

DISTRICTS MUTUAL INSURANCE

DMI

Serving the Wisconsin Technical College System

Districts Mutual Insurance

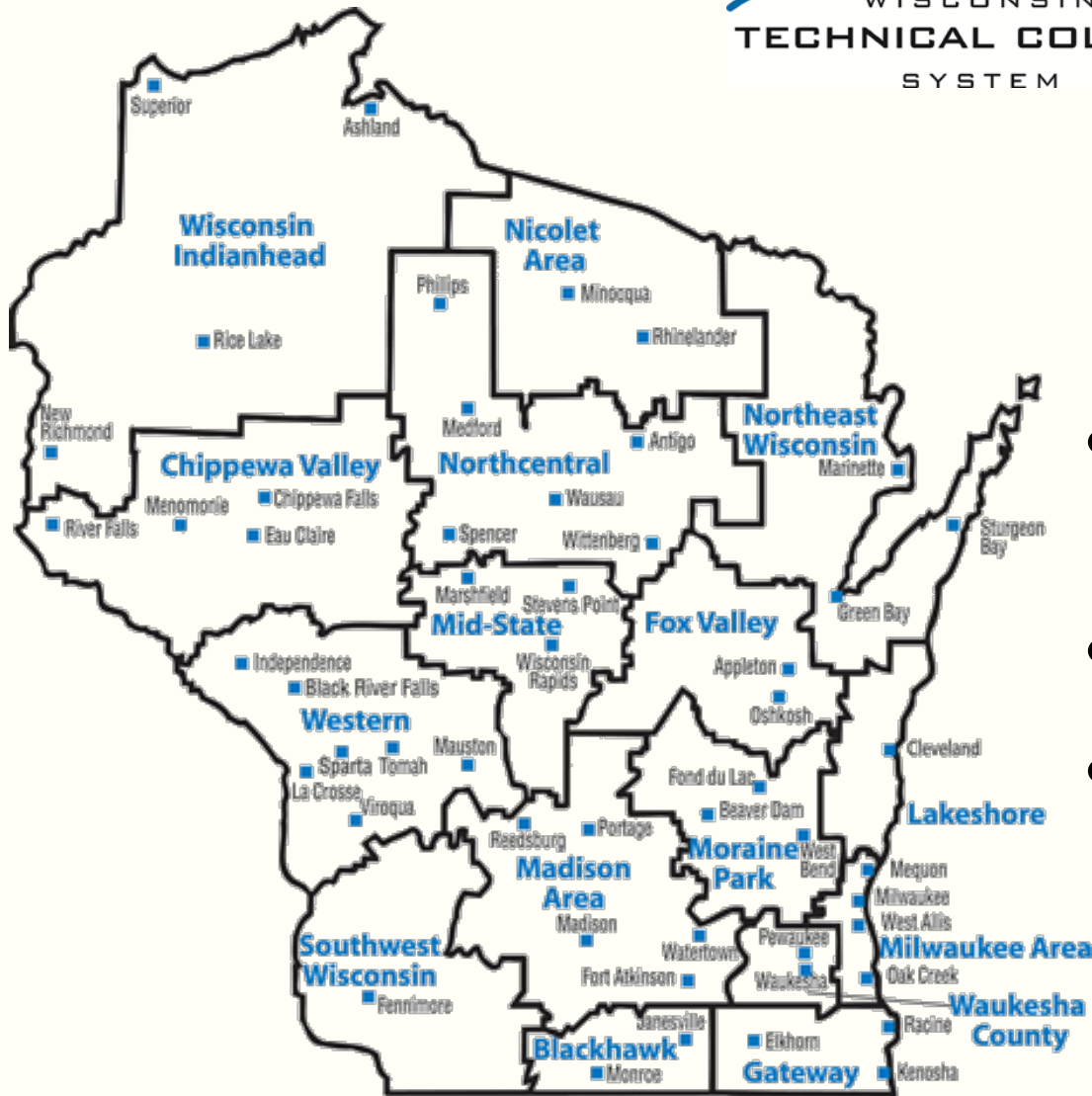
Insuring Risk - Sharing Rewards

July 2012 Begins Our 9th Year of Collaboration

Insurance History Pre-DMI

- Group Program Preceded DMI
 - Created by 6
 - Eventually grew to 15 colleges
- Developed “Trust” of Working Together
 - Spread the risk
 - Cooperative environment developed
 - Laid the groundwork
- Large Enough Exposure-Base to Bargain as a Group
 - No individualized loss control
 - “Pay the premium, we’ll pay the claims” mentality
 - Group buying, no special services
- Coverage Gaps
- Trust Paid \$26M in Premiums – \$5M in Losses
 - 22% loss ratio
 - Premium increases were double-digit – market driven cost, not loss-driven
