10,824,081	6,200,753
Accrued investment income	817,435	660,879
Contributions receivable	2,740,277	3,298,620
Reinsurance, other recoverables	1,888,193	3,223,435
Prepaid reinsurance	1,269,543	1,361,173
Deferred policy acquisition costs	<u>348,473</u>	<u>517,165</u>
Total Assets	119,018,903	111,134,984

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	1,153,160	1,479,482
Provision for losses and loss adjustment expenses	90,176,955	87,835,573
Unearned contributions	4,745,078	6,001,471
Advance premium	<u>1,124,523</u>	<u>1,758,247</u>
Total Liabilities	97,199,716	97,074,773

NET ASSETS

Total Net Assets	<u>21,819,187</u>	<u>14,060,211</u>
Total Liabilities and Net Assets	119,018,903	111,134,984

OPERATING REVENUES	<u>2007</u>	<u>2006</u>
Contributions	39,145,650	47,384,558
Reinsurance ceded	(6,122,413)	(8,122,946)
Change in unearned contributions	1,351,900	(14,957)
Royalties	<u>161,081</u>	<u>154,874</u>
Total Operating Revenues	34,536,218	39,401,529

OPERATING EXPENSES

Loss and loss adjustment expenses	27,155,157	39,201,303
Special Compensation Fund	1,503,813	1,524,484
Administration	1,343,876	1,441,826
Amortization of deferred policy acquisition costs	1,771,079	2,155,109
Other operating expenses	<u>2,032,056</u>	<u>1,941,228</u>
Total Operating Expenses	33,805,981	46,263,950
Income (Loss) from Operations	730,237	(6,862,421)

NONOPERATING REVENUE

Net investment income	5,695,961	3,999,709
Net unrealized gains (losses) on investments	<u>1,332,778</u>	<u>(2,189,135)</u>
Total Nonoperating Revenue	7,028,739	1,810,574
Change in Net Assets	7,758,976	(5,051,847)
NET ASSETS BEGINNING	<u>14,060,211</u>	<u>19,112,058</u>
NET ASSETS, END	21,819,187	14,060,211

MSBAIT: 477 members strong

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
BARNESVILLE
BARNUM
BATTLE LAKE
BEACON ACADEMY
BEACON PREPARATORY SCHOOL
BECKER
BELGRADE-BROOTEN-ELROSA
BELLE PLAINE
BELLINGHAM
BEMIDJI
BEMIDJI REG. INT. COUNCIL
BENSON
BENTON-STEARNS 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
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 ETS
CENTRAL SCHOOLS
CHATFIELD
CHISAGO LAKES AREA
CHISHOLM
CHOKIO-ALBERTA
CLARKFIELD AREA CHARTER
CLEARBROOK-GONVICK
CLEVELAND
CLIMAX-SHELLY
CLINTON-GRACEVILLE-BEARDSLEY
CLOQUET

COLUMBIA HEIGHTS
COMFREY
COMMUNITY PEACE ACADEMY
COMMUNITY SCHOOL EXCELLENCE
CONCORDIA LEARNING ACADEMY
COOK COUNTY
CROMWELL-WRIGHT
CROOKSTON
CROSBY-IRONTON
CROSSLAKE COMM. SCHOOL
CYBER VILLAGE ACADEMY
CYGNUS ACADEMY
CYRUS
DASSEL-COKATO
DAWSON-BOYD
DEER RIVER
DELANO
DETROIT LAKES
DILWORTH-GLYNDON-FELTON
DOVER-EYOTA
DUGSI ACADEMY
DULUTH
DUNWOODY ACADEMY
EAGLE RIDGE ACADEMY
EAGLE VALLEY
EAST CENTRAL
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

EMILY GREY 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
GFW
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

MSBAIT: 477 members strong

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
JWP
KALEIDOSCOPE CHARTER
KASSON-MANTORVILLE
KELLIHER
KENYON-WANAMINGO
KIMBALL

