

# MINNESOTA SCHOOL BOARDS ASSOCIATION INSURANCE TRUST

## 2010 ANNUAL REPORT

Serving only Minnesota public school districts since 1972



### A MESSAGE FROM MSBAIT CHAIR ARLENE BUSH

The Minnesota School Boards Association Insurance Trust (MSBAIT) has had another successful year. The market value of the investments rebounded and MSBAIT had a positive gain in the fund balance.

The MSBAIT Trustees reviewed the option of continuing to endorse National Insurance Services and Riverport Insurance Company. Since the current insurance marketplace has not changed and many commercial insurance carriers continue to underwrite at very low premiums, the MSBAIT Trustees approved endorsement agreements.

The Trustees will continue to provide the members of the Minnesota School Boards Association with quality and effective insurance programs.

For example, in 2010, MSBAIT's endorsed carrier, Riverport, experienced the effective resolution of one of the (if not the) largest property losses in the history of Minnesota schools. The Wadena tornado loss on June 17, 2010, tested all of those involved. This F-4 tornado destroyed the high school. The next day, Riverport and its claims team were on site with advance payments and direction to resolve the loss. Approximately 90 days later, the loss adjustment was completed. MSBAIT was proud of the fast, fair, and concerned way this catastrophic loss was handled. There are many sides to every claim story, but MSBAIT cannot help think

that, in this time of crisis, its endorsed program came through.

MSBAIT's purpose, "to provide for its members and their employees and officials various forms of insurance, including any forms of permitted group insurance, for the benefit of school districts which are member of the MSBA and to effectuate cost savings in the procurement and administration of such insurance programs," continues to dominate the decisions of the MSBAIT Trustees.

MSBAIT is dedicated to Minnesota schools and is keenly aware of the financial stresses faced by its members. Fortunately, responsible, proactive management of key relationships continues to head in the right direction in spite of economic pressure. All previous endorsed programs continue to be in force, and MSBAIT continues to work closely with members to seek other products and services to enhance its insurance and risk management programs.

MSBAIT looks forward to keeping its programs on the road to success throughout 2011 and beyond.

Sincerely,

Arlene Bush  
MSBAIT Chair



#### MSBAIT BOARD OF TRUSTEES



**Arlene Bush**  
(Chair)  
• Bloomington  
• Serving since 1989



**Kevin Donovan**  
• Mahtomedi  
• Serving since 2010



**Bill Leland**  
• Albert Lea  
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**Bob Meeks**  
(Secretary-Treasurer)  
• MSBA Executive Director  
• Serving since 2003



**Roy Nelson**  
• Red Lake  
• Serving since 2000



**Kent Thiesse**  
• Lake Crystal Wellcome Memorial  
• Serving since 2006



**Mike Wilson**  
(Vice-Chair)  
• Pierz  
• Serving since 2007



**Keith Young**  
• Eveleth-Gilbert  
• Serving since 2001

## MSBAIT PROGRAMS

The Minnesota School Boards Association Insurance Trust (MSBAIT) provides resources to Minnesota School Boards Association (MSBA) members to help school districts address their risk management needs and their concerns.

MSBAIT endorses **National Insurance Services (NIS)** as the provider of **group term life** and **group long-term disability** insurance products and services for MSBA members. NIS has been serving groups such as school districts, cities, counties, and others since 1969. NIS has created a network of satisfied groups in 30 states. In addition, NIS prides itself on maintaining a 95 percent client retention rate. The MSBAIT has had the privilege of working with NIS for more than 30 years.

