



San Mateo County Schools Insurance Group JPA BOARD MEETING MEETING SUMMARY

San Mateo County Schools Insurance Group
Web Conference/Telephonic Meeting

Thursday, May 16, 2024
10:00 a.m.
Eighth Meeting – 2023-2024

Members Present

Josie Peterson – Vice President
Kevin Bultema
Valerie Miller
Amy Wooliever
Mei Chan
Marites Fermin
Roberta Zarea
Rui Bao
Tina Van Raaphorst
Ted O
Rick Edson
Will Eger

Members Absent

B. Adoption of Agenda

The Agenda was adopted unanimously.

E. Meeting Minutes

The November 1, 2023 meeting minutes were approved unanimously.

F. Consent Agenda

Consent Agenda items were approved. Items included Quarterly Financial Report and Quarterly Investment Report.

G1. Strategic Planning 3-Year Objectives

Strategic Planning Objectives format was updated from the previous meetings to include progress and completion date columns.

G2. Equity Analysis

Ritesh presented an analysis showing the minimum target equity, actual equity, and other factors for all programs as of March 31, 2024.

Workers Compensation – exceeding our target policy and recommended benchmarks.

Property/Liability – meeting our target policy but not the industry long-term benchmarks.

We are monitoring this and will have our actuary assist with this risk financing decision, if necessary, in the future.

Dental – exceeding our benchmark

Vision – exceed our benchmark

G3. SELF-SAM Assessment

The SELF Board voted on March 22, 2024, a third (3rd) round of assessment in the amount of \$154.1M. SMCSIG members portion of the assessment is \$4,076,739.

Email communication about this assessment was sent out to SMCSIG membership last month. Currently SMCSIG members have two open claims that could access this coverage for up to a limit of \$28,000,000.

SELF will send the invoices to SMCSIG around May 2024, payable in 2024/25 fiscal year with no payment installment. SMCSIG will send invoices to members. Payments are to be made to SMCSIG. SMCSIG will pay SELF after all the funds are received. This round of assessments is not included in the 2024-2025 PL member contributions schedule.

At the direction of the SMCSIG Executive Committee, SMCSIG will provide assistance to the membership of the net impact of the SELF assessment by lowering the funding (what we collect from members) for the Workers' Compensation premium (\$2.47M), Dental rates (\$1.5M) and Vision rates (\$130K) for the upcoming year. The members premiums will be lower for WC, Dental and Vision to offset the increase of SELF assessment for the member overall budget.

G4. Workers Compensation Analysis

SMCSIG was self-insured up to 1995 then went fully insured. From 2020 we have self-insured up to the \$250,000 layer and have joined PRISM for coverage above our retention. SMCSIG is engaged in loss control with its members by adding loss control staff in 2013.

The additions have provided guidance and resources to members to identify and reduce the occurrence and impact of losses.

G5. Loss Control Update

Anthony Poston from ESM Insite presented an update of action items and their completion. He will be presenting updates at future Executive Committee / JPA Board meetings. Audits are expected to begin July 1st.

G6. Sentinel Incentive

The JPA Board approved the Sentinel Incentive.

SMCSIG will monitor each doctor's work status reports, documenting the days the doctor recommends off from work. SMCSIG will then compare the number of days the employee received TD payments. Members that show improvement on their TD rates with a cap of within 80% of the doctors recommended days off from work, will receive an incentive check. The incentive check can be used at the district's discretion.

G7. Property/Liability Program 5-Year Update

SMCSIG has been self-insured for property and liability since 1993 with a current retention at \$250K. For the Liability program, SMCSIG has excess coverage above its SIR up to \$55M from multiple excess carriers. For the Property program, SMCSIG obtains excess coverage through APIP.

We use lottery ADA for rating, same as PRISM and SELF.

The pooled funding layer contributions are about 18% of the overall budgeted contributions. The remaining costs are excess premiums and JPA cost. The percentage of SIR funding layer has increased by 1.5% from the prior year. However increased member payroll and excess premiums are still the primary drivers for increase in contributions.

G8. Property/Liability Claims Lessons Learned

Tasha presented property/liability claims lessons learned.

