



*In Pursuit Of Excellence*

Central Region  
School Insurance Group

- *Protecting Students*
- *Advocates for Staff*
- *Safety & Health for All*



*2010/11 Annual Report*

## *Our Mission*

*The mission of the Central Region School Insurance Group is to pursue excellence in the protection of students, advocacy of staff and the provision of services for the safety and health of all who enter member sites.*

-Adopted December 7, 2007

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## Message To The Members:

Having completed its 31<sup>st</sup> year of operation, I am delighted to report that the Central Region School Insurance Group continued to deliver stable and cost effective insurance protection for its 34 school members in Stanislaus and Merced counties. Congratulations are due to each member for their unwavering efforts to manage risks and control costs throughout the tenuous economic turmoil faced by public education today.

During 2010/11, CRSIG medical program members found themselves tossed about by the various waves of a national healthcare crisis including employer funding requirements out of federal COBRA legislation and healthcare reform legislation attempts to impact medical costs that have spiraled out of control. CRSIG continued to utilize collaboration platforms built with individual employees, union representatives, key school HR representatives and school administrators to maneuver its way through the crisis. By the end of the 2010/11 year, all factions had reduced the 2012 renewal options from 5 possibilities to 2 for a September 2011 decision. This process was a truly incredible witness to the importance school employees place in working together to develop a "best for all" solution in difficult times. It is also one of the many reasons I am honored to work for the members of this JPA.

The Workers' Compensation program again exceeded all expectations for the year in that the frequency of claims continued to decrease with average claims costs rising slightly, primarily due to medical inflation. In addition, the Return To Work Program revealed that the prior 2 years ending December 2010 resulted in fully duty releases for 86% of the injured employees within 25 days of modified duty assignments. The remaining 8% of restricted employees that were extended for surgeries and difficult recoveries, returned to full duty on average within 65 days. The last 6% of employees who were taken off work for multiple reasons after the 60 day mark returned to full duty on average within 73 days.

Loss Control services to members continued to grow dramatically as members took advantage of employee trainings, regulatory program plan implementations and specific hazard identification services.

Finally, I encourage you to visit the CRSIG website at [www.crsig.com](http://www.crsig.com) which includes specific information on each of the programs, forms, meeting schedules and helpful links to other school-related agencies and organizations. Thank you to each of the CRSIG members, its Executive Board, staff and business partners for your efforts, commitment, and support to CRSIG.

Sincerely,  
*Becky Slaughter, ARM*  
Executive Director



## Governance

### 2010/11 CRSIG Officers:

#### President

Pam Wall, Empire Union School District

#### Vice-President

Ream Lochry, Hart-Ransom Union School Dist.

#### Treasurer/Controller

Don Gatti, Stanislaus Co. Office of Ed.

#### Secretary

Becky Slaughter, CRSIG



### 2010/11 CRSIG Executive Committee:

<i>Pam Wall</i>	<i>Empire Union School District</i>	<i>Representative</i>
<i>Don Gatti</i>	<i>Stanislaus County Office Of Education</i>	<i>Representative</i>
<i>Ream Lochry</i>	<i>Hart-Ransom Union School District</i>	<i>Representative</i>
<i>Scott Siegel</i>	<i>Ceres Unified School District</i>	<i>Representative</i>
<i>Ed Parraz</i>	<i>Denair Unified School District</i>	<i>Representative</i>
<i>Rick Fauss</i>	<i>Newman-Crows Landing USD</i>	<i>Representative</i>
<i>Ed Felt</i>	<i>Turlock Unified School District</i>	<i>Representative</i>
<i>Gail McWilliams</i>	<i>Gustine Unified School District</i>	<i>Alternate 1</i>
<i>Twila Tosh</i>	<i>Salida Union School District</i>	<i>Alternate 2</i>

