



WISCONSIN ASSOCIATION OF SCHOOL BOARDS, INC.
122 W. WASHINGTON AVENUE, MADISON, WI 53703
PHONE: 608-257-2622 • FAX: 608-257-8386

Buyer Beware: Purchase Property and Casualty Insurance Based on Coverage, Service and Price – *In That Order*

Topic Objectives:

1. How often should districts obtain competitive bids?
2. What process and tools should be used to obtain bids?
3. What should be analyzed to select the best proposal for your district?

Originally titled “Is your district paying too much for property and casualty (“P/C”) insurance?,” (with the definitive answer being “maybe”) read on about what to consider before selecting a property and casualty insurance program.

How often should districts obtain competitive bids?

All other things being equal, and even if you *really like* your agent and insurance companies, it’s recommended districts seek competitive bids every three to four years. Why?

Obtaining bids:

- Keeps the incumbents on their toes. The mere mention of getting bids may prompt underwriters to sharpen their pencils.
- Fulfills the district’s responsibility of using taxpayer dollars wisely.

What process and tools should be used to obtain bids?

Issue a Request for Proposals (“RFP”)/Bid Specification document on which all proposals must be based. Buying insurance without using an RFP is like selecting a construction bid without providing the bidders the building plans. Don’t reinvent the wheel; a model RFP is available here: <https://wasb.org/wasb-insurance-plan/insurance-plan-resources/>.

What should be analyzed to select the best proposal for your district?

What good is a low price if the insurance coverage you need isn't provided? Purchase property and casualty insurance on the basis of coverage first. The bid specifications make this analysis easier. Next, consider the services (type and amount) provided by the insurance companies and agents.

LASTLY, look at the price. Consider both the proposed annual premium for each policy, as well as the rates used to calculate the annual premium. Rates are based on the following:

- Property – per \$1000 of insured property values
- General Liability and Educators Legal Liability – FTE and/or student count
- Automobile – type of vehicle and deductibles
- Workers' Compensation – class code (all insurance companies use the same workers' compensation rates in Wisconsin)

Conclusion: Issuing a property and casualty insurance RFP every three to four years supports an informed and apples-to-apples decision-making process.

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