With respect to **property/casualty and workers' compensation** insurance products and services, MSBAIT currently endorses **Riverport Insurance Company** and its "**Minnesota Public School Program.**" Riverport is a member of the W.R. Berkley Corporation, one of the most prominent companies in the property/casualty insurance industry. **Riverport's coverage includes the following:**

#### PROPERTY, INLAND MARINE AND CRIME

- Blanket Coverage — Buildings and Personal Property
- Blanket Coverage — Business Income and Extra Expense
  - Mechanical and Equipment Breakdown
  - Audio/Visual Equipment, Musical Instruments, Band and Athletic Uniforms
- Employee Dishonesty and Theft      • Forgery and Alteration

#### AUTOMOBILE

- Auto Liability and Physical Damage
- Garagekeepers' Liability      • Hired and Non-owned Auto

#### GENERAL LIABILITY

- Bodily Injury, Property Damage, Personal Injury and Advertising Injury
- Sexual Abuse and Molestation      • Employee Benefits Liability
- Incidental Liability for School Nurses      • Medical Payments

#### SCHOOL LEADERS LEGAL LIABILITY

- School Board Legal Liability
- Teachers Liability
- Employment-Related Practices Liability
- Broad Definition of Named Insured

#### EXCESS LIABILITY

- Excess Liability Limits to \$5 million Per Occurrence/Aggregate (Sexual Abuse and Molestation included)

#### WORKERS' COMPENSATION

- Statutory Benefits
- Employers Liability limits: \$500,000/\$500,000/\$500,000

Please visit our website at [www.ms bait.org](http://www.ms bait.org) for more information.

## CONTACTS

Riverport c/o  
Berkley Risk  
Administrators  
Co., LLC

612-766-3301 or 800-449-7709

- Property/Casualty
- School Leaders Legal Liability
- Workers' Compensation
- Volunteer Accident Coverage