### CRSIG Staff Members

*Becky Slaughter, ARM*  
Executive Director

*Angela Jacobson*  
Business/Program Specialist

*Kari Hornberger*  
Return To Work Specialist

*Rebecca Perez*  
Office Technician



## CRSIG Members

### 2010/11 Membership and Program Participation

CRSIG Member	Medical	Vision	Dental	Property & Liability	Workers' Comp.
Ballico-Cressey Union School District				X	
Ceres Unified School District	X	X	X	X	X
Chatom Union School District				X	X
Denair Unified School District	X			X	X
Dos Palos-Oro Loma Unified School District				X	
El Nido School District				X	
Empire Union School District	X	X	X	X	X
Gratton School District	X	X	X	X	X
Gustine Unified School District				X	
Hart-Ransom Union School District	X	X	X	X	X
Hickman Community Charter District	X	X	X	X	X
Hughson Unified School District	X	X	X	X	X
Keyes Union School District	X	X	X	X	X
Knights Ferry School District			X	X	X
La Grange School District			X	X	X
Le Grand Elementary School District				X	
Le Grand High School District				X	
Newman-Crows landing Unified School District				X	X
Oakdale Unified School District		X	X	X	X
Paradise Elementary School District		X	X	X	X
Patterson Unified School District		X	X	X	X
Plainsburg School District				X	
Planada Elementary School District				X	
Riverbank Unified School District	X	X	X	X	X
Roberts Ferry Union School District	X	X	X	X	X
Salida Union School District	X	X	X	X	X
Shiloh School District	X	X	X	X	X
Snelling-Merced Falls Union School District				X	
Stanislaus County Office of Education		X	X	X	X
Stanislaus Union School District	X	X	X		
Turlock Unified School District					X
Valley Home Joint School District				X	X
Waterford Unified School District			X	X	X
Winton School District				X	
Total Participants:	13	16	19	33	23

## Member Rebates

### Workers' Compensation

Based on the CRSIG Target Equity Policy, CRSIG was able to release a member rebate totaling \$2 million.



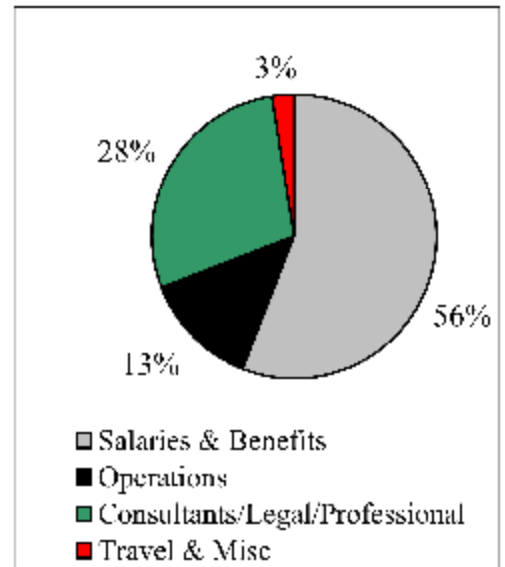
### Vision

Based on the CRSIG Target Equity Policy, CRSIG was able to release a member rebate totaling \$250,000 for the first time.



## Cost of Administration

- SALARIES & BENEFITS \$402,584
- OPERATIONS \$95,186
- CONSULTANTS/LEGAL/PROF. \$204,362
- TRAVEL & MISC. \$18,043
- TOTAL ADMIN = 4.2% OF EXPENSES



## Target Equity

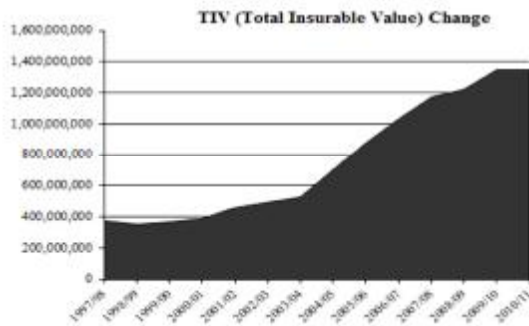
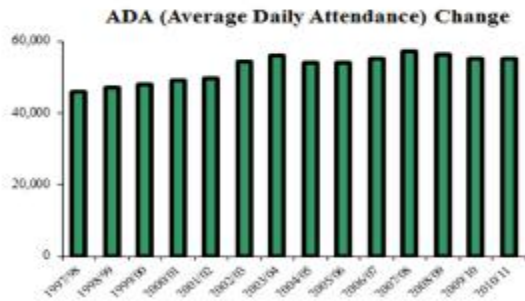
**TARGET EQUITY 2011/12**  
As of June 30, 2011

