

SCHOOL EMPLOYEES LOSS FUND

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

Presented to:

Community USD (Wheaton) 200

Dated:

May 6, 2022

Presented by:

**Jim Graff
Pool Administrator
Arthur J. Gallagher & Co.
2850 Golf Rd
Rolling Meadows, IL 60008
Phone: 630-285-3658
James.Graff@ajg.com**

**Marcus Henthorn
Co- Pool Administrator
Arthur J. Gallagher & Co.
2850 Golf Rd
Rolling Meadows, IL 60008
Phone: 630-694-5152
Marcus.Henthorn@ajg.com**

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.



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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	

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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	\$113,500,000	\$115,354,889	1.63%
8868 Rate Per \$100	0.31	0.30	-3.2%
9101 School – All Other Employees Estimated Payroll	\$1,750,000	\$2,214,500	26.54%
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	\$115,250,000	\$117,569,389	2.01%

MODIFIERS	07/01/2021 to 06/30/2022	07/01/2022 to 06/30/2023	% Change
Experience Modification Factor (E-Mod)	0.9	0.81	-10.00%
SELF Pool Debit/Credit Modifier (P-Mod)	1.05	0.95	-9.52%



Quotation
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Community USD (Wheaton) 200
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)	\$115,354,889	0.30	\$346,065
9101: School- All Others (Custodial or maintenance workers)	\$2,214,500	3.18	\$70,421
7380: Commercial Drivers (Full-time and part-time bus drivers)	\$0	7.86	\$0
Total Manual Premium			\$416,486
Experience Modification Factor (E-Mod Factor 2022)			0.81
Total E-Modified Premium			\$337,353
SELF Pool Debit/Credit Modifier (P-Mod Factor 2022)			0.95
Total P-Modified Premium			\$320,486
Member Percent of Pool for Contribution 2022-2023			3.9439%

	POOL TOTAL CONTRIBUTION	% of Pool	MEMBER CONTRIBUTION
Excess Workers Compensation Premium	\$453,973	3.9439%	\$17,904
Claims Administration – Sedgwick	\$647,298	3.9439%	\$25,529
Pool Administration and Brokerage, Loss Control, Web Platform, Professional and Related Fees	\$1,059,088	3.9439%	\$41,770
SELF Loss Fund Contribution (60% Funding)	\$6,688,206	3.9439%	\$263,778
TOTAL CONTRIBUTION 2022-2023	\$8,848,565	3.9439%	\$348,981
Return of Contributions - 2004-2020		Various	\$(84,362)
Payroll Audit 2020-2021			\$9,716
TOTAL Estimated Deposit Contribution with Adjustments for 2022-2023	\$7,288,166		\$274,335

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

*Auditable Payroll

Workers' Compensation Experience Rating Worksheet

Effective Date: 7/1/2022

Risk ID:

State: IL

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D-RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA # ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES

****Illinois

Policy Period: 7/1/2018 to 7/1/2019

Policy #:

8868	0.19	0.35	106,045,144	201,486	70,520	Sm. loss	5	F	3,389	3,389
9101	1.94	0.35	1,781,426	34,560	12,096	6775515	5	F	6,652	6,652
						6844387	5	F	30,655	18,500
						6773438	5	F	34,090	18,500
						6778679	5	F	54,597	18,500
						6803560	6	F *	8,470	8,470
						27 Sm. losses	6	*	18,369	18,369
Policy Period Totals			107,826,570	236,045	82,616				156,221	92,380

Policy Period: 7/1/2019 to 7/1/2020

Policy #:

8868	0.19	0.35	109,346,503	207,758	72,715	7008273	5	F	12,286	12,286
9101	1.94	0.35	1,606,211	31,160	10,906	6984110	5	F	31,263	18,500
						7041022	5	F	35,519	18,500
						7040990	5	F	44,790	18,500
						17 Sm. losses	6	*	9,466	9,466
						7017960	6	F *	17,754	17,754
Policy Period Totals			110,952,714	238,919	83,622				151,078	95,006

Policy Period: 7/1/2020 to 7/1/2021

Policy #:

8868	0.19	0.35	112,514,391	213,777	74,822	Sm. loss	5	F	4,896	4,896
9101	1.94	0.35	1,541,785	29,911	10,469	4A21065GBA00001	5	O	27,229	18,500
						17 Sm. losses	6	*	7,487	7,487
						402105D57DB0001	6	F *	25,397	18,500
Policy Period Totals			114,056,176	243,688	85,291				65,009	49,382

Mod Analysis for Community USD #200 (Wheaton)

		(D) - (E)			(H) - (I)			
0.25		467,124	718,652	251,528	130,712	113,750	311,449	180,737
"W"		EXPECTED	TOTAL	TOTAL EXP	ACTUAL	"B"	TOTAL	TOTAL
VALUE		EXCESS	EXPECTED	PRIM.	EXCESS	VALUE	ACTUAL	ACT. PRIM.
A	B	C	D	E	F	G	H	I

Limited loss.
s Subrogation
or other special loss.

16
ARAP
1.00
if applicable

Experience Modification Calculation	11	12	13	14
PRIMARY LOSSES		STABILIZING VALUE	RATABLE EXCESS	ADJUSTED TOTALS
ACTUAL	(I)	(C) X (1 - A) + (G)	(A) X (F)	
	180,737	464,093	32,678	677,508
EXPECTED	(E)	(C) X (1 - A) + (G)	(A) X (C)	
	251,528	464,093	116,781	832,402

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EXP MOD
(J) / (K)
0.81

* Rating reflects a decrease of 70 percent medical-only primary and excess loss dollars where ERA is applied, reflected only in totals (F), (H), and (I).

The ARAP surcharge shown is for those states in the rating that have approved the ARAP program. It was calculated based on the general interstate formula and maximum, however, the maximum surcharge may vary by state.