**Kim Brenckman**

National  
Insurance  
Services

952-941-7372 or 800-443-6011

- Group Term Life Insurance
- Long-Term Disability Insurance



**Rob Keller**

Minnesota  
School  
Boards  
Association

800-324-4459



**Denise Drill**



**Amy Fullenkamp-Taylor**



**Gary Lee**



**John Sylvester**

# MSBAIT MEMBERS

ATWATER-COSMOS-GROVE CITY ACHIEVE LANGUAGE ACADEMY ADRIAN AFSA HIGH SCHOOL AITKIN ALBANY AREA ALBERT LEA AREA ALDEN-CONGER ALEXANDRIA ANOKA-HENNEPIN AREA SP. ED. COOP. ASHBY AUSTIN BAGLEY BARNESVILLE BARNUM BATTLE LAKE BECKER BELGRADE-BROOTEN-ELROSA BELLE PLAINE BEMIDJI AREA BEMIDJI REG. INT. COUNCIL BENSON BENTON-STEARNS ED. DIST. BERTHA-HEWITT BIG LAKE BIRCH GROVE COMM. SCHOOL BLACKDUCK BLOOMING PRAIRIE BLUE EARTH AREA BRAHAM AREA BRAINERD BRANDON BRECKENRIDGE BREWSTER BROOKLYN CENTER BROWERVILLE BROWNS VALLEY BUFFALO LAKE-HECTOR-STEWART BYRON CALEDONIA CAMBRIDGE-ISANTI CAMPBELL-TINTAH CANBY CANNON FALLS AREA CARLTON CASS LAKE-BENA CEDAR MOUNTAIN CENTENNIAL CENTRAL SCHOOLS CHATFIELD CHISAGO LAKES AREA CHISHOLM CHOKIO-ALBERTA CLARKFIELD AREA CHARTER CLEARBROOK-GONVICK CLEVELAND CLOQUET COLUMBIA HEIGHTS COMMUNITY SCH. EXCELLENCE CONCORDIA LEARNING ACADEMY COOK COUNTY CROMWELL-WRIGHT CROOKSTON CROSBY-IRONTON CROSSLAKE COMM. 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JORDAN JANESVILLE-WALDORF-PEMBERTON KALEIDOSCOPE CHARTER KASSON-MANTORVILLE KENYON-WANAMINGO KIMBALL AREA KINGSLAND	KMS LAC QUI PARLE VALLEY LAKE AGASSIZ SP. ED. COOP. LAKE BENTON LAKE CITY LAKE CRYSTAL WELLCOME MEM. LAKE OF THE WOODS LAKE PARK-AUDUBON LAKE SUPERIOR LAKE SUPERIOR HIGH SCHOOL LAKES AREA CHARTER LAKES COUNTRY SC LAKEVIEW LAKEVILLE AREA LAPORTE LE CENTER LEROY-OSTRANDER LESTER PRAIRIE LE SUEUR-HENDERSON LEWISTON-ALTURA LITCHFIELD LITTLE FALLS LITTLEFORK-BIG FALLS LONG PRAIRIE-GREY EAGLE LUVERNE MABEL-CANTON MADELIA MAHNOMEN MAHTOMEDI MANKATO AREA MAPLE LAKE MAPLE RIVER MARSHALL MARSHALL COUNTY CENTRAL MARTIN COUNTY WEST MCGREGOR MEDFORD MEEKER-WRIGHT SP. ED. COOP. MELROSE AREA MENAUGA MESABI EAST METRO ECSU MID-STATE ED. DIST. MIDWEST SP. ED. COOP. MILACA MILROY AREA MINNEAPOLIS MINNEAPOLIS ACADEMY MINNESOTA INTERNSHIP CENTER MINNESOTA INT'L. MID. SCHOOL MINNESOTA RIV.VAL.SP.ED.COOP. MINNEWASKA AREA MONTEVIDEO MONTGOMERY-LONSDALE MOORHEAD AREA MOOSE LAKE MORA MORRIS AREA MOUNTAIN IRON-BUHL MOUNTAIN LAKE MURRAY COUNTY CENTRAL NASHWAUK-KEEWATIN NATIONAL JT. POWERS ALLIANCE NETT LAKE NEVIS NEW LONDON-SPICER NEW PRAGUE AREA NEW ULM NOBLE ACADEMY	NORMAN COUNTY EAST NORTH BRANCH AREA NORTH LAKES ACADEMY NORTH ST. PAUL-MAPLEWD.-OAK. NORTHEAST SC NORTHLAND NORTHLAND LEARNING CTR. NORTHWEST REG. INT. COUNCIL NORTHWEST SC NOVA CLASSICAL ACADEMY NRHEG NW SUBURBAN INT. DIST. OAK LAND VOC. CTR. ODYSSEY ACADEMY OGILVIE ORONO ORTONVILLE OSAKIS OSHKI OGIMAAG CHARTER OWATONNA PACT CHARTER PALADIN ACADEMY PARK RAPIDS AREA PARKERS PRAIRIE PARTNERSHIP ACADEMY PAYNESVILLE AREA PELICAN RAPIDS PEQUOT LAKES PERHAM-DENT PIERZ PILLAGER PILLAGER AREA CHARTER PINE CITY PINE ISLAND PINE RIVER-BACKUS PIPESTONE AREA PLUMMER PRAIRIE SEEDS ACADEMY PRESTIGE ACADEMY PRINCETON PRIOR LAKE-SAVAGE AREA PROCTOR RANDOLPH RED LAKE RED ROCK CENTRAL RED WING REDWOOD AREA RENVILLE COUNTY WEST RICHFIELD RIVER'S EDGE ACADEMY ROBBINSDALE AREA ROCHESTER ROCORI ROSEAU ROSEMOUNT-APPLE VAL.-EAGAN ROTHSAY ROUND LAKE ROYALTON RUM RIVER SP. ED. COOP. RUNESTONE AREA ED. DIST. RUSH CITY RUSHFORD-PETERSON SARTELL-ST. STEPHEN SAUK RAPIDS-RICE SEBEKA SHAKOPEE SIBLEY EAST SLEEPY EYE SOUTH CENTRAL SC	SOUTH KOOCH.-RAINY RIVER SOUTH ST. PAUL SOUTH WASHINGTON COUNTY SOUTHEAST SC SOUTHLAND SOUTHWEST & WEST CENT. SC SPRING GROVE SPRINGFIELD ST. ANTHONY-NEW BRIGHTON ST. CHARLES ST. CLAIR ST. CLOUD AREA ST. JAMES ST. LOUIS COUNTY ST. MICHAEL-ALBERTVILLE ST. PAUL ST. PAUL CITY SCHOOL ST. PETER STAPLES-MOTLEY STEWARTVILLE SWANVILLE TEAM ACADEMY THIEF RIVER FALLS TRACY AREA TREKNORTH HIGH SCHOOL TRI-COUNTY TRITON TWIN CITIES ACADEMY TWIN CITIES ACADEMY H.S. TWIN CITIES INT'L. CHARTER UBAH MEDICAL ACADEMY ULEN-HITTERDAL UNDERWOOD UNITED SOUTH CENTRAL UPSALA AREA VERNDALE VIRGINIA WABASHA-KELLOGG WABASSO WACONIA WADENA-DEER CREEK WALKER-HACKENSACK-AKELEY WARROAD WASECA WATERTOWN-MAYER WATERVILLE-ELYSIAN-MORRIS. WAYZATA WEST CENTRAL AREA WEST CENTRAL ED. DIST. WEST METRO ED. PROGRAM WEST ST. PAUL WESTONKA WHEATON WHITE BEAR LAKE AREA WILLMAR WILLOW RIVER WINDOM AREA WIN-E-MAC WINONA WOODSON INST. STUDENT EXCE. WORTHINGTON WRENSHALL WRIGHT TECHNICAL CTR. YELLOW MEDICINE EAST YINGHUA ACADEMY ZUMBRO ED. DIST.
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## STATEMENTS OF NET ASSETS, REVENUES, EXPENSES AND LOSSES

