



Oak Park Elementary School District 97

260 Madison ▪ Oak Park ▪ Illinois ▪ 60302 ▪ ph: 708.524.3000 ▪ www.op97.org

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

From: Patrick King, Senior Director of Finance

RE: 2022-2023 School Employees Loss Fund (SELF) Workers' Compensation Insurance Rates

Date: August 16, 2022

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 \$308,458 for the July 1, 2022 - June 30, 2023 plan year. The Large Deductible Contribution amount (at the \$25,000 deductible level) is \$195,150, to which is added an \$121,324 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 \$61,534 and a \$52,018 debit due to the payroll audit, from the 7/1/20 - 6/30/21 policy period, for an invoice total of \$308,458. 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
2022-2023	\$308,458

The increase in the premium over the prior year is largely a result of the District's claim experience. The replenishment contribution noted above of \$121,324 represents the increase in claims charged to the District over the prior year. The prior year replenishment was only \$18,305.

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 2022-2023 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 2022-2023 SELF Workers' Compensation Insurance Fund renewal rates as presented.



SCHOOL EMPLOYEES LOSS FUND

Workers Compensation Pool Proposal of Insurance July 1, 2022 to June 30, 2023

Presented to:

Oak Park SD 97

Dated:

May 6, 2022

SELL

Presented by:

<p>Jim Graff Pool Administrator Arthur J. Gallagher & Co. 2850 Golf Rd Rolling Meadows, IL 60008 Phone: 630-285-3658 James_Graff@ajg.com</p>	<p>Marcus Henthorn Co- Pool Administrator Arthur J. Gallagher & Co. 2850 Golf Rd Rolling Meadows, IL 60008 Phone: 630-694-5152 Marcus_Henthorn@ajg.com</p>
--	--

SELF Executive Summary (2022-2023)

The SELF workers compensation renewal for 2022-2023 is shaping up to be one of the most favorable in recent history. SELF's overall loss experience has improved due to better than expected loss development in prior years, safety and risk control efforts are paying off. Covid has had little to no impact on SELF. The combined result of the improving loss experience and continuing with the SELF practice of returning a portion of the member equity will result in a 15% reduction in the overall cost of SELF when compared to last year's costs. Individual member District experience will vary as it does every year.

In preparing for the renewal this year SELF and your Executive Committee look 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 2022-2023 renewal. SELF's losses continue to have a low development factor that helps to keep the cost down. There has been some adverse large loss development on a few individual losses where the per occurrence claim retention has now been exceeded and the Excess Carrier is paying for the loss.
- 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 calculates both a member experience modification factor then a pool modification is also selected by the actuary.
- 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 2022-2023 pool fixed cost have increased by 7% to \$2,160,359. Claims administration staff have returned to pre-Covid levels.
- Excess Workers Compensation – for 2022-2023 SELF have agreed to stay with the incumbent market, USSU. For the 2022-2023 renewal rate/\$100 payroll increased by 5%.
- 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 2022-2023. This results in a total pool loss fund of \$6,688,206 or a 16% reduction from last year.

Pool member equity, or surplus, increased to \$30,905,633 as of March 2022. 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. SELF has a written procedure to return member equity back to the members in the form of a renewal premium offset. Following these procedures the SELF executive committee is recommending an additional \$2,000,000 of member equity be returned with this 2022-2023 renewal. When this return is combined with SELF's costs the result in an overall pool cost reduction of 15% 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. 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 2022 Grant program will begin in May 2022. Watch your email for the Safety Grant ordering instructions.
- 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 2022-2023 policy 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, 2022 - June 30, 2023

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)	\$295,235	\$295,235	\$295,235	\$295,235
LDO Factor	0.661	0.565	0.475	0.368
LDO Contribution	\$195,150	\$166,808	\$140,237	\$108,647
LDO Administrative Cost (Annual)	\$1,500	\$1,500	\$1,500	\$1,500
District Loss Fund Deposit (1)	\$0	\$0	\$0	\$0
LDO - Deposit (includes large deductible contribution, administrative cost and loss fund deposit)	\$0	\$0	\$0	\$0
Replenishment for current LDO (2)	\$121,324	\$121,324	\$121,324	\$121,324
TOTAL LDO DEPOSIT (includes \$40,000 loss fund deposit (1) if applicable)	\$317,974	\$289,632	\$263,061	\$231,381

