



# Oak Park Elementary School District 97

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To: Members, Board of Education  
Dr. Carol Kelley, Superintendent

From: Laurie Campbell, Assistant Superintendent for Human Resources

Re: 2019-2020 School Employees Loss Fund (SELF) Workers' Compensation Insurance Rates

Date: June 11, 2019

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 84 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 \$175,859 for the July 1, 2019 - June 30, 2020 plan year. The Large Deductible Contribution amount (at the \$25,000 deductible level) is \$172,911 plus a \$2,948 replenishment contribution. This is a decrease of approximately \$56,032 from the prior year and is a result of a combination of lower payroll amounts and claims experience.

The SELF pool continues to have excellent experience as a cooperative. The following are highlights of the rate increases, cost factors, and plan design from the 2019-2020 renewal presentation:

1. SELF has experienced lower than expected losses
2. Investment income has been improving
3. Fixed costs for the SELF pool have decreased slightly (-1.0%).
4. SELF has a written procedure to return surplus back to the members. As a result, the 2019-2020 SELF renewal includes a recommended return of surplus contribution amounting to \$1.9 million surplus in aggregate for the entire pool. District 97 will receive a portion of this distribution (as a return of contribution/dividend) in the actual 2019-20 invoice which will be sent to the District in July.

It is our hope that District 97 continues to proactively promote safe working conditions, maintaining a safe working 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 2019-2020 SELF Workers Compensation Insurance Fund Renewal Rates as presented.



# Large Deductible Option (LDO)

## SCHOOL EMPLOYEES LOSS FUND

July 1, 2019 - June 30, 2020

SD #: Oak Park SD97

Large Deductible Options <small>(higher deductible available on request)</small>	\$25,000 Deductible	\$50,000 Deductible	\$100,000 Deductible	\$250,000 Deductible
SELF Estimated Contribution (Standard Program Cost)	\$202,482	\$202,482	\$202,482	\$202,482
LDO Factor	0.649	0.539	0.457	0.345
<b>LDO Contribution</b>	<b>\$131,411</b>	<b>\$109,138</b>	<b>\$92,534</b>	<b>\$69,856</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>\$172,911</b>	<b>\$150,638</b>	<b>\$134,034</b>	<b>\$111,356</b>
<b>Replenishment for current LDO (2)</b>	(see invoice)	(see invoice)	(see invoice)	(see invoice)
<b>TOTAL LDO DEPOSIT</b>	<b>\$172,911</b>	<b>\$150,638</b>	<b>\$134,034</b>	<b>\$111,356</b>

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

Deductible Level	Average Estimated District Losses <sup>(3)</sup>
\$25,000	\$93,283
\$50,000	\$122,589
\$100,000	\$144,234
\$250,000	\$174,115

Deductible Level	Average Estimated District Costs <small>(includes admin cost)</small>
\$25,000	\$226,193
\$50,000	\$233,227
\$100,000	\$238,268
\$250,000	\$245,471

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 Executive Summary (2019-2020)**

The SELF workers compensation program has 84 active school district members. Preparing for the 7/1/2019-2020 renewal period begins with a full review of SELF losses. This study is performed by the SELF actuary who provides SELF with a detailed loss review and rate selection for the 2019-2020 renewal. For the 2019-2020 policy period SELF's actuary delivered another favorable report and has selected a 0.45 loss rate. SELF has seen consistent and stable losses which is why the actuary was able to select a 0.45 loss rate again this year.

Pool member equity, or surplus, increased to \$23,302,604 as of February 2019. 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/surplus back to the members. Following these procedures the SELF executive committee is recommending an additional \$1,500,000 of member equity be returned with this 2019-2020 renewal. This brings the total return of equity to \$18,542,446 since this practice began back in 2007.

In preparing for the 2019-2020 renewal SELF looks at several important items including:

- Excess workers compensation marketplace – for 2018-2019 SELF selected USSU to be their excess insurance partner. For the 2019-2020 renewal USSU continues to provide stable competitive rates.
- Investment Income – short term 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 claims 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 2019-2020. This results in a pool loss fund of \$8,049,786.
- Fixed Costs – SELF continues to review the fixed costs and how the service provider(s) best benefit the pool. In 2019-2020 estimated fixed cost total \$1,990,639 for a (1%) reduction.

SELF's commitment and high importance that it places on risk management and other cost reduction programs have driven the favorable financial results in 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 typically occur.
- Online claim reporting, accident investigation and a dedicated adjusting team - working with the claims administrators, York, SELF has been able to develop accurate and fast claim reporting for members that choose to use the iCow online reporting platform. The team of dedicated adjusters work exclusively with SELF.
- Monthly claim roundtable and settlement meeting – this successful program continues to achieve favorable settlement results and IWCC case wins. The meetings include interested districts who seek information on open claims.
- 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 2019-2020 policy period SELF remains committed to conserving member assets through risk management and loss reduction activities.