 - Budget impacts
- Intent to Control Risk / Manage Loss
 - Often neglected – especially at smaller institutions
- Champions

WISCONSIN
TECHNICAL COLLEGE
SYSTEM

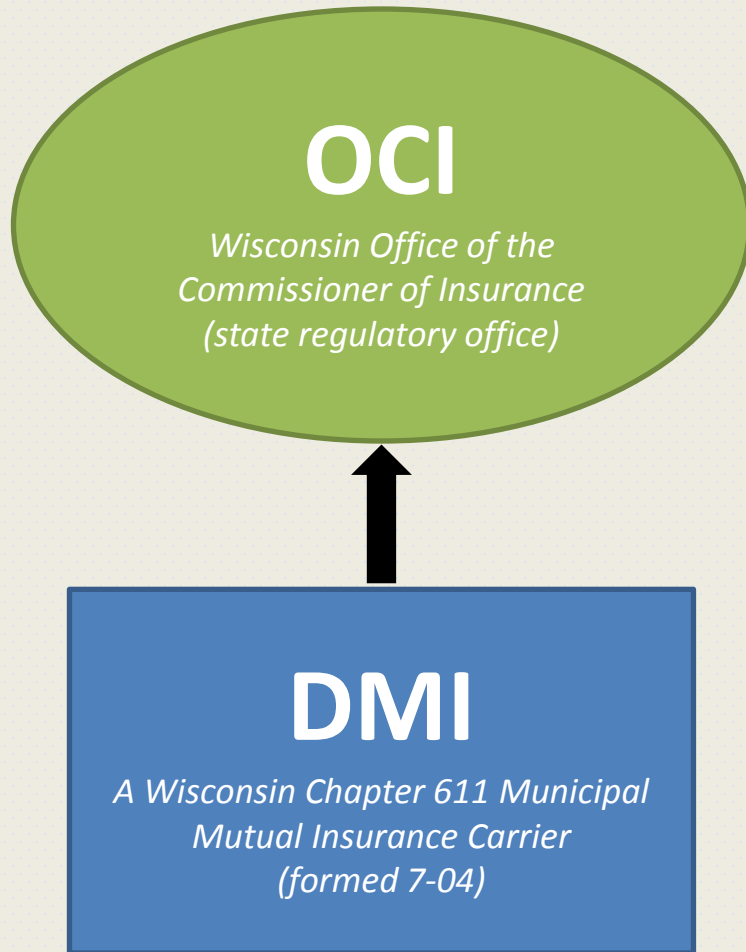


- Homogeneous Exposure Base
- Low “cat” Exposure
- Spread of Risk

Technical College Exposures

- Property and Contents (\$3.1B)
- Student (FTE 82,365)
- Employees (FTE 11,028 - Payroll \$712M)
- Auto Liability/Physical Damage (750 Power Units)
- Shop and Lab Safety
- Directors & Officers (Local BOD/Senior Administrators)
- Fiduciary Liability
- Sexual Harassment
- Campus Security
- Cyber Risk
- Hiring/Firing/EEOC
- Foreign Travel
- Employee Dishonesty/Crime
- Business Travel Accident
- Student Accident/Health

