



# Oak Park Elementary School District 97

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To: Members, Board of Education  
Dr. Patricia Wernet, Superintendent

From: Patrick King, Senior Director of Finance

RE: 2021-2022 School Employees Loss Fund (SELF) Workers' Compensation Insurance Rates

Date: June 8, 2021

School District 97 participates in the SELF Workers' Compensation Insurance Cooperative. Founded in 1986, the SELF Insurance Cooperative is self-funded, self-governed and comprised of 83 member school districts in the Chicagoland area. Rates for individual school districts within the SELF Cooperative are determined based on a combination of the overall pool performance and individual district performance.

The estimated total due to SELF will be \$251,142 for the July 1, 2021 – June 30, 2022 plan year. The Large Deductible Contribution amount (at the \$25,000 deductible level) is \$219,439, to which is added an \$18,306 replenishment contribution from prior years claims expense activity. However, the district will have a credit (dividend) applied of \$63,364 and a \$76,791 debit due to a payroll audit, from the 7/1/19 – 6/30/20 policy period, for an invoice total of \$251,142. Please note the annual premium cost chart below:

2015-2016	\$332,261
2016-2017	\$208,978
2017-2018	\$243,982
2018-2019	\$205,614
2019-2020	\$126,310
2020-2021	\$193,032
2021-2022	\$251,142

Administration noted a 30% increase in the premium from 2020-2021 and significant fluctuations in the premium history above and discussed with SELF when the original quotation was provided. The fluctuations are mainly a result of SELF estimating payroll amounts which differed from actual payrolls reported from the District's annual audit. This is reflected in the \$76,791 payroll audit debit noted above. Administration was able to obtain a reduction in the 2021-2022 premium of \$23,033 from SELF's original quotation after these discussions and working with them on more accurate estimated payroll amounts for 2021-2022. We feel the 2021-2022 premium amount is reasonable and does accurately reflect District 97's estimated payroll next school year. It is our goal going forward that we will have smaller incremental increases/decreases in premium amounts and will continue to monitor what SELF is estimating for our payrolls.

The SELF pool continues to have excellent experience as a cooperative. Attached is the Executive Summary from SELF, along with the quotation, which includes highlights of the rates, cost factors, and plan design from the 2021-2022 renewal presentation.

It is our hope that District 97 continues to proactively promote safe working conditions, maintaining a safe work environment, reporting claims promptly, and actively managing claims so the District continues to see favorable rates and experience ratings. The administration recommends approval of the 2021-2022 SELF Workers' Compensation Insurance Fund renewal rates as presented.



# **SCHOOL EMPLOYEES LOSS FUND**

## **Workers Compensation Pool Proposal of Insurance Revised**

**July 1, 2021 to June 30, 2022**

**Presented to:**

**Oak Park SD #97**

**Dated:**

**May 27, 2021**

**Presented by:**

<p><b>Jim Graff</b> <b>Pool Administrator</b> <b>Arthur J. Gallagher &amp; Co.</b> <b>2850 Golf Rd</b> <b>Rolling Meadows, IL 60008</b> <b>Phone: 630-285-3658</b> <b><a href="mailto:James_Graff@ajg.com">James_Graff@ajg.com</a></b></p>	<p><b>Marcus Henthorn</b> <b>Co- Pool Administrator</b> <b>Arthur J. Gallagher &amp; Co.</b> <b>2850 Golf Rd</b> <b>Rolling Meadows, IL 60008</b> <b>Phone: 630-694-5152</b> <b><a href="mailto:Marcus_Henthorn@ajg.com">Marcus_Henthorn@ajg.com</a></b></p>
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## SELF Executive Summary (2021-2022)

The SELF workers compensation renewal for 2021-2022 is following on the heels of the yearlong Covid pandemic. Fortunately for SELF Covid has had very little, if any, impact on the SELF program and related costs. The SELF program will again share its good loss results with the membership by delivering a 3% overall reduction in total pool costs. Both the fixed costs expenses and estimated loss fund is less than the prior year thanks to the combined work of the membership.

