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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
Joshua R. Daniels, General Counsel

Meeting Date June 22, 2022

Subject Approval by the Oakland Unified School District Board of Education for Insurance Premium Payments for the 2022-2023 Fiscal Year

Ask of the Board Approval by the Board of Education for membership contributions, Fiscal Year 2022-2023, for Excess Workers' Compensation Coverage, procured from PRISIM ("JPA"), in the amount of \$967,000 and Excess General Liability & Property Coverage through Northern California ReLiEF ("NCR") a Joint Power Authority ("JPA") in the amount of \$3,502,288.

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 increase 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 \$967,000 and Fund 67, Resource Code 9031 (Property & Liability), not to exceed \$3,502,288.

- Attachment(s)**
- Public Risk Innovation, Solutions, and Management (PRISM) 2022/23 Early Budget Estimates
 - Northern California ReLiEF ProForma July 1, 2022 to July 1, 2023



Public Risk Innovation, Solutions, and Management (PRISM)
 2022/23 Budget Estimates, January 2022
 Oakland Unified School District

This second round of early estimates have been prepared to further aid you in budgeting for the 2022/23 fiscal year. It is important to keep in mind that it is still early in the process of determining each Program's total cost for the upcoming year. Since the initial version provided in October, we have updated the budget estimates to reflect the estimated 2022/23 payroll submitted via the renewal applications and losses evaluated as of 6/30/2021. The estimates provided are intended to be conservative; however, since rates are still estimated, final premiums may be in excess of these estimates, we recommend you budget towards the high end of the range.

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

Excess Workers' Compensation Program

Estimated Premium: **\$891,000** to **\$967,000** Estimated Payroll: **\$329,078,536**
 Rating Group: **Schools**

Estimate Assumptions & Updates

The EWC premium projections include estimated 2022/23 exposure as reported on the renewal applications and updated loss data evaluated as of 6/30/2021. We have assumed pool rate increases of 5%-15% for all rating groups. We have also assumed reinsurance increases of 15-25% for all carriers, with the exception of the Core Tower \$5M - \$45M layer where we have utilized 20% - 40% rate increases.

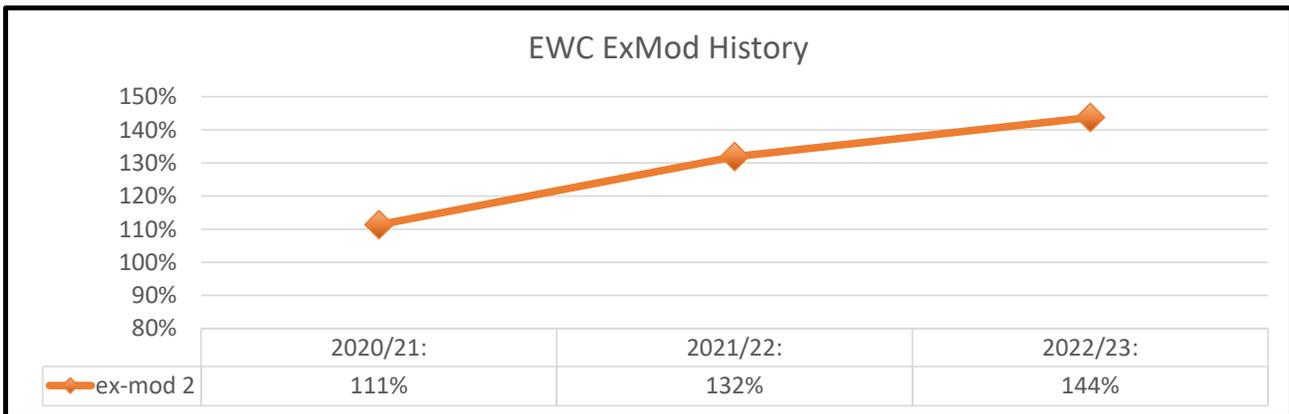
Payroll Audit Adjustment

If you have directed us to apply the 2020/21 payroll audit to your 2022/23 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.

