

Board Office Use: Legislative File Info.	
File ID Number	21-1617
Introduction Date	6/30/2021
Enactment Number	21-1207
Enactment Date	6/30/2021 os



Board Cover Memorandum

To Board of Education

From Kyla Johnson-Trammell, Superintendent
Lisa Grant-Dawson, Chief Business Officer
Rebecca Littlejohn, Risk Management Officer
Joshua R. Daniels, General Counsel

Meeting Date June 30, 2021

Subject Approval by the Oakland Unified School District Board of Education for Insurance Premium Payments for the 2021-2022 Fiscal Year

Ask of the Board Approval by the Board of Education for membership contributions, Fiscal Year 2021-2022, for Excess Workers’ Compensation Coverage, procured from PRISIM (“JPA”), in the amount of \$692,000 and Excess General Liability & Property Coverage through Northern California ReLiEF (“NCR”) a Joint Power Authority (“JPA”) in the amount of \$3,166,884.

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.

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*.

Discussion Renewal for the PRISIM excess Workers’ Compensation program has increased in comparison to the prior year. This increase can be attributed to hardening markets and the concern of underwriting on long haul COVID catastrophic claims.

The proposed JPA membership contribution to NCR (which functions similarly to an insurance premium) has increased approximately 6.8%. The increase is due to

multiple factors including hard insurance markets industry-wide, increase OUSD specific ExMod and increased cyber liability.

Fiscal Impact

Funding for the excess insurance is covered under Fund 67 (Self Insurance Fund), Resource Code 9030 (Workers' Compensation), not to exceed \$692,000 and Fund 67, Resource Code 9031 (Property & Liability), not to exceed \$3,166,884.

Attachment(s)

- Public Risk Innovation, Solutions, and Management (PRISM) 2021/22 Early Budget Estimates
- Northern California ReLiEF ProForma July 1, 2021 to July 1, 202

PROFORMA

JULY 1, 2021 to JULY 1, 2022

ESTIMATED CONTRIBUTION /PREMIUM SUMMARY

ReLiEF COVERAGES	MEMBER RETAINED LIMIT/ DEDUCTIBLE	CONTRIBUTION/ PREMIUM
LIABILITY \$10,000,000 Limit Of Liability	\$100,000	\$1,382,747
PROPERTY \$500,250,000 Total Insured Values (TIV)	\$250,000	\$1,323,984
ELECTRONIC DATA PROCESSING EQUIPMENT \$22,129,692 Total Insured Values (TIV)	\$250	\$73,028
CRIME \$5,000,000 Employee Dishonesty/Faithful Performance	\$2,500	\$6,359
CYBER LIABILITY \$5,000,000 First Party Limit MRL is subject to terms and conditions per policy. See policy for member limit.	\$50,000	\$38,820
EQUIPMENT BREAKDOWN \$100,000,000 Total Insured Values (TIV)	\$1,000	\$53,083
SUBTOTAL PROGRAM COSTS		\$2,878,021
EXCESS LIABILITY \$25,000,000 Excess Limit of Liability	\$10,000,000	\$198,095
EXCESS LIABILITY \$50,000,000 Excess Limit of Liability	\$25,000,000	\$75,378
TOTAL PROGRAM COSTS		\$3,151,494

LIABILITY		PROPERTY	
2019/2020 LOTTERY ADA	37,187	TIV:	\$2,024,524,396
EX MOD. - RETAINED	112.13 %	EX MOD. - RETAINED	124.62 %
EX MOD. - REINSURANCE	102.25 %	EX MOD. - REINSURANCE	95.91 %

Service Team:

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



Run Date: 05/20/2021 09:41 AM
Report Date: 05/20/2021 09:41 AM

PROFORMA

JULY 1, 2021 to JULY 1, 2022

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

Latest Real Property Appraisal Date 05/31/2018

Next Real Property Appraisal Date 05/31/2023


PROGRAM COSTS \$ 3,151,494

RISK MANAGEMENT RESERVE* \$ 15,390

TOTAL PROGRAM COSTS \$ 3,166,884

*RESERVE = .01138 x 6,761,854 SQ FT FIVE YEAR CONTRACT

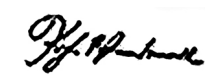
EXCESS CYBER \$5M LIMIT (SEPARATE INVOICE) \$ 29,210

Accepted by: 

Authorized District Representative

Title: President, BOE

Authorized District Representative


Kyla Johnson-Trammell, Secretary, BOE

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 2021/2022 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-Policy.



Run Date: 05/20/2021 09:41 AM

Report Date: 05/20/2021 09:41 AM



Oakland Unified School District
Estimated Contribution/Premium Summary
July 1, 2021 to July 1, 2022
Member Retained Limit
Liability \$ 100,000 Property \$ 250,000

Proforma Footnote Report

- 1. 2019/2020 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.



Public Risk Innovation, Solutions, and Management (PRISM)

2021/22 Early Budget Estimates, March 2021

Oakland Unified School District

This third round of early estimates have been prepared to further aid you in budgeting for the 2021/22 fiscal year. At this time, updated estimates are being provided for all major programs. Since the January 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 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 Rebekah Winger and a better estimate can be developed for you.

Excess Workers' Compensation Program

Premium

19/20 Premium:	\$661,945	2019/20 Estimated Payroll:	\$306,899,234
20/21 Premium:	\$544,013	2020/21 Estimated Payroll:	\$265,151,302
21/22 Estimated Premium:	\$690,000 to \$692,000	2021/22 Estimated Payroll:	\$318,785,139

The EWC premium projections have been updated to reflect your entity's estimated 2021/22 payroll, as provided on your renewal application and your entity's losses based on the 6/30/20 evaluation date. Since the January 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 up 10%
- High Safety Rates are down 6%
- Low Safety Rates are down 2%
- School rates are down 6%

Reinsurance premiums continue to be estimated at 5%-15% for most layers, but up to 40% for some Core Tower layers.

The estimates have become more accurate; however, we are still pending the finalization of most reinsurance agreements, so a range has been provided. We recommending budgeting at the high end of the range.

If you have directed us to apply the 2019/20 payroll audit to your 2021/22 premium, it has been included in the 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.