In preparing for the renewal this year SELF and your Executive Committee looks at several important items including:

- **Pool Loss Data and Development** – SELF's actuary reviews pool losses from prior years to predict the "ultimate" cost to SELF. Using this ultimate loss calculation the actuary can then select the loss rate needed for the 2021-2022 renewal. SELF's losses continue to have a low development factor that helps to keep the cost down.
- **Member Losses and Development** – once the pool loss rate has been selected the next step is to calculate individual member contributions. The member contribution formula is loss sensitive and has not changed from previous years. To calculate Individual member district loss development SELF uses both a member experience modification factor then a pool modification is applied.
- **SELF Fixed Costs** – these costs include claims administration (Sedgwick), pool administration (Gallagher), excess insurance premium, loss control (Gallagher Bassett) and various legal and professional fees. For 2021-2022 pool fixed cost are \$2,006,434 for a 0.5% decrease.
- **Excess Workers Compensation** – for 2021-2022 SELF selected USSU for excess insurance again this year. For the 2021-2022 renewal USSU rates increased 15% driven by market conditions. Other competing excess markets could not come close to the USSU annual premium.
- **Investment Income** – interest rates have helped SELF achieve a reasonable return without taking on additional risk. Investment income helps to lower member annual contribution costs.
- **Loss Fund Confidence Levels** – with stable investment income and consistent and predictable loss development SELF is able to continue to fund losses as it has done in the previous years. SELF is recommending using a 60% confidence level for 2021-2022. This results in a total pool loss fund of \$7,929,854.

Pool member equity, or surplus, increased to \$26,767,749 as of March 2021. Member equity is achieved through lower than expected losses in previous years leaving loss fund dollars available towards member equity, interest income from SELF investments, and continued pressure to keep fixed costs low. SELF has a written procedure to return member equity back to the members in the form of a premium offset. Following these procedures the SELF executive committee is recommending an additional \$2,000,000 of member equity be returned with this 2021-2022 renewal. When this return is combined with SELF's costs the result in an overall pool cost reduction of 2.85% from the previous year.

SELF's commitment and high importance that it places on risk management and other cost reduction programs have contributed to the favorable financial results of the pool. Several of these programs have been in place now for many years and are having a significant impact on claim cost savings. These programs include:

- **Slip/Trip/Fall safety award and matching grant program** – this program assists member districts through matching funds used to purchasing safety equipment specifically designed to reduce slip/trip/fall losses. The program was first introduced in 2013 and has resulted in placing new safety equipment at the schools where the incidents usually occur. The current 2021 Grant program is open now. Contact Gallagher if you have any questions.
- **Monthly claim roundtable and settlement meeting** – this successful program continues to achieve favorable settlement results and IWCC case wins. SELF members are invited to join these meetings to review open claims in their District.
- **Return to Work program** – education and training continues in this important area. Districts are encouraged to develop transitional duty programs and policies that can be used to bring injured workers back to work on a temporary duty basis.

For the 2021-2022 policy period SELF remains committed to conserving member assets through risk management and loss reduction activities.



# Large Deductible Option (LDO)

## SCHOOL EMPLOYEES LOSS FUND

REVISED

Oak Park SD #97

July 1, 2021 - June 30, 2022

Large Deductible Options (higher deductible available on request)	\$25,000 Deductible	\$50,000 Deductible	\$100,000 Deductible	\$250,000 Deductible
SELF Estimated Contribution (Standard Program Cost)	\$273,333	\$273,333	\$273,333	\$273,333
LDO Factor	0.651	0.552	0.459	0.349
<b>LDO Contribution</b>	<b>\$177,939</b>	<b>\$150,879</b>	<b>\$125,459</b>	<b>\$95,393</b>
LDO Administrative Cost (Annual)	\$1,500	\$1,500	\$1,500	\$1,500
District Loss Fund Deposit (1)	\$40,000	\$40,000	\$40,000	\$40,000
<b>LDO - Deposit</b> (includes large deductible contribution, administrative cost and loss fund deposit)	<b>\$219,439</b>	<b>\$192,379</b>	<b>\$166,959</b>	<b>\$136,893</b>
<b>Replenishment for current LDO (2)</b>	<b>\$18,306</b>	<b>\$18,306</b>	<b>\$18,306</b>	<b>\$18,306</b>
<b>TOTAL LDO DEPOSIT</b> (includes \$40,000 loss fund deposit)	<b>\$237,745</b>	<b>\$210,685</b>	<b>\$185,265</b>	<b>\$155,199</b>

**(DO NOT PAY FROM THIS LDO QUOTATION – INVOICE WILL FOLLOW)**

Deductible Level	Average Estimated District Losses <sup>(3)</sup>
\$25,000	\$111,189
\$50,000	\$142,249
\$100,000	\$171,059
\$250,000	\$204,821

Deductible Level	<u>Average Estimated District Costs</u> (includes admin cost)
\$25,000	\$313,660
\$50,000	\$314,159
\$100,000	\$314,258
\$250,000	\$314,062

1. Loss Fund Deposit for Deductible use. Loss Fund Deposit is subject to change based on losses paid within the deductible period. See Page 2 for further explanation.
2. Replenishment for prior years, Participating LDO members only
3. Loss Estimate projected by the SELF Actuary and is based on pool averages. Actual losses will vary by district.



