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Board Cover Memorandum

To Board of Education

From Kyla Johnson-Trammell, Superintendent
Lisa Grant-Dawson, Chief Business Officer
Rebecca Littlejohn, Risk Management Officer
Jenine Lindsay, Interim General Counsel

Meeting Date June 5, 2024

Subject **Workers' Compensation Coverage and Excess Property and Liability Coverage - Premiums Payment - Fiscal Year 2024-2025 - Risk Management Department**

Ask of the Board Approval by the Board of Education for membership contributions, Fiscal Year 2024-2025, for Excess Workers' Compensation Coverage, procured from PRISIM ("JPA"), in the amount of \$890,000 and Excess General Liability & Property Coverage through Northern California ReLiEF ("NCR") a Joint Power Authority ("JPA") in the amount of \$3,905,718.

Background The District is permissibly self-insured for purposes of California Workers' Compensation coverage. The ultimate risk of such self-insurance is limited by the purchase of excess workers' compensation coverage above the self-insured retention ("SIR") level, which currently is \$500,000 per claim. The District joined PRISIM (formally CSAC Excess Insurance Authority) in 2018 (retroactive Enactment Number 19-1022) for the purpose of Excess Workers' Compensation coverage. Limits are statutory.

Additionally, the District self-insures its risk of property & general liability coverage through membership in Northern California ReLiEF ("NCR"), which is a Joint Power Authority ("JPA") comprised of school districts and administered by Keenan & Associates. The District currently has a Member Retained Limit ("MRL") of \$250,000 for property and a MRL of \$100,000 for liability with other lines of coverage (Equipment Breakdown, Crime, Cyber Liability, Electronic Data Processing) having lower MRLs as outlined in the attached *pro forma*. As of July 1, 2024 the MRL for liability will increase to \$250,000 per occurrence. This reduces our Member Contribution by over 11 percent. Additionally, limits of coverage for General Liability will **increase** effective July 1, 2024 to \$75 Million from previously being \$50 Million. Limits of coverage for Property is \$500 Million.

Discussion Renewal for the PRISIM excess Workers' Compensation program has slightly increased in comparison to the prior year. The increase is due to an increase in payroll, which is being seen in many public agencies. The District's experience

modification factor (ExMod) has decreased, which is a positive result of a decrease in open claims by 4% as well as both claim frequency and severity were lower.

The proposed JPA membership contribution to NCR (which functions similarly to an insurance premium) has increased approximately 3% moving from \$100,000 to \$250,000. Analysis shows that there were less claims in the \$100K-\$250K layer thus the District was expending monies where not needed. The membership contribution would have increased over 14% without the change. Overall, insurance rates have gone up as a result of a hard market that is being affected by nuclear verdicts, AB218 cases and social inflation. Additionally, a portion of the increase is a result of the expansion of liability limits from \$50M to \$75M which will benefit the District in future claim years.

Fiscal Impact

Funding for the excess insurance is covered under Fund 67 (Self Insurance Fund), Resource Code 9030 (Workers' Compensation), not to exceed \$890,000 and Fund 67, Resource Code 9031 (Property & Liability), not to exceed \$3,905,718.

Attachment(s)

- Public Risk Innovation, Solutions, and Management (PRISM) 2024/25 Early Budget Estimates
- Northern California ReLiEF ProForma July 1, 2024 to July 1, 2025



Public Risk Innovation, Solutions, and Management (PRISM)

2024/25 Budget Estimates, February 2024

Oakland Unified School District

This second round of estimates have been prepared to further aid you in budgeting for the 2024/25 fiscal year. Since the initial version provided in October, we have updated the budget estimates to reflect the estimated 2024/25 exposure information submitted via the renewal applications and losses evaluated as of 6/30/2023. Estimates also include updated pool rates as approved by the Underwriting and Executive Committee. Rates are still pending Board approval in March. The estimates provided are intended to be conservative therefore we recommend you budget towards the high end of the range. Included with the Budget Estimate Report is the Loss Performance Impact Summary Report which will include your experience modification (Ex-Mod) chart and also include information about Pool and Excess Loss Surcharge Credits and Debits.

If you are aware that you have had any substantial changes over the past 12 months, please contact Sarah Bishop and a better estimate will be developed for you.

Excess Workers' Compensation Program

Premium

22/23 Premium:	\$765,027	2022/23 Estimated Payroll:	\$329,078,536
23/24 Premium:	\$765,669	2023/24 Estimated Payroll:	\$365,686,081
24/25 Estimated Premium:	\$856,000 to \$890,000	2024/25 Estimated Payroll:	\$395,692,722

The Pool rates are updated and the Program is funded at an 80% Confidence Level, discounted at 3.75% for investment income. Increasing the discount from 3.5% to 3.75% provides some rate relief to the members and positively impacts the Program's Net Position. Pool rates are still pending the PRISM's Board approval in March of 2024. Reinsurance/Excess Premiums are estimated with assumptions applied at this time. Administrative costs and fees are also estimated. Members who reported payroll exposure increases greater than 5% over last year, may see premium increases that are higher than the range provided in October. If your agency has directed us to apply the 2022/23 payroll audit to your 2024/25 premium, it has been included in the total collection shown. If you have decided to handle the payroll audit outside of the renewal premium, the estimated premium shown is the estimated total collection.