Regulation – Mission of the OCI

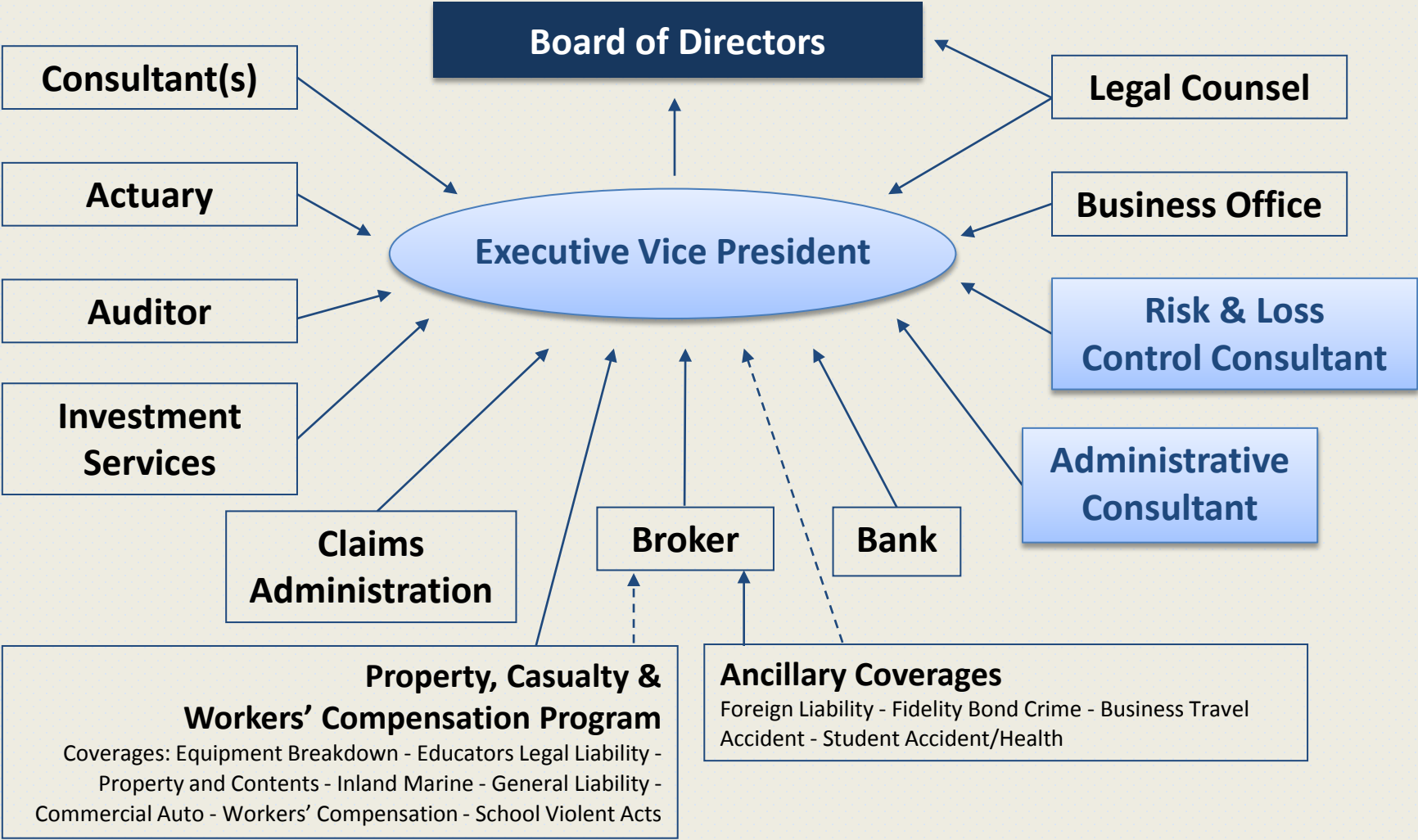


Ensures Wisconsin's Insurance commerce operates within state statutes and administrative rules.

