



DISTRICT OFFICE
655 SOUTH COMMERCIAL AVENUE, SMITHVILLE, MO 64089
P: (816) 532-0406
F: (816) 532-4192
SmithvilleSchoolDistrict.net

To: Board of Education
From: Kim Davis
Date: September 13, 2022
Subject: SIPGKC Insurance Evaluation Update

During the August 18, 2021 Board of Education meeting, the Board approved the contracted services of CBIZ to broker an RFP in an attempt to compare and evaluate our current self-insurance model for medical and dental insurance against a fully-funded model.

In September 2021, a committee was formed which included 15 individuals across all employee categories, including one Board member. The purpose of the committee is/was to learn how both insurance models function, to compare and contrast the two models identifying pros and cons of each; and to provide feedback to the administration as to which model may best serve the interest of the district as a whole.

On October 4, 2021, CBIZ released a request for proposals to all insurers in the market. Unfortunately, on October 28th the District was contacted by CBIZ and informed that every vendor has declined to offer a proposal for services. Reasons for the lack of proposals included:

- The risk was too high based on our 12-month claims run.
- Our stop loss limit did not deflect the majority of the high claims.
- The number of claims in the \$100,000 - \$200,000 range is way above the norm for a group of our size.

CBIZ also mentioned that in today's market, other groups of our size, with better claims history, are seeing rate increases up to 50%, with the average increase around 25-30%. Even with this, no insurer was willing to take on our risk.

Based on the available information, our claims history, the timeline for informing our current insurance consortium, the timeline for implementation of a new product, and the possible disruption to our members, the decision was made to wait until the 2022-23 school year to go back out to the market for insurance.

As promised, I met with CBIZ on September 13th to discuss sending out the RFP for insurance services for the 2023-2024 plan year. CBIZ is preparing the RFP and timeline. Once I have that information, I will set up the District timeline and Insurance Evaluation Committee. Updates will be provided to the Board as needed.