TARGET OBJECTIVES IN PRIORITY ORDER	WORKERS' COMPENSATION	PROPERTY & LIABILITY	DENTAL	VISION
<b>#1 PROGRAM CHANGES:</b> WC - Min. \$1 million, Max. \$2 million P&L - Min. \$250,000, Max. \$500,000 Dental - None Vision - None	\$2,000,000	\$250,000	\$0	\$0
<b>#2 RATE STABILIZATION:</b> WC - 10% of total funding required P&L - 10% of total funding required Dental - None Vision - None	\$542,134.90	\$277,756.70	\$0	\$0
<b>#3 CATASTROPHIC LOSSES:</b> WC - 10 SR losses P&L - 4 SR property & 4 SR liability losses Dental - 200 Annual Allowance @ \$2,000.00 Vision - \$100,000	\$10,000,000	\$1,400,000	\$400,000	\$100,000
<b>#4 INCREASED CONFIDENCE LEVEL:</b> WC - 90% Confidence Level (prior & current yr) P&L - 90% Confidence Level (prior & current yr) Dental - 1/2 Total Required Reserves Vision - 1/2 Total Required Reserves	\$5,962,000.00	\$1,574,000.00	\$415,163.00	\$55,373.00
<b>Year End 6/30/11 Net Assets:</b>	<b>21,360,945.00</b>	<b>1,742,211.00</b>	<b>1,736,485.00</b>	<b>549,707.00</b>
Increased Confidence Level	5,962,000.00	1,574,000.00	415,163.00	55,373.00
Catastrophic Losses	10,000,000.00	1,400,000.00	400,000.00	100,000.00
Rate Stabilization	542,134.90	277,756.70	0.00	0.00
Program Changes	2,000,000.00	250,000.00	0.00	0.00
<b>Total Target Equity Funding:</b>	<b>18,504,134.90</b>	<b>3,591,756.70</b>	<b>815,163.00</b>	<b>155,373.00</b>
<b>Funding Above/(Below) Target Equity:</b>	<b>2,856,810.10</b>	<b>(1,759,545.70)</b>	<b>921,322.00</b>	<b>394,334.00</b>

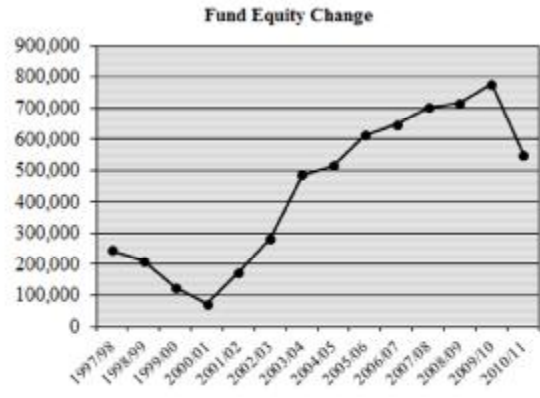
*In October of 2007, CRSIG established a policy for monitoring fund balances above and below specified targeted equity levels. The purpose of the target is to ensure that each program is funded at an ultra-conservative level to avoid future assessments and provide security around the issuance of any rebates or dividends.*