Oversees DMI Operations including:

- Financial Stability
- Underwriting Practices
- Coverages
- Claim Adjustment Procedures
- Enforce Applicable Laws
- Approve or deny coverages and rates that DMI will charge
- Requires financial security minimums (Capital)
- Ensures that DMI must maintain an equitable and sustainable insurance business

Organization of DMI



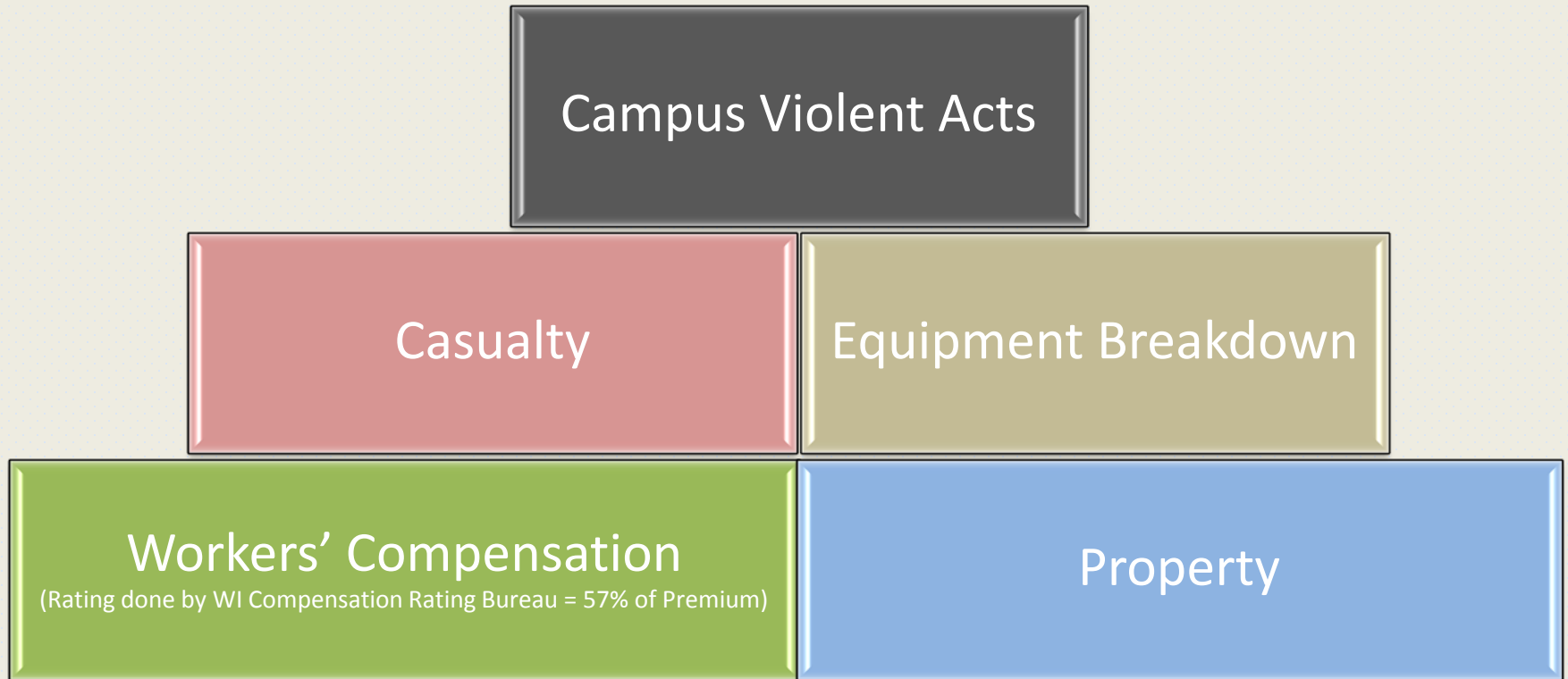
DMI Board Members

- Jim Blumreich, NWTC
- Dr. Tom Eckert, BTC
- Barb Kieffer, FVTC
- Jim Rehagen, WCTC
- Mark Zlevor, GTC

