



Oak Park Elementary School District 97

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To: Members, Board of Education
Dr. Ushma Shah, Superintendent

From: Patrick King, Senior Director of Finance

RE: 2023-2024 School Employees Loss Fund (SELF) Workers' Compensation Insurance Rates

Date: June 13, 2023

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 \$332,004 for the July 1, 2023 - June 30, 2024 plan year. The Large Deductible Contribution amount (at the \$25,000 deductible level) is \$281,647, to which is added an \$129,291 replenishment contribution from prior years claims expense activity as well as a \$1,500 administrative fee. However, the district will have a credit (dividend) applied of \$88,774 and a \$8,340 debit due to the payroll audit, from the 7/1/21 - 6/30/22 policy period, for an invoice total of \$332,004. This represents an increase of 7.6% over the prior year premium of \$308,458.

The increase in the premium over the prior year of 7.6% is a result of the District's claim experience and increasing salaries. The overall SELF pool is experiencing increased loss developments due to schools being fully staffed again following the pandemic. Attached is the Executive Summary from SELF, along with the quotation, which includes highlights of the rates, cost factors, and plan design from the 2023-2024 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 2023-2024 SELF Workers' Compensation Insurance Fund renewal rates as presented.



**SCHOOL EMPLOYEES LOSS FUND
Workers Compensation Program**

Member Proposal of Insurance
July 1, 2023 to June 30, 2024

Presented to:

Oak Park SD 97

SELE
Dated:
May 5, 2023

Presented by:

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SELF Executive Summary (2023-2024)

The SELF workers compensation renewal for 2023-2024 is showing increased loss developments. Loss development is up due to schools being fully staffed for over 12 months now, following the pandemic.

In preparing for the 7/1/2023-2024 renewal SELF and the Executive Committee rely on several key items including:

- Program Loss Development – the SELF actuary reviews total pool losses from the current and prior years to predict the “ultimate” cost to SELF. Using this ultimate loss calculation the actuary can select or pick the loss rate needed to fund losses for the coming 2023-2024 period. SELF’s most recent loss development has been less favorably due to increased work related injuries being reported.
- Member Loss Development – the cost of open claims is on the rise due to increasing medical costs. SELF uses a “loss sensitive” approach when calculating individual member contributions. As in previous years, member losses from the most recent three complete years are used to calculate the Individual district “Experience Modification” factor. This E-Mod, as it is called, is unique to each member and is used when member contributions are calculated.
- SELF Fixed Costs – these costs include claims administration (Sedgwick), program administration (RPA/Gallagher), excess insurance premium, loss control (Gallagher Bassett) and various legal and professional fees. For 2023-2024 program fixed cost total \$2,126,441 which is a 1.57% decrease from the prior year.
- Excess Insurance – SELF purchases stop loss protection excess of a \$1,000,000 retention. For 2023-2024 SELF selected a new insurance provider, Safety National Casualty Corporation for their excess insurance. Safety National provided a very favorable excess insurance premium quotation resulting in a 15% rate reduction and a two year rate guarantee.
- Investment Income – interest rates have helped SELF achieve a reasonable rate of return without taking on additional risk. Investment income helps to lower member annual contribution costs.
- Loss Fund Confidence Levels – with stable investment income and increasing loss development SELF continues to fund future losses at a 60% confidence level in 2023-2024. This results in a total pool loss fund of \$7,189,039.

SELF’s member equity, or surplus, remains very strong with \$29,318,280 as of February 2023. Member equity is achieved through lower than expected losses in previous years and interest income. SELF has a written procedure to return member equity back to active members in the form of a premium offset. Following these procedures the SELF executive committee is recommending an additional \$3,000,000 of member equity be returned with the 2023-2024 renewal. When this return is combined with SELF’s costs the result in an overall pool cost reduction of 7.78% 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:

- Safety Grant program – this program assists member districts through providing funds 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 in schools. The current 2023 Grant program will be opening soon, watch your email.
- 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.
- Early claim reporting – SELF encourages early reporting of claims and continues to enhance and simplify claim reporting and accident investigation.
- Return to Work program – education and training continues in this important area. Districts are encouraged to develop programs and policies that can be used to bring injured workers back to work on a temporary duty basis. Watch for Safety Seminars in 2023 covering this topic.