Experience Modification Factor

Your experience modification factors (ex-mod) have been calculated for 2022/23 using the updated payroll and loss data. Your ex-mod represents how your loss rate (based on 7 years of payroll and losses) compares to the average loss rate for your rating group. An ex-mod of less than 100% indicates that your loss rate is better than average, while one that is greater than 100% indicates that your loss rate is worse than average for your rating group.

In the table below, ex-mod 1 reflects your ex-mod for the \$125K-\$300K rating layer, while ex-mod 2 reflects your ex-mod for the \$300K-\$1M rating layer. Therefore if your SIR is \$300K or higher, you will only see ex-mod 2 below.



EWC Payroll History

2021/22 Estimated Payroll: \$318,785,139
 2020/21 Estimated Payroll: \$265,151,302

EWC Premium History

2021/22 Deposit Premium: \$710,331
 2020/21 Deposit Premium: \$544,013



PROFORMA

JULY 1, 2022 to JULY 1, 2023

ESTIMATED CONTRIBUTION /PREMIUM SUMMARY

ReLiEF COVERAGES	MEMBER RETAINED LIMIT/ DEDUCTIBLE	CONTRIBUTION/ PREMIUM
LIABILITY \$10,000,000 Limit Of Liability	\$100,000	\$1,441,909
PROPERTY \$500,250,000 Total Insured Values (TIV)	\$250,000	\$1,450,556
ELECTRONIC DATA PROCESSING EQUIPMENT \$22,129,692 Total Insured Values (TIV)	\$250	\$75,684
CRIME \$5,000,000 Employee Dishonesty/Faithful Performance	\$2,500	\$6,375
CYBER LIABILITY \$1,000,000 First Party Limit MRL is subject to terms and conditions per policy. See policy for member limit.	\$100,000	\$104,957
EQUIPMENT BREAKDOWN \$100,000,000 Total Insured Values (TIV)	\$1,000	\$51,073
SUBTOTAL PROGRAM COSTS		\$3,130,554
EXCESS LIABILITY \$25,000,000 Excess Limit of Liability	\$10,000,000	\$213,081
EXCESS LIABILITY \$50,000,000 Excess Limit of Liability	\$25,000,000	\$82,491
TOTAL PROGRAM COSTS		\$3,426,126

LIABILITY		PROPERTY	
2020/2021 LOTTERY ADA	35,419	TIV:	\$2,185,404,074
EX MOD. - RETAINED	127.22 %	EX MOD. - RETAINED	123.76 %
EX MOD. - REINSURANCE	104.08 %	EX MOD. - REINSURANCE	91.77 %

Service Team:

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



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PROFORMA

JULY 1, 2022 to JULY 1, 2023

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

- PROGRAM COSTS	\$3,426,126
RISK MANAGEMENT RESERVE*	\$ 15,390
TOTAL PROGRAM COSTS	\$ 3,441,516
*RESERVE = .01138 x 6,761,854 SQ FT	FIVE YEAR CONTRACT
EXCESS CYBER \$1M LIMIT (INVOICED SEPERATELY)	\$ 60,772

Service Team:

Kyle McKibbin, Assistant Vice President

Tara Cooper-Salaiz, Senior Account Manager/Team Leader



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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: Traci Clair

PROFORMA

JULY 1, 2022 to JULY 1, 2023

ESTIMATED CONTRIBUTION/ PREMIUM SUMMARY

Accepted by:

Authorized District Representative

Title:

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 2014 / 2015 program year will not exceed 13% 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.



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Oakland Unified School District
Estimated Contribution/Premium Summary
July 1, 2022 to July 1, 2023
Member Retained Limit
Liability \$ 100,000 Property \$ 250,000

Proforma Footnote Report

- 1. 2020/2021 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.