## Program Growth

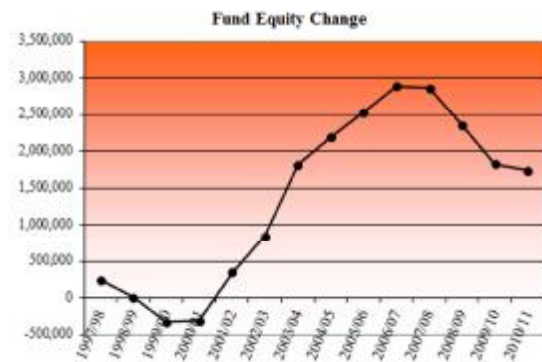
### Property & Liability Pool



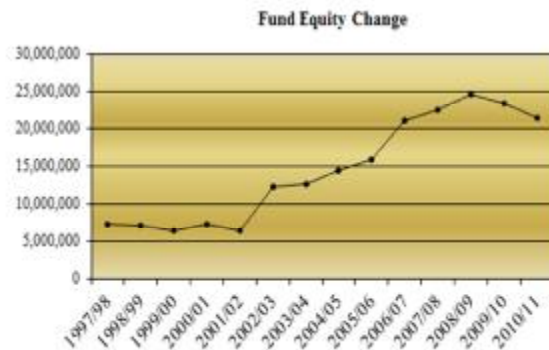
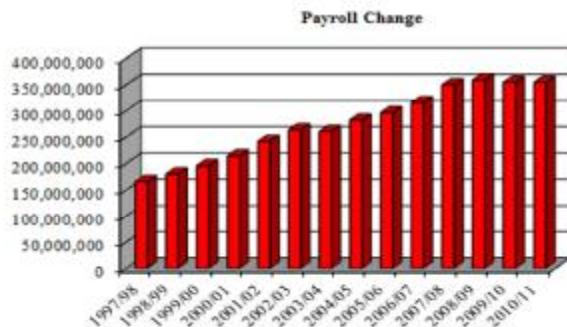
### Vision Pool



### Dental Pool



### Workers' Compensation Pool



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## Program Highlights

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The 2010/11 year not only brought a relentless continuation of the economic crisis at the state and national levels, it revealed severe conditions globally as well. The severe fiscal impact on local schools was taken very seriously by CRSIG and every effort was made to release funds from the self-insured programs where feasible while keeping rates at levels that accurately reflect costs.

Property & Liability: On July 1, 2010, rates were raised 1% overall while ADA remained stable and TIVs increased by \$45 million. Property losses improved and CRSIG continued to experience an upward swing in liability costs although the trend continued at a slower pace than previous years. CRSIG launched its first CRSIG-Wide comprehensive site inspection program where members received recommendations for each identified safety item on a priority correction basis; Priority #1: Life Safety, Priority #2: Serious Liability and Priority #3: General Hazard. In addition, CRSIG published its first Risk Management Manual for dissemination to all site administrators at each member district on an annual basis.



Workers' Compensation: On July 1, 2010, rates were increased 3.2% overall as a result of a total payroll decrease of (\$30.3 million) combined with a drop in claims costs of almost \$250,000. CRSIG was again able to realize continued savings from the reform efforts as the expected deterioration via legislation did not occur. In addition, the continued downward trends in frequency and severity coupled with the introduction of claim resolutions using mediations provided significant savings. CRSIG was also able to release reserves from the program for the third year in a row based on the CRSIG Target Equity Policy.

Medical: January 1, 2011 brought a 9.9% increase to Kaiser HMO rates, 9.9% increase to Kaiser HDHP rates, 31.13% increase to PacifiCare HMO rates and a 21.98% increase to United HealthCare HDHP rates. Employers and employees alike found themselves at the epicenter of the Health Care crisis coupled with a significant number of catastrophic claims.

Vision: January 1, 2011 revealed the ability for CRSIG to make no changes to rates for the seventh year and release a portion of the program reserves to members based on the CRSIG Target Equity Policy.

Dental: On January 1, 2011, rates were increased by 10% in response to increasing claims costs that still remained below the 12% industry trend. The 2011 year brought the final adjustments to bring rates to the level that fully supports the costs and an end to the reduction of excess reserves via premium credits. This brought the dental pool to a position where fund equity will be managed based upon the CRSIG Target Equity policy.