DMI Staff

- Steven Stoeger-Moore, Executive Vice President
- Tim Greene, Risk and Loss Control Consultant
- Geri Justinger, Administrative Consultant (PT)

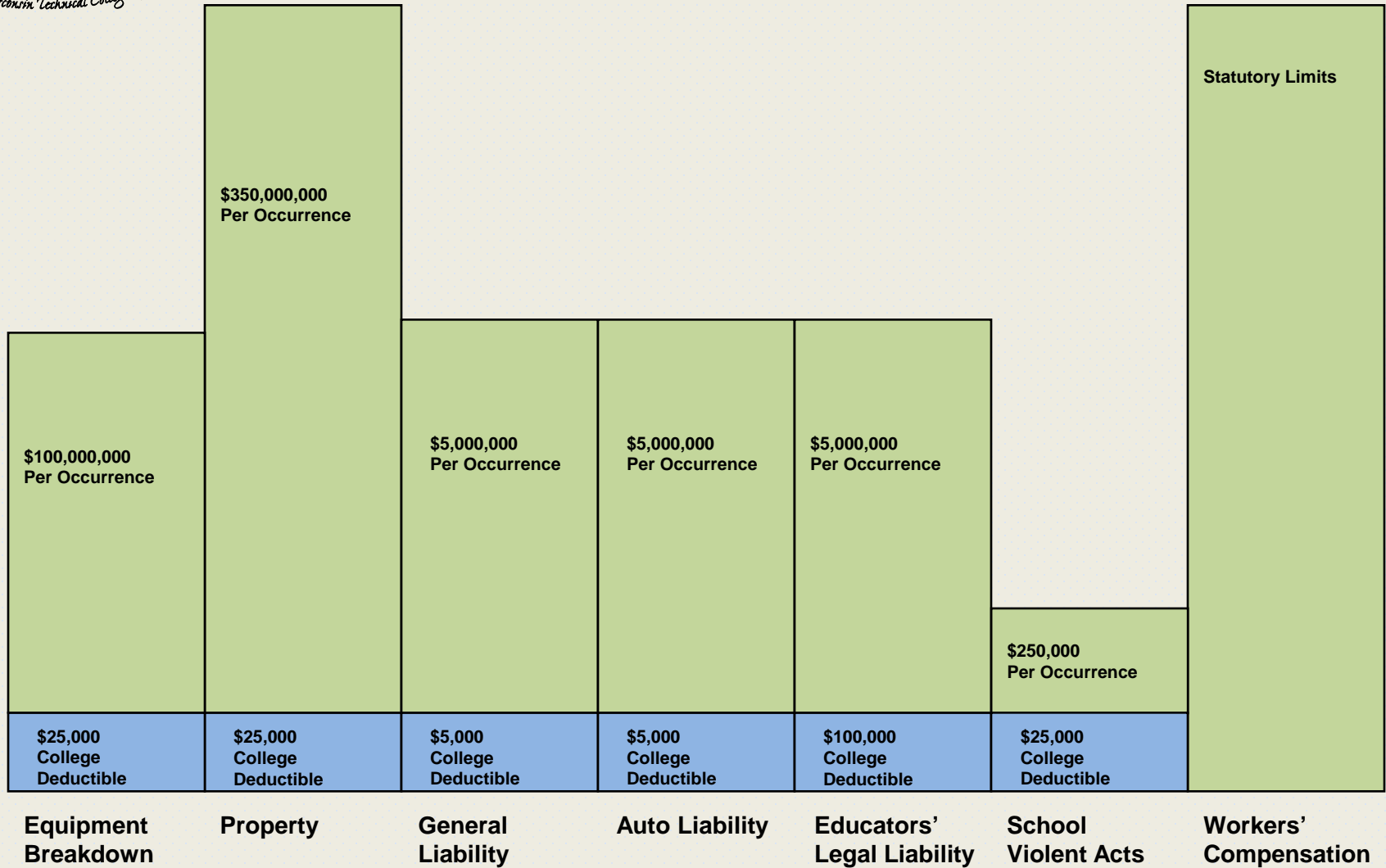