PROFORMA

JULY 1, 2024 to JULY 1, 2025

ESTIMATED CONTRIBUTION /PREMIUM SUMMARY

ReLiEF COVERAGES	MEMBER RETAINED LIMIT/ DEDUCTIBLE	CONTRIBUTION/ PREMIUM
LIABILITY \$10,000,000 Limit Of Liability	\$250,000	\$1,319,409
PROPERTY \$500,250,000 Total Insured Values (TIV)	\$250,000	\$1,895,339
ELECTRONIC DATA PROCESSING EQUIPMENT \$22,129,692 Total Insured Values (TIV)	\$250	\$76,148
CRIME \$5,000,000 Employee Dishonesty/Faithful Performance	\$2,500	\$6,824
CYBER LIABILITY \$4,000,000 First Party Limit MRL is subject to terms and conditions per policy. See policy for member limit.	\$50,000	\$76,279
EQUIPMENT BREAKDOWN \$100,000,000 Total Insured Values (TIV)	\$1,000	\$66,311
SUBTOTAL PROGRAM COSTS		\$3,440,310
EXCESS LIABILITY \$25,000,000 Excess Limit of Liability	\$10,000,000	\$321,668
EXCESS LIABILITY \$50,000,000 Excess Limit of Liability	\$25,000,000	\$77,425
TOTAL PROGRAM COSTS		\$3,839,403

LIABILITY		PROPERTY	
2022/2023 LOTTERY ADA	29,917	TIV:	\$2,705,466,083
EX MOD. - RETAINED	146.41 %	EX MOD. - RETAINED	129.54 %
EX MOD. - REINSURANCE	109.39 %	EX MOD. - REINSURANCE	91.14 %

Service Team:

Account Executive: Kyle McKibbin
Account Manager: Tara Cooper-Salaiz



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PROFORMA

JULY 1, 2024 to JULY 1, 2025

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

PROGRAM COSTS	\$3,839,403
EXCESS LIABILITY (\$1.528 x LOTTERY ADA)	
\$75,000,000 Excess Limit of Liability	\$ 45,713
ACTIVE ASSAILANT (\$0.1742 x LOTTERY ADA)	\$ 5,212
*RISK MANAGEMENT RESERVE	\$ 15,390
TOTAL PROGRAM COST	\$3,905,718
*RM = (\$0.01138 x 6,761,854 SF)	FIVE YEAR CONTRACT

Service Team:

Account Executive: Kyle McKibbin

Account Manager: Tara Cooper-Salaiz



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Manager: Keenan & Associates, 2355 Crenshaw Blvd, Suite 200, Torrance, CA 90501


Phone: (310) 212-3344, Fax (310) 212-0300 License No. 0451271


Run By: Tara Cooper Salaiz

PROFORMA

JULY 1, 2024 to JULY 1, 2025

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

Accepted by:  6/6/2024
Benjamin Davis, President, BOE
Authorized District Representative

Title:  6/6/2024
Kyla Johnson-Trammell, Superintendent & Secretary, BOE
Authorized District Representative

Witnessed by: _____
Kyle McKibbin

SIGNATURE OF THE AUTHORIZED REPRESENTATIVE WILL BIND COVERAGE.

Keenan is compensated for the various services it provides in connection with the management and administration of Northern California ReLIEF (NCR), including general administration, financial processing, claims administration, loss control, reporting, marketing, underwriting, brokerage (reinsurance and other coverages) and reinsurance/insurance services. The compensation paid to Keenan is approved by the governing board of NCR and is included in the cost of member contributions. It is anticipated that the total compensation to be received by Keenan for these services for the 2023/2024 program year will not exceed 14.50% of total member contributions. This compensation does not include amounts payable to Keenan pursuant to separate contracts for services provided directly to individual members, the cost of allocated loss adjustment services provided in connection with individual claims, or reinsurance premium payable to Meritage Insurance Group, a wholly-owned subsidiary of Keenan, pursuant to a reinsurance contract. For additional information concerning Keenan compensation, see www.keenan.com/compensation.



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**Oakland Unified School District
Estimated Contribution/Premium Summary
July 1, 2024 to July 1, 2025
Member Retained Limit
Liability \$ 250,000 Property \$ 250,000**

Proforma Footnote Report

- 1. 2022/2023 LOTTERY ADA:** Average Daily Attendance from the Department of Education with the exception of certain special agencies which use special ADA Exposure data. ADA has been factor updated by 1.04446 in compliance with the Government Code Section 8880.5(m) to compensate for the rate of excused absences.
- 2. T.I.V. Property:** Total Insurable Values(T.I.V.) based upon Statement of Values as confirmed by the District (TIV for Charter Schools, EDP and COC included, if applicable.)
- 3. T.I.V. - EDP:** EDP T.I.V. as confirmed by the District.
- 4. Liability:** Risk Factored ADA x adjusted ReLiEF rate plus ADA x \$9 Mil excess of \$1 Mil rate.Does not consider Special Agency flat fees and Super Pool minimum contributions.
- 5. Excess Liability:** Lottery ADA x Excess Liability Rate + Lottery ADA x Reinsurance Liability Rate
- 6. Property:** TIV/\$100 x Property Rate
- 7. EDP:** EDP TIV/\$100 x EDP Rate
- 8. Crime:** Lottery ADA x Crime Rate
- 9. Cyber Liability:** Lottery ADA x Cyber Liability Rate
- 10. Equip Brkdn:** Equipment Breakdown (B&M) Property TIV/\$100 x Equipment Breakdown Rate
- 11. Program Total:** Sum of Liability, Excess Liability, Property, EDP, Crime, Cyber Liability and Equipment Breakdown.