ASSETS	2010	2009	OPERATING REVENUES	2010	2009
Investments, at fair value	\$83,551,882	\$87,945,808	Contributions	\$77,305	\$17,297,026
Cash and cash equivalents	13,548,645	17,406,010	Reinsurance ceded	151,014	(4,344,477)
Accrued investment income	532,307	615,419	Change in unearned contributions	1,521,954	1,565,883
Contributions receivable	48,033	1,195,529	Royalties	<u>423,419</u>	<u>225,638</u>
Reinsurance, other recoverables	2,522,963	2,067,438	<b>Total Operating Revenues</b>	<b>2,173,692</b>	<b>14,744,070</b>
Prepaid reinsurance	—	1,259,417			
Deferred policy acquisition costs	<u>1,779</u>	<u>228,496</u>	OPERATING EXPENSES		
<b>Total Assets</b>	<b><u>\$100,205,609</u></b>	<b><u>\$110,718,117</u></b>	Loss and loss adjustment expenses	100,010	12,849,338
			Special Compensation Fund	957,026	1,168,546
LIABILITIES AND NET ASSETS			WCRA Premium Deficiency Assessment	2,377,940	—
Accounts payable and accrued expenses	\$901,921	\$963,289	Administration	434,171	1,302,989
Provision for losses and loss adjustment expenses	66,175,144	79,965,786	Amortization of deferred policy acquisition costs	237,813	1,140,774
Unearned contributions	<u>715,591</u>	<u>2,382,545</u>	Other operating expenses	<u>734,506</u>	<u>1,021,583</u>
<b>Total Liabilities</b>	<b><u>67,792,656</u></b>	<b><u>83,311,620</u></b>	<b>Total Operating Expenses</b>	<b><u>4,841,466</u></b>	<b><u>17,483,230</u></b>
			<b>Income (Loss) from Operations</b>	<b>(2,667,774)</b>	<b>(2,739,160)</b>
NET ASSETS			NONOPERATING REVENUE		
<b>Total Net Assets</b>	<b><u>32,412,953</u></b>	<b><u>27,406,497</u></b>	Net investment income	3,442,231	1,790,255
<b>Total Liabilities and Net Assets</b>	<b><u>\$100,205,609</u></b>	<b><u>\$110,718,117</u></b>	Net unrealized gains (losses)		
			on investments	4,231,999	(1,043,746)
			<b>Total Nonoperating Revenue</b>	<b><u>7,674,230</u></b>	<b><u>746,509</u></b>
			<b>Change in Net Assets</b>	<b><u>5,006,456</u></b>	<b><u>(1,992,651)</u></b>
			<b>NET ASSETS, BEGINNING</b>	<b><u>27,406,497</u></b>	<b><u>29,399,148</u></b>
			<b>NET ASSETS, END</b>	<b><u>\$32,412,953</u></b>	<b><u>\$27,406,497</u></b>