For the 2023-2024 program period SELF remains committed to conserving member assets through risk management and loss reduction activities.



Large Deductible Option (LDO)

SCHOOL EMPLOYEES LOSS FUND

July 1, 2023 - June 30, 2024

Oak Park SD97

Large Deductible Options <i>(higher deductible available on request)</i>	\$25,000 Deductible	\$50,000 Deductible	\$100,000 Deductible	\$250,000 Deductible
SELF Estimated Contribution (Standard Program Cost)	\$430,653	\$430,653	\$430,653	\$430,653
LDO Factor	0.654	0.556	0.465	0.356
LDO Contribution	\$281,647	\$239,443	\$200,253	\$153,312
LDO Administrative Cost (Annual)	\$1,500	\$1,500	\$1,500	\$1,500
District Loss Fund Deposit (1)	n/a	n/a	n/a	n/a
LDO - Deposit (includes large deductible contribution, administrative cost and loss fund deposit)	\$283,147	\$240,943	\$201,753	\$154,812
Replenishment for current LDO (2)	\$129,291	\$129,291	\$129,291	\$129,291
TOTAL LDO DEPOSIT (includes \$40,000 loss fund deposit (1) if applicable)	\$412,438	\$370,234	\$331,044	\$284,103

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

Deductible Level	Average Estimated <u>District Losses</u> (3)
\$25,000	\$148,281
\$50,000	\$188,041
\$100,000	\$229,881
\$250,000	\$274,831

Deductible Level	Average Estimated <u>District Costs</u> (includes admin cost)
\$25,000	\$431,428
\$50,000	\$428,983
\$100,000	\$431,635
\$250,000	\$429,643

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.

SELF Large Deductible Option Terms Oak Park SD97

- Member Standard Program Contribution greater than \$85,000
- Selected Deductible is applied towards each and every loss
- \$1,500 Administrative Fee
- The POOL TPA will adjust claims in the deductible and continue until all claims are closed.
 - Each member is required to establish a member loss fund (\$40,000) that will be used to pay losses within the deductible. When member loss fund dollars are reduced to \$10,000 through payment of deductible losses, an invoice will be sent to the member in the amount of \$40,000 to replenish the member loss fund. Funds must be remitted to SELF within 30 days of receipt of the invoice.
 - SELF reserves the right to increase a member's loss fund if deductible payments exceed 35,000 in two consecutive months.
 - Failure to remit funds within 30 days will result in the immediate reversion of the "Large Deductible Plan" to the "Standard Cost Plan" the member would have been covered under had they not chosen the "Deductible Option". The reversion cost will be calculated as follows:

Guaranteed cost contribution less contribution under the deductible option = reversion charge.

Note: the reversion charge does not include any payments the member may have made for losses within the deductible or the \$1,500 administrative fee.

- When all claims are closed, any member loss fund dollars held by SELF will be returned to the District.
- If a Pool Assessment is required for a specific policy period, those members covered on the Large Deductible Option will be charged their portion of the assessment based the percentage their contribution under the "deductible option" bears to all member contributions. Members covered under the "Deductible Option" are not released from their obligation to pay deductible losses in the event of an assessment.
- A signed SELF-Large Deductible Option Member agreement will be required.
- Agreement ends: 1) when all claims are paid and closed or 2) as proscribed by the terms of the agreement (nonpayment, change in financial status, default/exit from the Large Deductible Option).