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## 2010/11 Objectives

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*Each year, the CRSIG Executive Committee develops objectives for each program at its annual retreat. The Executive Committee oversees the accomplishment of the objectives throughout the year.*



### JPA ADMINISTRATION:

- ✓ Continue conversion hard copy records to electronic media – System conversion was implemented and is ongoing
- ✓ Convert agendas and member resource materials to electronic formats - Electronic agendas began in Feb 2011

### PROPERTY & LIABILITY:

- ✓ Explore all excess liability options available for the 2011/12 year including final activation of the SCEL (Superior California Excess Liability Pool) and alternatives to SELF (Schools Excess Liability Fund). – Quotations/ recommendation for the 2011/12 were year presented Dec 2010 for SCEL to be activated for group purchase for the 2011/12 year.
- ✓ Finalize establishment of new employee and regulatory trainings; monthly and bi-annually –Regulatory trainings were set for the 3<sup>rd</sup> Thurs. of each month, Sexual Harassment Prevention and DOT trainings have been set for the Fall and Spring of each year
- ✓ Oversee inspection focus on the identification and resolution of hazardous conditions on member sites resulting from reduced workforce –Site inspections results were presented to the Board on 5/16/11

### WORKERS' COMPENSATION:

- ✓ Finalize implementation of member access to online claims information and summary Reports - Launched at the WC 101 Training on 10/5/10
- ✓ Finalize establishment of new employee and regulatory trainings; monthly and bi-annually – New employee trainings set for the 1<sup>st</sup> Wed. of each mo., Workers' Comp. 101 was set for beginning of Oct
- ✓ If necessary, issue an RFP for Claims Administration services- As of June 7, 2011, the handling of claims was restructured for CRSIG from the top administration to claims examiner levels.

### HEALTH & WELFARE:

- Carry Over    Renewal 2011 & 2012: Continue to work with Ad Hoc Committee and Board – The addition of another dental plan option was dismissed in October 2010, a Supt/Bus. Study Group was formed to work with the Ad Hoc Committee on the medical renewal.
- ✓ Revise Medical, Vision and Dental Underwriting Guidelines to conform to healthcare reforms and train district contacts – Revised Underwriting Guidelines for all programs were approved on 10/18/10.
  - ✓ Develop and implement Wellness Programs at each medical program member site in partnership with labor unions and district contact – A menu of wellness options was launched in Oct.2010 to the Ad Hoc Health Committee and the CRSIG Wellness Challenge competition was launched in March 2011.
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**Financial Reports:**

**Central Region School Insurance Group  
COMBINING STATEMENT OF NET ASSETS  
June 30, 2011**

ASSETS	Workers' Compensation	Health	Dental	Vision	Property/ Liability	JPA Administration	Total
<b>Current Assets:</b>							
Cash and equivalents	\$ 7,242,815	\$ 94,752	\$ 19,370	\$ 271,391	\$ 522,429	\$ 71,265	\$ 8,222,022
Interest receivable	197,812	1,264	19,798	3,584	24,733	19	247,210
Investments	1,675,657	818	133,521	29,853	204,882	-	2,044,731
Accounts receivable	38,272	11,066	-	-	-	-	49,338
Due to (from) other pools	2,000,000	-	-	-	(2,000,000)	-	-
Prepaid expenses	200,340	-	-	-	1,734,483	794	1,935,617
<b>Total Current Assets</b>	<b>11,354,896</b>	<b>107,900</b>	<b>172,689</b>	<b>304,828</b>	<b>486,527</b>	<b>72,078</b>	<b>12,498,918</b>
<b>Non-Current Assets:</b>							
Deposit with SCELP	-	-	-	-	1,176,320	-	1,176,320
Investments	25,862,857	127,663	2,034,282	470,324	1,911,174	-	30,406,300
Capital assets, net	1,223,952	-	-	-	123	21,908	1,245,983
<b>Total Non-Current Assets</b>	<b>27,086,809</b>	<b>127,663</b>	<b>2,034,282</b>	<b>470,324</b>	<b>3,087,617</b>	<b>21,908</b>	<b>32,828,603</b>
<b>Total Assets</b>	<b>38,441,705</b>	<b>235,563</b>	<b>2,206,971</b>	<b>775,152</b>	<b>3,574,144</b>	<b>93,986</b>	<b>45,327,521</b>
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts payable	273,129	-	-	61,866	44,054	8,424	387,473
Accrued vacation	2,613	-	-	-	-	5,021	7,634
Dividends payable	3,273,192	-	-	62,460	-	-	3,335,652
Current portion of claims payable	3,500,000	-	470,486	101,119	440,000	-	4,511,605
<b>Total Current Liabilities</b>	<b>7,048,934</b>	<b>-</b>	<b>470,486</b>	<b>225,445</b>	<b>484,054</b>	<b>13,445</b>	<b>8,242,364</b>
<b>Noncurrent Liabilities:</b>							
Unpaid claims liability	10,031,826	-	-	-	1,347,879	-	11,379,705
<b>Total Liabilities</b>	<b>17,080,760</b>	<b>-</b>	<b>470,486</b>	<b>225,445</b>	<b>1,831,933</b>	<b>13,445</b>	<b>19,622,069</b>
<b>NET ASSETS</b>							
Net Assets	\$ 21,360,945	\$ 235,563	\$ 1,736,485	\$ 549,707	\$ 1,742,211	\$ 80,541	\$ 25,705,452