Coverage Issued



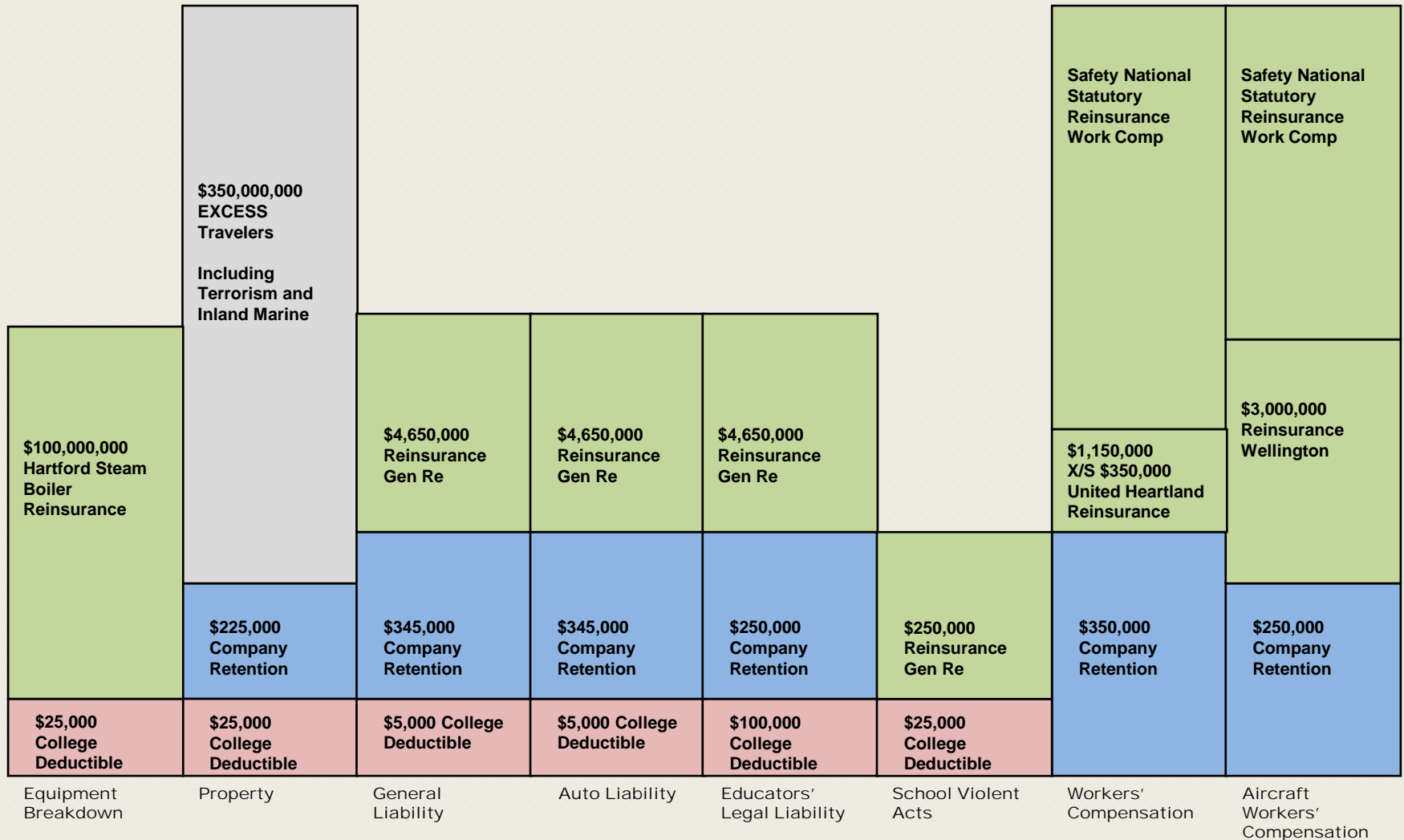
- Coverage not noted above is covered by WTCS Trust program.
- 7/1/12 premium collected \$6.3M.



