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# Memo

**To** Board of Education

**From** Preston Thomas, Chief Systems and Services Officer  
Rebecca Littlejohn, Risk Management Officer

**Date** June 24, 2020

**Subject** Approval by the Oakland Unified School District Board of Education for Insurance Premium Payments for the 2020-2021 Fiscal Year

**Action Requested** Approval by the Board of Education for membership contributions, Fiscal Year 2020-2021, for Excess Workers' Compensation Coverage, procured from CSAC Excess Insurance Authority a Joint Power Authority ("JPA"), in the amount of \$605,000 and Excess Liability & Property Coverage through Northern California ReLiEF ("NCR") a Joint Power Authority ("JPA") in the amount of \$3,003,126.

**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 CSAC Excess Insurance Authority (CSAC-EIA now named Prism) in 2018 (retroactive Enactment Number 19-1022) for the purpose of Excess Workers' Compensation coverage.

Additionally, the District self-insures its risk of property & 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*.

**Discussion** Renewal for the CSAC EIA excess Workers' Compensation program has decreased in comparison to the prior year. This decrease can be attributed to general market improvement and good claims experience.

The proposed JPA membership contribution to NCR (which functions similarly to an insurance premium) has increased slightly, which is very favorable as other JPAs have seen up to a 70% increase. Additionally, for the upcoming 2020-21



fiscal year the District will increase the cyber coverage from \$1M to \$5M due to the increase risk of cyber threat at a cost increase of less than \$7,000.

**Recommendation**

Approval by the Board of Education of Joint Powers Authority membership contributions, Fiscal Year 2020-2021, to CSAC Excess Insurance Authority JPA for Excess Workers' Compensation coverage in the amount of \$605,000 and to Northern California ReLIEF JPA for Excess Property and Liability coverage in the amount of \$3,003,126.

**Fiscal Impact**

Fund 67, Resource Code 9030 Workers' Compensation and Resource Code 9031 Property & Liability, not to exceed \$3,608,126

**Attachments**

Northern California ReLIEF *pro forma* 2020-2021  
CSAC-EIA Early Budget Estimates, March 2020 OUSD



CSAC Excess Insurance Authority  
2020/21 Early Budget Estimates, March 2020

Oakland Unified School District

This third round of early estimates have been prepared to further aid you in budgeting for the 2020/21 fiscal year. At this time, updated estimates are being provided for all major programs. Since the December version: (1) The budget estimates have been updated with actuarial rates for the pooled layers; (2) The reinsurance rates were updated where we have proposals; and (3) We have incorporated more accurate administrative budget numbers. While the estimates provided are more refined from the previous version, they contain a range if there are still outstanding items specific to the program. The estimates are intended to be conservative; however, there may be a chance that final numbers will come in higher than the assumptions currently in place. For this reason we recommend continuing to budget toward the high end of the estimate range if one is provided.

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

**Excess Workers' Compensation Program**

Premium

18/19 Premium:	\$672,184	2018/19 Estimated Payroll:	\$304,946,088
19/20 Premium:	\$661,945	2019/20 Estimated Payroll:	\$306,899,234
20/21 Estimated Premium:	<b>\$605,000</b>	2020/21 Estimated Payroll:	\$294,612,558

The EWC premium projections have been updated to reflect your entity's estimated 2020/21 exposure, as provided on your renewal application, as well as losses based on the June 30, 2019 data collection. Since the December estimate, we have updated the projected program administrative costs and received and updated the pool and reinsurance rates.

Pool rates have changed from last year as follows:

- County rates are flat on average
- Low Safety rates are down 7.25% on average
- High Safety rates are up 1% on average
- School rates are up 3.5% on average

Reinsurance Premiums changed from last year as follows:

- Ace layer (\$45m x \$5M - Core Tower) - pending proposals, estimated 17.5% increase
- Liberty Mutual layer (\$50M to Statutory - Core Tower) - pending proposals, estimated 11% increase
- Safety National layer (\$2.5M to Statutory - Ed Tower) - No rate change

The estimates have become more accurate; however, we are still pending the finalization of some miscellaneous fees. To remain somewhat conservative at this point, the estimates were rounded up to the nearest \$1,000. We will distribute final premium numbers in June once the nominal fees are finalized.

If you have directed us to apply the 2018/19 payroll audit to your 2020/21 premium, it has been included in the total collection shown. If you have decided to handle the payroll audit outside of your renewal premium, the estimated premium shown is the estimated total collection.



**PROFORMA**  
**JULY 1, 2020 to JULY 1, 2021**  
**ESTIMATED CONTRIBUTION /PREMIUM SUMMARY**

ReLIEF COVERAGES		MEMBER RETAINED LIMIT/ DEDUCTIBLE	CONTRIBUTION/ PREMIUM
LIABILITY	\$10,000,000 Limit Of Liability	\$100,000	\$1,339,695
PROPERTY	\$250,250,000 Total Insured Values (TIV)	\$250,000	\$1,233,731
ELECTRONIC DATA PROCESSING EQUIPMENT	\$22,129,692 Total Insured Values (TIV)	\$250	\$67,363
CRIME	\$5,000,000 Employee Dishonesty/Faithful Performance	\$2,500	\$6,539
CYBER LIABILITY	\$5,000,000 Security Breach Response Limit	\$50,000	\$21,258
EQUIPMENT BREAKDOWN	\$100,000,000 Total Insured Values (TIV)	\$1,000	\$53,509
SUBTOTAL PROGRAM COSTS			\$2,722,095
EXCESS LIABILITY	\$25,000,000 Excess Limit of Liability	\$10,000,000	\$192,046
EXCESS LIABILITY	\$50,000,000 Excess Limit of Liability	\$25,000,000	\$61,989
TOTAL PROGRAM COSTS			\$2,976,130

LIABILITY		PROPERTY	
2018/2019 LOTTERY ADA	38,241	TIV:	\$2,012,363,961
EX MOD. - RETAINED	98.00 %	EX MOD. - RETAINED	126.42 %

Service Team:

Kyle McKibbin, Assistant Vice President  
 Tara Cooper-Salaiz, Senior Account Manager/Team Leader



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PROFORMA

JULY 1, 2020 to JULY 1, 2021

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

Latest Real Property Appraisal Date 05/31/2018  
 Next Real Property Appraisal Date 05/31/2023

- PROGRAM COSTS \$2,976,130  
 - RISK MANAGEMENT RESERVE\* \$ 19,589  
 - WE TIP DECLINED  
 - TOTAL PROGRAM COSTS \$2,995,719  
 \*RESERVE = .015 x 6,529,596 SQ FT FIVE YEAR CONTRACT

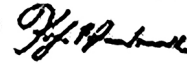


6/25/2020

Accepted by:

Jody London  
 President, Board of Education

Authorized District Representative



6/25/2020

Title:

Kyla Johnson-Trammell  
 Secretary, Board of Education

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 2020/2021 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/disclosure.asp](http://www.keenan.com/disclosure.asp).



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**Oakland Unified School District  
Estimated Contribution/Premium Summary  
July 1, 2020 to July 1, 2021  
Member Retained Limit  
Liability \$ 100,000 Property \$ 250,000**

**Proforma Footnote Report**

- 1. 2018/2019 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.