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

Deductible Level	Average Estimated <u>District Losses</u> ⁽³⁾
\$25,000	\$127,495
\$50,000	\$161,376
\$100,000	\$197,722
\$250,000	\$236,112

Deductible Level	Average Estimated <u>District Costs</u> (includes admin cost)
\$25,000	\$324,145
\$50,000	\$329,684
\$100,000	\$339,459
\$250,000	\$346,258

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).

.....

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

SD #: Oak Park SD97 **Deductible Selection:** _____

Signature: _____ **Date:** _____

Title: _____



SCHOOL EMPLOYEES LOSS FUND

July 1, 2022 to June 30, 2023

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, 2022 to June 30, 2023

Oak Park SD 97

Estimated Exposures

PAYROLL & RATE COMPARISON	07/01/2021 to 06/30/2022	07/01/2022 to 06/30/2023	% Change
8868 Professional Employees Estimated Payroll	\$49,112,596	\$57,485,000	17.05%
8868 Rate Per \$100	0.31	0.30	-3.2%
9101 School – All Other Employees Estimated Payroll	\$3,600,000	\$3,500,000	-2.78%
9101 Rate Per \$100	3.23	3.18	-1.5%
7380 Commercial Drivers Estimated Payroll	\$0	\$0	0.00%
7380 Rate Per \$100	7.84	7.86	0.3%
Total Estimated Payroll	\$64,100,000	\$60,985,000	-4.86%

MODIFIERS	07/01/2021 to 06/30/2022	07/01/2022 to 06/30/2023	% Change
Experience Modification Factor (E-Mod)	0.87	0.91	4.60%
SELF Pool Debit/Credit Modifier (P-Mod)	0.95	1.05	10.53%



Quotation
SCHOOL EMPLOYEES LOSS FUND

Oak Park SD 97
 July 1, 2022 through June 30, 2023

CLASSIFICATION	ESTIMATED PAYROLL*	RATE 2022-2023	MANUAL PREMIUM
8868: Professional Employees (This includes all teachers, teachers' aides, administrative personnel, clerical, cafeteria employees, lunchroom/classroom supervisors or monitors)	\$57,485,000	0.30	\$172,455
9101: School- All Others (Custodial or maintenance workers)	\$3,500,000	3.18	\$111,300
7380: Commercial Drivers (Full-time and part-time bus drivers)	\$0	7.86	\$0
Total Manual Premium			\$283,755
Experience Modification Factor (E-Mod Factor 2022)			0.91
Total E-Modified Premium			\$258,217
SELF Pool Debit/Credit Modifier (P-Mod Factor 2022)			1.05
Total P-Modified Premium			\$271,128
Member Percent of Pool for Contribution 2022-2023			3.3365%

	POOL TOTAL CONTRIBUTION	% of Pool	MEMBER CONTRIBUTION
Excess Workers Compensation Premium	\$453,973	3.3365%	\$15,147
Claims Administration – Sedgwick	\$647,298	3.3365%	\$21,597
Pool Administration and Brokerage, Loss Control, Web Platform, Professional and Related Fees	\$1,059,088	3.3365%	\$35,337
SELF Loss Fund Contribution (60% Funding)	\$6,688,206	3.3365%	\$223,154
TOTAL CONTRIBUTION 2022-2023	\$8,848,565	3.3365%	\$295,234
Return of Contributions - 2004-2020		Various	\$(61,534)
Payroll Audit 2020-2021			\$52,018
TOTAL Estimated Deposit Contribution with Adjustments for 2022-2023	\$7,288,166		\$285,718

DO NOT PAY FROM THIS QUOTATION. YOUR 2022-2023
SELF INVOICE WILL FOLLOW WITH PAYMENT
INSTRUCTIONS IN EARLY JULY

*Auditable Payroll