## SCHOOL EMPLOYEES LOSS FUND

July 1, 2021 to June 30, 2022

Oak Park SD #97

### Coverage Summary

LIMITS	
Workers Compensation	Statutory
Employers' Liability	
✦ Bodily Injury by Accident, Each Accident	\$1,000,000
✦ Bodily Injury by Disease, Policy Limit	\$1,000,000
✦ Bodily Injury by Disease, Each Employee	\$1,000,000

COVERAGE ENHANCEMENTS
✦ Broad Form All States Endorsement – U.S.A. and District of Columbia
✦ Voluntary Compensation Endorsement
✦ Foreign Voluntary Workers Compensation Coverage
✦ Automatic Waiver of Subrogation – If Required by Written Contract

# SCHOOL EMPLOYEES LOSS FUND

## July 1, 2021 to June 30, 2022

### Oak Park SD #97

### Estimated Exposures REVISED

<b>PAYROLL &amp; RATE COMPARISON</b>	<b>07/01/2020 to 06/30/2021</b>	<b>07/01/2021 to 06/30/2022</b>	<b>% Change</b>
8868 Professional Employees Estimated Payroll	\$48,149,596	\$60,500,000	25.65%
8868 Rate Per \$100	0.29	0.31	6.90%
9101 School – All Other Employees Estimated Payroll	\$5,696,807	\$3,600,000	-36.80%
9101 Rate Per \$100	3.12	3.23	3.50%
7380 Commercial Drivers Estimated Payroll	\$0.00	\$0.00	0.00%
7380 Rate Per \$100	7.66	7.84	2.3%
Total Estimated Payroll	\$53,846,403	\$64,100,000	19.04%

<b>MODIFIERS</b>	<b>07/01/2020 to 06/30/2021</b>	<b>07/01/2021 to 06/30/2022</b>	<b>% Change</b>
Experience Modification Factor (E-Mod)	1.02	0.87	-14.71
SELF Pool Debit/Credit Modifier (P-Mod)	0.90	0.95	5.56%



**Quotation  
REVISED  
SCHOOL EMPLOYEES LOSS FUND**

Oak Park SD #97  
July 1, 2021 through June 30, 2022

CLASSIFICATION	ESTIMATED PAYROLL*	RATE 2021-2022	MANUAL PREMIUM
<b>8868: Professional Employees</b> (This includes all teachers, teachers' aides, administrative personnel, clerical, cafeteria employees, lunchroom/classroom supervisors or monitors)	\$60,500,000	0.31	\$187,550
<b>9101: School- All Others</b> (Custodial or maintenance workers)	\$3,600,000	3.23	\$116,280
<b>7380: Commercial Drivers</b> (Full-time and part-time bus drivers)	\$0	7.84	\$0
<b>Total Manual Premium</b>			\$303,830
Experience Modification Factor (E-Mod Factor 2021)			0.87
Total E-Modified Premium			\$264,332
SELF Pool Debit/Credit Modifier (P-Mod Factor 2021)			0.95
Total P-Modified Premium			\$251,115
<b>Member Percent of Pool for Contribution 2021-2022</b>			2.7509%

	POOL TOTAL CONTRIBUTION	% of Pool	MEMBER CONTRIBUTION
Excess Workers Compensation Premium	\$407,831	2.7509%	\$11,219
Claims Administration – Sedgwick	\$563,748	2.7509%	\$15,508
Pool Administration and Brokerage, Loss Control, Web Platform, Professional and Related Fees	\$1,034,855	2.7509%	\$28,467
SELF Loss Fund Contribution (60% Funding)	\$7,929,854	2.7509%	\$218,139
<b>TOTAL CONTRIBUTION 2021-2022</b>	<b>\$9,936,288</b>	<b>2.7509%</b>	<b>\$273,333</b>
Return of Contributions - 2004-2019	(\$2,000,000)	Varies by year	(\$63,364)
Payroll Audit 2019-2020			\$76,791
<b>TOTAL Estimated Deposit Contribution with Adjustments for 2021-2022</b>			<b>\$286,760</b>

**DO NOT PAY FROM THIS QUOTATION. YOUR 2021-2022  
SELF INVOICE WILL FOLLOW WITH PAYMENT  
INSTRUCTIONS IN EARLY JULY**

\*Auditable Payroll