**Central Region School Insurance Group  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2011**

	Workers' Compensation	Health	Dental	Vision	Property/ Liability	JPA Administration	Eliminating Entries
<b>Operating Revenues</b>							
Member contributions	\$ 5,505,269	\$ -	\$ 5,243,427	\$ 863,716	\$ 2,516,640	\$ -	\$ -
Other income	-	84,921	-	-	125,977	401,570	(401,570)
<b>Total Operating Revenues</b>	<b>5,505,269</b>	<b>84,921</b>	<b>5,243,427</b>	<b>863,716</b>	<b>2,636,617</b>	<b>401,570</b>	<b>(401,570)</b>
<b>Operating Expenses</b>							
Claims expense	4,770,263	-	5,308,537	819,534	1,239,112	-	-
Insurance expense	355,362	-	-	-	1,377,360	1,408	-
Risk management expense	251,413	-	-	-	165,770	-	-
Professional fees	88,080	3,206	12,700	12,200	55,250	33,007	-
General and administrative	319,417	51,758	44,022	24,396	100,191	277,599	(401,570)
Dividends expense	1,969,912	-	-	250,000	-	-	-
<b>Total Operating Expenses</b>	<b>7,654,372</b>	<b>54,964</b>	<b>5,365,279</b>	<b>1,096,130</b>	<b>2,937,683</b>	<b>412,014</b>	<b>(401,570)</b>
<b>Operating Income (Loss)</b>	<b>(2,149,103)</b>	<b>29,957</b>	<b>(121,852)</b>	<b>(242,414)</b>	<b>(301,066)</b>	<b>(10,444)</b>	<b>-</b>
<b>Nonoperating Income</b>							
Investment income	758,184	4,447	44,448	17,888	54,801	265	-
Rental income	82,436	-	-	-	-	-	(32,436)
Rental expense	-	(9,540)	(4,770)	(3,339)	(14,787)	-	32,436
<b>Net Nonoperating Income</b>	<b>790,620</b>	<b>(5,093)</b>	<b>39,678</b>	<b>14,549</b>	<b>40,014</b>	<b>265</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(1,358,483)</b>	<b>24,864</b>	<b>(82,174)</b>	<b>(227,865)</b>	<b>(261,052)</b>	<b>(10,179)</b>	<b>-</b>
<b>Net Assets, Beginning</b>	<b>22,719,428</b>	<b>206,699</b>	<b>1,818,659</b>	<b>777,577</b>	<b>2,003,263</b>	<b>90,720</b>	<b>-</b>
<b>Net Assets, Ending</b>	<b>\$ 21,360,945</b>	<b>\$ 235,563</b>	<b>\$ 1,736,485</b>	<b>\$ 549,707</b>	<b>\$ 1,742,211</b>	<b>\$ 80,541</b>	<b>\$ -</b>