Property claims significantly decreased this past year but several of the claims were large losses. Under the liability umbrella, there was an influx of claims related to bullying.

PROPERTY:

- 25 claims were received compared to 65 in the prior year.
- Review "Rainy Season Loss Control Protocols" for helpful suggestions.
- Inspect roofs, drain lines and all points of entry. Take preventative measures when large storms are anticipated (sandbag known entry points and have staff clear storm drains to remove debris as it accumulates). Perform routine maintenance on aging portables.

LIABILITY:

- **Bullying & Abuse Claims**
 - Claims in this area are trending upward as seven claims were received in the 23-24 year.
- **Sexual Abuse & Molestation Claims**
 - 4 SAM claims were received in the past year. Coverage is limited to 50K in defense cost for claims that predate SMCSIG coverage. Verdicts continue to increase and excess carrier (SELF) has assessed pool members.
 - Establish and maintain district SAM training schedules and monitor participation.

G9. Member Benchmarking

Craig presented members benchmarking for each Property, Liability, and Workers Compensation programs. Loss Ratios were calculated by claims total incurred divided by your premium. Loss Ratios over 1.0 mean that the district received more in claims payment than they paid in premium. Loss Ratios under 1.0 signify that the district is a good risk for the pool.

H1. Elections

The following members were elected to the Executive Committee for the term 7/1/2024-6/30/2026:

- Patrick Gaffney (President)
- Kevin Bultema (Vice-President)
- Valerie Miller
- Marites Fermin
- Roberta Zara
- Rui Bao
- Tina Van Raaphorst

H2. Property/Liability Rates 2024/2025

The JPA Board approved the 2024/2025 Property/Liability rates.

Preliminary Rate Indications – overall increase of 16% year over year

Retained losses increased 1.30% (great performance within our retained layer)

Rates are driven by:

- a. Experience (losses)
- b. Exposures (ADA, Total Insured Values (TIV)) ADA decreased by .57%, TIV has increased 4.30% due to property additions.

1. Preliminary estimates for excess and other insurance have increased \$2,857,188 or 16.02%.

This represents an:

- a. 80.37% or \$1.05M increase from PRISM for the \$250,000 to \$5,000,000 excess layer.
- b. 18.57% or \$317K increase from SELF for the \$5,000,000 to \$55,000,000 layer of coverage.
- c. \$36K increase for SELF AB 218 SAM assessment. This is paying back to SMCSIG for paying the first and second assessment. We will continue to collect this past assessment through the rate from members over the next three years. Current provision for the member payment is \$450,000.

H3. Workers Compensation Rates 2024/2025

The JPA Board approved the 2024/2025 Workers Compensation rates, net of rate decrease mentioned below.

The JPA Board approved a one-time rate funding rate decrease of \$2.470M. By using policy year surplus from the 2020-21 policy year. Your Worker Compensation rates will go back to funding at 80% confidence level in fiscal year 2025-2026.

H4. 2025 Dental Rates

The JPA Board approved a one-time 10% decrease in Dental rates for 2025. The dental rates will go back up in calendar year 2026.

For the calendar year 2025, members will see dental premiums go down by 10%. The rough estimate is \$1.5M and it is subject to change based upon the subscribers during enrollment. Members will see the half the credit in fiscal year 2024-2025 and the remaining credit in fiscal year 2025-2026.

H5. 2025 Vision Rates

The JPA Board approved a one-time 10% decrease in Vision rates for 2025. The Vision rates will go back up in calendar year 2026.

For the calendar year 2025, members will see dental premiums go down by 10%. The rough estimate is \$1.5M and it is subject to change based upon the subscribers during enrollment. Members will see the half the credit in fiscal year 2024-2025 and the remaining credit in fiscal year 2025-2026.

SMCSIG Budget 2024/2025

The JPA Board approved the 2024/2025 SMCSIG Budget.

Overall, the contributions increased 55.2% over the prior year, while expenditures increased 66.5% from the prior year; this increase is mostly due to adding Health consortium revenues and expenses. Without the Health Consortium revenues and expenses, contributions increased by .9% and expenses would increase by 8.3%. Overall, we are projected to have net income of \$6,668.

Meeting Calendar

The next meeting will be September 19, 2024.