DMI Policy Limits



Excess/Reinsurance Program Structure



How is DMI Different?

- TEGG Electrical Inspection and Infrared Scanning Services
- Campus Security Assessments
- Fire Protection Surveys
- Emergency Response Plan Review
- Disaster Response Call Center
- Building Appraisals
- Content Valuation Model
- JJ Keller - MSDS Online Service
- MVR Checks (1600+ annually)
- The Incident Report (e-newsletter)
- DMI Presents...Webinar Series
- DMI Website – Online Resources (www.districtsmutualinsurance.com)
- \$1,000 Unrestricted Funds Donation to 16 College Foundations

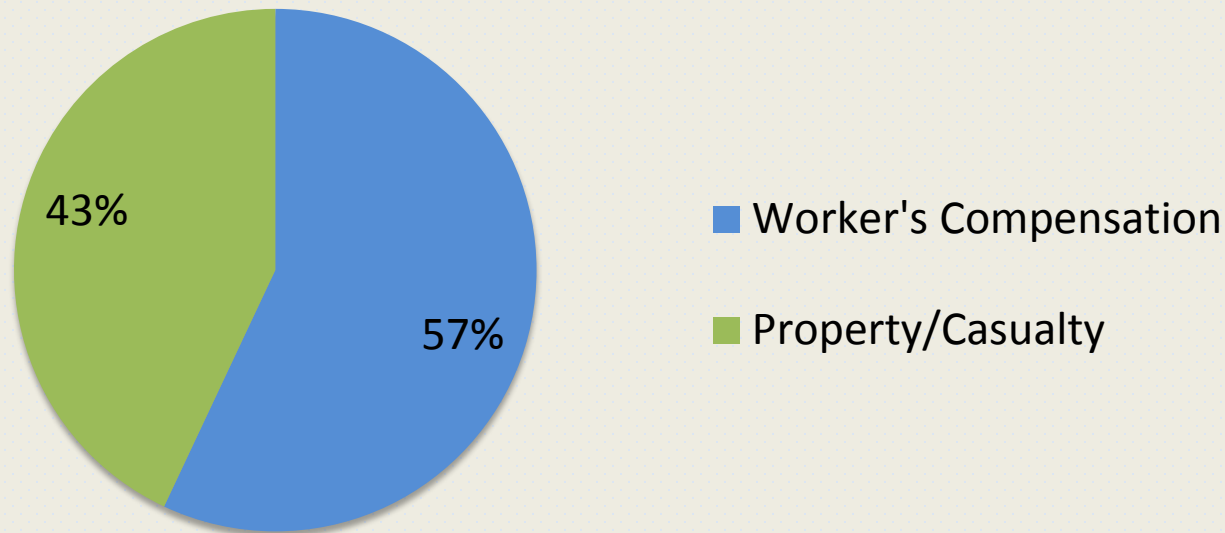


More Member Benefits

- No “Borrowed Capital” to Create DMI
- Closed Coverage Gaps
- Policies Specifically Designed for Technical Colleges - Consistent Policy Limits
- Premium Rates Maintained or Reduced Every Year Since Inception
- Reduced Local Staff Time for Annual Underwriting
- On-Staff Risk and Loss Control Consultant
 - Targeted Resources Constantly Developed for Risk and Loss Control
 - Increased Risk Management Awareness
- “Ownership”
- Networking
- Risk Culture
- “Best Practice” Approach
- Unique Model

Status of DMI

- Premium Make-Up



- Estimated Savings To-Date: \$10,058,440
- Actuarial Claim-Projections Not Reached
- Compares Favorably to Industry Trends

Benchmarks – DMI vs. Industry

Combined Ratio - 5 Year Average

102%

86%

DMI

Industry

Expense Ratio - 5 Year Average

28%

20%

DMI

Industry

Surplus Growth

(Since 2006)

96%

12%

DMI

Industry

**Average Months to Close a
Workers' Compensation Claim**

12

7

DMI

Industry

Questions / Comments



DISTRICTS MUTUAL INSURANCE

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Thank you!