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I have read the above and agree to the terms and conditions of the Large Deductible Option:

SD #:		Deductible Selection:	
Signature:		Date:	
Title:			



SCHOOL EMPLOYEES LOSS FUND
 July 1, 2023 to June 30, 2024

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, 2023 to June 30, 2024

Oak Park SD 97

Estimated Exposures

PAYROLL & RATE COMPARISON	07/01/2022 to 06/30/2023	07/01/2023 to 06/30/2024	% Change
8868 Professional Employees Estimated Payroll	\$57,485,000	\$60,400,000	5.07%
8868 Rate Per \$100	0.30	0.27	
9101 School – All Other Employees Estimated Payroll	\$3,500,000	\$3,700,000	5.71%
9101 Rate Per \$100	3.18	2.89	
7380 Commercial Drivers Estimated Payroll	\$0	\$0	0.00%
7380 Rate Per \$100	7.86	7.14	
Total Estimated Payroll	\$60,985,000	\$64,100,000	5.11%

MODIFIERS	07/01/2022 to 06/30/2023	07/01/2023 to 06/30/2024	% Change
Experience Modification Factor (E-Mod)	0.91	1.13	24.18%
SELF Pool Debit/Credit Modifier (P-Mod)	1.05	1.15	9.52%



Quotation
SCHOOL EMPLOYEES LOSS FUND

Oak Park SD 97

July 1, 2023 to June 30, 2024

CLASSIFICATION	ESTIMATED PAYROLL *	RATE/\$100 2023	MANUAL PREMIUM
8868: Professional Employees (This includes all teachers, teachers' aides, administrative personnel, clerical, cafeteria employees, lunchroom/classroom supervisors or monitors)	\$60,400,000	0.27	\$163,080
9101: School- All Others (Custodial or maintenance workers)	\$3,700,000	2.89	\$106,930
7380: Commercial Drivers (Full-time and part-time bus drivers)	\$0	7.14	\$0
Total Manual Premium			\$270,010
Experience Modification Factor (District Exp.-Modification Factor for 2023)			1.13
Total District Experience-Modified Premium			\$305,111
SELF Pool Debit/Credit Modifier (Pool-Modification Factor 2023)			1.15
Total P-Modified Premium			\$350,878
Member Percent of Pool for Contribution 2023-2024			4.6230%

	POOL TOTAL CONTRIBUTION	% OF POOL	MEMBER CONTRIBUTION
Excess Workers Compensation Premium	\$393,194	4.6230%	\$18,177
Claims Administration – Sedgwick	\$649,997	4.6230%	\$30,049
Pool Administration and Brokerage, Loss Control, Web Platform, Professional and Related Fees	\$1,083,250	4.6230%	\$50,078
SELF Loss Fund Contribution (60% Funding)	\$7,189,039	4.6230%	\$332,348
TOTAL CONTRIBUTION 2023-2024	\$9,315,480	4.6230%	\$430,653
Return of Contributions - 2004-2021	(3,000,000)		(\$88,774)
Payroll Audit from 2021-2022			\$8,340
TOTAL Estimated Deposit Contribution with Adjustments for 2023-2024	\$6,315,480		\$350,219

DO NOT PAY FROM THIS QUOTATION.

**YOUR 2023-2024 SELF INVOICE WILL FOLLOW WITH
PAYMENT INSTRUCTIONS IN EARLY JULY**

(Auditable Payroll*)