KINGSLAND
KITTSOON 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
LINCOLN INT'L. CHARTER
LITCHFIELD
LITTLE FALLS
LITTLEFORK-BIG FALLS
LONG PRAIRIE-GREY EAGLE
LONG TIENG ACADEMY
LOVEWORKS ACADEMY
LUVERNE
LYLE
LYND
MABEL-CANTON

MADELIA
MAHNOMEN
MAHTOMEDI
MAIN STREET PERFORMING ARTS
MANKATO
MAPLE LAKE
MAPLE RIVER
MARSHALL
MARSHALL COUNTY CENTRAL
MARTIN COUNTY WEST
MATH & SCIENCE ACADEMY
MCGREGOR
MCLEOD WEST
MEDFORD
MEEKER-WRIGHT SP. ED. COOP.
MELROSE
MENAHA
MESABI EAST
METRO LEARNING ALLIANCE
METRO SC
MID-STATE ED. DIST.
MIDWEST SP. ED. COOP.
MILACA
MILROY
MILROY AREA CHARTER
MINNEAPOLIS
MINNEAPOLIS ACADEMY
MINNESOTA INT'L. MID. SCHOOL
MINNESOTA INTERNSHIP CENTER
MINNESOTA NORTH STAR ACADEMY
MINNESOTA ONLINE H.S.
MINNESOTA RIVER VAL. ED. DIST.
MINNESOTA RIVER VAL.SP.ED.COOP.
MINNESOTA TRANSITIONS CHARTER
MINNESOTA VALLEY COOP.
MINNESOTA VALLEY ED. DIST.
MINNETONKA
MINNEWASKA
MONTEVIDEO
MONTGOMERY-LONSDALE

MOORHEAD
MOOSE LAKE
MORA
MORRIS
MOUNTAIN IRON-BUHL
MOUNTAIN LAKE
MURRAY COUNTY CENTRAL
NASHWAUK-KEEWATIN
NATIONAL JT. POWERS ALLIANCE
NAYTAHWAUSH COMM. SCHOOL
NERSTRAND ELEM. SCHOOL
NETT LAKE
NEVIS
NEW CENTURY CHARTER
NEW DISCOVERIES MONT. ACADEMY
NEW HEIGHTS CHARTER
NEW LONDON-SPICER
NEW MILLENNIUM ACADEMY
NEW PRAGUE
NEW SPIRIT SCHOOL
NEW ULM
NEW YORK MILLS
NICOLLET
NOBLE ACADEMY
NOBLES COUNTY INTEGRATION
NORMAN COUNTY EAST
NORMAN COUNTY WEST
NORTH BRANCH
NORTH COUNTRY VOC. COOP.
NORTH LAKES ACADEMY
N. ST. PAUL-MAPLEWOOD-OAKDALE
NORTHEAST SC
NORTHERN LIGHTS COMM. SCHOOL
NORTHFIELD
NORTHLAND
NORTHLAND AREA LEARN. CTR.
NORTHWEST PASSAGE H.S.
NORTHWEST REG. INT. COUNCIL
NORTHWEST SC
NOVA CLASSICAL ACADEMY

MSBAIT: 477 members strong

NRHEG
NW SUBURBAN INT. DIST.
OAK LAND VOC. CTR.
ODYSSEY CHARTER
OGILVIE
OKLEE
ONAMIA
ORONO
ORTONVILLE
OSAKIS
OSSEO AREA
OWATONNA
PACT CHARTER
PAIDEIA ACADEMY
PARK RAPIDS
PARKERS PRAIRIE
PARTNERSHIP ACADEMY
PAYNESVILLE
PELICAN RAPIDS
PEQUOT LAKES
PERHAM-DENT
PIERZ
PILLAGER
PILLAGER AREA CHARTER
PINE CITY
PINE ISLAND
PINE RIVER-BACKUS
PINE TO PRAIRIE COOP.
PIPESTONE AREA
PLUMMER
PRAIRIE SEEDS ACADEMY
PRINCETON
PRIOR LAKE-SAVAGE AREA
PROCTOR
RANDOLPH
RECOVERY SCHOOL OF SO. MN
RED LAKE
RED ROCK CENTRAL
RED WING
REDWOOD AREA

