




Oak Park Elementary School District 97

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TO: District 97 Board of Education
Dr. Carol Kelley, Superintendent

FROM: Steve Cummins, Senior Director of Human Resources 

CC: Therese O'Neill, Assistant Superintendent for Finance & Operations

DATE: June 6, 2016

RE: SELF Workers Compensation Insurance Rates – 2016-2017 School Year

School District 97 participates in the SELF Workers Compensation insurance cooperative. The SELF Workers Compensation Pool celebrates its 30th year of service to school districts since SELF was founded in 1986. The SELF insurance Cooperative is self-funded, self-governed and comprised of 80 member school districts in the Chicagoland area. Individual school district SELF insurance rates within the cooperative are determined based on a combination of the overall pool performance and individual district performance.

The estimated total due to SELF will be \$358,673 for the July 1, 2016 – June 30, 2017 plan year. This figure is a decrease from the SELF estimated total in the prior year. The Large Deductible Contribution amount (at the \$25,000 deductible level) is \$245,758. This is an increase of approximately \$28,000 from the prior year and is a result of a combination of higher payroll amounts and claims experience. This increase is offset by the fact that there is no increase to either the Annual Administrative Cost (\$1,500) or Loss Fund Deposit (\$40,000) figures. Additionally, there is a sizable decrease in the current Large Deductible Option (LDO) replenishment figure (\$71,414), which decreased by approximately \$50,000 from the prior year's LDO replenishment.

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 2016-2017 renewal presentation:

1. SELF loss and expense ratios continue to far outperform industry standards.
2. The SELF pool is saving 9.3% within its loss rate, resulting in lower actuarial funding levels and savings to districts to attain these levels.
3. Fixed costs for the SELF pool have decreased.
4. There was a 10% decrease in the excess insurance rate that was marketed, and there was a 2-year rate guarantee to this lower excess insurance rate.
5. The SELF renewal includes a recommended return of surplus contribution amounting to \$1.5 million surplus in aggregate for the pool. District 97 will receive a portion of this distribution (as a return of contribution/dividend) in the actual 2016-17 invoice which is estimated to be sent on July 15th.

It is our hope that District 97 continues proactively promoting safe working conditions, maintaining a safe working environment, reporting claims promptly, and actively managing claims so the district continues to see favorable experience ratings. This renewal information is being shared to you for review and will be brought again at the June 28, 2016 meeting for approval. Please let me know if you have any questions or comments.



Large Deductible Option (LDO)

SCHOOL EMPLOYEES LOSS FUND

July 1, 2016 - June 30, 2017

SD: Oak Park SD 97

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)	\$381,612	\$381,612	\$381,612	\$381,612
Large Deductible Factor	0.644	0.543	0.456	0.331
Large Deductible Contribution	\$245,758	\$207,215	\$174,015	\$126,314
Administrative Cost (Annual)	\$1,500	\$1,500	\$1,500	\$1,500
Loss Fund Deposit (1)	\$40,000	\$40,000	\$40,000	\$40,000
SELF Large Deductible Deposit <small>(includes large deductible contribution, administrative cost and loss fund deposit)</small>	\$287,258	\$248,715	\$215,515	\$167,814
Replenishment for current LDO (2)	\$71,414.61	\$71,414.61	\$71,414.61	\$71,414.61
TOTAL DUE SELF	\$358,672.92	\$320,130.08	\$286,929.81	\$239,228.28

(DO NOT PAY FROM THIS LDO QUOTATION)

Deductible Level	Average Estimated District Losses ⁽³⁾
\$25,000	\$104,803
\$50,000	\$134,716
\$100,000	\$160,110
\$250,000	\$196,909

Deductible Level	<u>Average Estimated District Costs</u> <small>(includes admin cost)</small>
\$25,000	\$350,561
\$50,000	\$341,932
\$100,000	\$334,125
\$250,000	\$323,223

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 Terms Oak Park SD 97

- Selected Deductible is applied towards each and every loss
- Member Standard Program Contribution greater than \$100,000
- \$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 "Deductible Plan" to the "Guaranteed Cost Plan" the member would have been covered under had they not chosen the "Deductible Plan". The reversion cost will be calculated as follows:

Guaranteed cost contribution less contribution under the deductible plan = 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 plan will be charged their portion of the assessment based the percentage their contribution under the "deductible plan" bears to all member contributions. Members covered under the "Deductible Plan" are not released from their obligation to pay deductible losses in the event of an assessment.
- A signed SELF-Large Deductible 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 (non payment, change in financial status, default/exit from the Large Deductible plan).

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

SD: _____ **Deductible Selection:** _____

Signature: _____ **Date:** _____

Title: _____