Large Deductible Option
Summary and Replenishment
4/30/2023

Large Deductible Deposits:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Total
Original Deposit	-	40,000.00	40,000.00	40,000.00	40,000.00	-	40,000.00	-	40,000.00	40,000.00	40,000.00	40,000.00	-	-	-	40,000.00	400,000.00
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,569.03	32,569.03
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,283.75	-	116,283.75
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	19,537.92	-	-	19,537.92
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	11,489.50	-	-	11,489.50
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	61,944.00	-	-	61,944.00
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	20,000.00	29,778.43	-	-	49,778.43
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	23,421.76	23,400.00	-	-	46,821.76
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	38,005.19	45,000.00	-	-	83,005.19
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposit	-	-	-	-	-	-	-	-	-	-	-	40,000.00	-	-	-	-	40,000.00
Deposit	-	-	-	-	-	-	-	48,284.00	29,663.00	22,460.00	1,391.00	27,143.00	2,459.00	-	-	-	131,400.00
Deposit	-	-	-	-	-	-	39,561.41	4,540.05	-	27,074.18	7,520.07	-	-	3,955.29	-	-	82,651.00
Deposit	-	-	-	-	-	50,247.00	-	-	-	-	-	40,000.00	-	-	-	-	50,247.00
Deposit	-	-	-	-	-	2,948.00	-	-	-	-	-	-	-	-	-	-	2,948.00
Deposit	-	-	-	-	-	25,163.00	-	20,000.00	175.00	-	-	-	-	-	-	-	45,338.00
Deposit	-	-	-	-	18,306.00	-	-	-	-	-	-	-	-	-	-	-	18,306.00
Deposit	-	12,000.00	37,000.00	26,000.00	19,000.00	7,324.00	-	14,000.00	-	-	-	-	-	-	6,000.00	-	121,324.00
Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Between Claim Years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,850.00	(32,850.00)	-
Less Claims Charged to District	(34,711.94)	(127,303.65)	(75,494.97)	(74,586.15)	(74,339.31)	(83,187.58)	(33,200.64)	(71,156.14)	(92,997.38)	(63,859.82)	(89,534.18)	(88,911.07)	(104,140.22)	(183,615.64)	\$ (166,344.02)	(39,551.85)	(1,402,934.56)
DISTRICT LOSS FUND POSITION (OVERDRAWN) OR DEPOSIT REMAINING	(34,711.94)	(75,303.65)	1,505.03	(8,586.15)	2,966.69	2,494.42	6,799.36	2,405.27	1.67	5,803.18	-	-	4,429.73	-	2,738.23	167.18	(89,290.98)

Invoice Amount to Replenish Deposit to \$40,000 **\$ 129,290.98**

HISTORY OF CONTRIBUTION (Deductible Selected)	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	25K	
STANDARD VS. LARGE DEDUCTIBLE OPTION	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Total
STANDARD PROGRAM - CONTRIBUTION	A 295,234.00	273,333.00	245,010.00	202,482.00	253,837.00	276,843.00	381,612.00	334,824.00	377,747.00	477,821.00	510,796.00	424,543.00	363,028.00	269,256.00	332,599.00	320,212.00	5,339,177.00
LARGE DEDUCTIBLE OPTION - CONTRIBUTION	B 195,150.00	177,939.00	157,051.00	131,411.00	162,964.00	178,000.00	245,758.00	217,301.00	242,891.00	308,673.00	324,866.00	264,915.00	226,166.00	173,132.00	219,847.00	204,295.00	3,430,359.00
ADMINISTRATION FEE FOR LDO	C 1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	24,000.00
DISTRICT LOSSES/CLAIMS PAID WITHIN THE	D 34,711.94	127,303.65	75,494.97	74,586.15	74,339.31	83,187.58	33,200.64	71,156.14	92,997.38	63,859.82	89,534.18	88,911.07	104,140.22	183,615.64	166,344.02	39,551.85	1,402,934.56
TOTAL DISTRICT COST FOR LDO; B+C+D=	E 231,361.94	306,742.65	234,045.97	207,497.15	238,803.31	262,687.58	280,458.64	289,957.14	337,388.38	374,032.82	415,900.18	355,326.07	331,806.22	358,247.64	387,691.02	245,346.85	4,857,293.56
TOTAL SAVINGS (LOSS) TO DISTRICT BETWEEN STANDARD AND LDO PROGRAMS; A-E=	F 63,872.06	(33,409.65)	10,964.03	(5,015.15)	15,033.69	14,155.42	101,153.36	44,866.86	40,358.62	103,788.18	94,895.82	69,216.93	31,221.78	(88,991.64)	(55,092.02)	74,865.15	481,883.44