RENVILLE COUNTY WEST
RICHFIELD
RIVER BEND ED. DIST.
RIVER HEIGHTS CHARTER
ROBBINSDALE
ROCHESTER
ROCHESTER OFF-CAMPUS
ROCKFORD
ROCORI
ROSEAU
ROSEMOUNT-APPLE VALLEY-EAGAN
ROSEVILLE AREA
ROTHSAY
ROUND LAKE
ROYALTON
RTR
RUNESTONE AREA ED. DIST.
RUSH CITY
RUSHFORD-PETERSON
SARTELL-ST. STEPHEN
SAUK CENTRE
SAUK RAPIDS-RICE
SCHOOLCRAFT LEARN. COMM.
SEBEKA
SEVEN HILLS CLASSICAL ACADEMY
SHAKOPEE
SIBLEY EAST
SKILLS FOR TOMORROW CHARTER
SLEEPY EYE
SOBRIETY HIGH SCHOOL
SOUTH CENTRAL SC
SOUTH KOOCH.-RAINY RIVER
SOUTH ST. PAUL
SOUTH WASHINGTON COUNTY
SOUTHEAST SC
SOUTHLAND
SOUTHWEST & WEST CENT. SC
SPRING GROVE
SPRING LAKE PARK
SPRINGFIELD

STAPLES-MOTLEY
STEPHEN-ARGYLE CENTRAL
STEWARTVILLE
STILLWATER
STRIDE ACADEMY
STUDIO ACADEMY
ST. ANTHONY-NEW BRIGHTON
ST. CHARLES
ST. CLAIR
ST. CLOUD
ST. CROIX PREPARATORY ACADEMY
ST. JAMES
ST. LOUIS COUNTY
ST. LOUIS PARK
ST. MICHAEL-ALBERTVILLE
ST. PAUL
ST. PAUL CONS. PERF. ARTISTS
ST. PETER
SWAN RIVER MONTESSORI
SWANVILLE
TAREK ACADEMY
TEAM ACADEMY
THIEF RIVER FALLS
TIES
TRACY
TREKNORTH HIGH SCHOOL
TRI-COUNTY
TRIO WOLF CREEK DIST. LEARN.
TRITON
TRUMAN
TWIN CITIES ACADEMY
TWIN CITIES ACADEMY H.S.
TWIN CITIES GERMAN IMM. SCHOOL
TWIN CITIES INT'L. CHARTER
UBAH MEDICAL ACADEMY
ULEN-HITTERDAL
UNDERWOOD
UNITED SOUTH CENTRAL
UPSALA
VERNDALE

VIRGINIA
VOYAGEURS EXPED. H.S.
WABASHA-KELLOGG
WABASSO
WACONIA
WADENA-DEER CREEK
WALKER-HACKENSACK-AKELEY
WARREN-ALVARADO-OSLO
WARROAD
WASECA
WASIOJA ED. TECH. COOP.
WATERTOWN-MAYER
WATERVILLE-ELYSIAN-MORRISTOWN
WAUBUN-OGEMA-WHITE EARTH
WAYZATA
WEST CENTRAL AREA
WEST CENTRAL ED. DIST.
WEST METRO ED. PROGRAM
WEST ST. PAUL
WESTBROOK-WALNUT GROVE
WESTONKA
WHEATON
WHITE BEAR LAKE
WILLMAR
WILLOW RIVER
WIN-E-MAC
WINDOM AREA
WINONA
WOODSON INST. STUDENT EXCE.
WORTHINGTON
WORTHINGTON LANGUAGE ACADEMY
WRENSHALL
WRIGHT TECHNICAL CTR.
YELLOW MEDICINE EAST
YINGHUA ACADEMY
ZUMBRO ED. DIST.
ZUMBROTA-MAZEPPA

