



2019/20 ANNUAL REPORT



Central Region
School Insurance Group

Contents

Letter from the Executive Director	2
Governance	4
2019/20 Membership	6
Year in Review	7
Financial Position.....	8
Operating Budget	9
Investments	10
Programs	12
Workers' Compensation Program.....	13
Property and Liability Program.....	17
Dental Program	19
Vision Program	20
Member Services – Who to Contact	21

Letter from the Executive Director

Dear CRSIG Members:

Thank you for your continued support of CRSIG for the past 40 years! We are pleased to present you with our 2019/20 Annual Report, which provides detailed information on each of our programs. We have had a very challenging and productive year diligently working to enhance our insurance and risk management programs and services provided to our members to protect your assets, employees and students.

Availability of excess insurance for property and liability school clients continues to be very challenging due to multimillion-dollar claim settlements and verdicts stemming from Sexual Abuse Molestation, Traumatic Brain Injury claims and the catastrophic California wildfires. We marketed the property and liability excess insurance program for the 2019/20 coverage year to ascertain if we could obtain a superior program that would provide rate stability, increased limits, expanded coverages and services to our members. After a thorough analysis of options, the Board of Directors approved obtaining our excess coverage from CSAC-Excess Insurance Authority JPA, the largest insurance JPA in California, whose membership includes 95% of counties, 70% of cities and numerous educational organizations, special districts, housing authorities, fire districts, and other Joint Powers Authorities.

Governor Gavin Newsom signed into law AB 218 on October 13, 2019, effective January 1, 2020. This law expands the statute of limitations for civil suits arising out of childhood sexual assault from 8 years from the date the plaintiff attains the age of majority to 22 years or within 5 years of the date the plaintiff discovers or reasonably should have discovered the psychological injury or illness occurring after the age of majority was caused by sexual assault, whichever is later. It also revives a period of three years for claims to be filed if they would have been barred because of current statutes. Plaintiffs also may recover up to three times the amount of damages if the childhood sexual assault happened as a result of a "cover up". Insurers are evaluating if they will provide coverage for this challenging exposure and remain profitable. In anticipation of the very real possibility that we may have to self-insure this exposure in the future, the Board of Directors approved increasing our Risk Management Budget to include the purchase and implementation of three programs, Raptor Visitor Information System, Nasdtec and StopIt! an Anonymous reporting app for students and employees to report incidents to authorities.

Then life as we knew it came to a standstill – COVID19. This virus has presented us all with many challenges and we have provided our members with the knowledge and tools they need to meet the requirements of the state and local health departments. Due to the closure of the schools, our incurred claims have decreased resulting in increases in our net position.

Thank you to each of the CRSIG members, the Executive Committee, Board members, staff and business partners for your efforts, commitment and support of CRSIG.

Sincerely,



Executive Director

HISTORY OF THE JPA

July 1, 1980, CRSIG was formed as a Joint Powers Authority (JPA) establishing the Workers' Compensation pool.

July 1, 1983, the Self-Insured Dental and Vision pools were established.

July 1, 1985 the Property & Liability Self-Insured pool was established.

July 1, 1987 the Self-Insured Medical pool was created.

October 22, 2007, CRSIG established a Target Equity Policy.

July 1, 2008 – contracted with Knak & Company for Property & Liability claims administration.

October 1, 2008 – The Company Nurse triage program for reporting work related injuries.

October 1, 2008 - Return To Work programs and the Return to Work Specialist was hired.

November 13, 2008 - CRSIG Mission Statement was adopted.

July 1, 2009 – Prichard Safety and Health was contracted for loss control / risk management services.

January 1, 2012 – The medical program was transitioned into Self Insured Schools of California (SISC).

July 1, 2014 – Cyber Liability insurance procured.

July 1, 2016 – Contracted with Pegasus Risk for Workers' Compensation claims administration.

August 2016 – CRSIG received the CAJPA Accreditation with Excellence Award.

July 2017 – Origami Risk Management system acquired for a Member Management system

July 1, 2018 – Property & Liability program member deductibles increased and CRSIG funding level increased to 85%.

July 1, 2019 – CRSIG joined the CSAC-EIA JPA for excess property & liability coverage.

CRSIG purchased Deadly Weapons Response Program for catastrophic events.

CRSIG contracted for Raptor Visitor Information System, NASDTEC and StopIt! risk management program for members.



Governance

Board of Directors

CRSIG's Board of Directors is comprised of one representative and one alternate from each participating member. Each member district has one (1) vote. The Board meets twice a year, in May to set rates and in the fall for a Member Forum meeting.

Member	Board Member	Alternate
Ceres Unified School District *	Scott Siegel	Dan Pangrazio
Chatom Unified School District *	Cherise Olvera	Kelly Machado
Denair Unified School District	Terry Metzger	Linda Covello
Dos Palos-Oro Lomo Joint USD	Justin Miller	May Yang
El Nido School District	Rae Ann Jimenez	Lee Vang
Empire Union School District	Andrey Viscovich	David Garcia
Gratton School District	Wendy Williams	
Gustine Unified School District	Bryan Ballenger	
Hart-Ransom Union School District *	Matthew Shipley	Debra Silva
Hickman Community Charter District	Paul Gardner	Cathy Thomasson
Hughson Unified School District *	Brenda Smith	Carrie Duckart
Keyes Union School District *	Stephanie Morris	Helio Brasil
Knights Ferry School District	Janet Skulina	Amiee Ryan
Le Grand Elementary School District	Rosina Hurtado	Vicky Banaga
Le Grand High School District	Donna Alley	
Newman-Crows Landing Unified School District	Randy Fillpot	Ryan Smith
Oakdale Joint Unified School District *	Susan Dyke	
Paradise Elementary School District *	Heath Thomason	Lisa Bettencourt
Patterson Unified School District	Jeff Menge	Phil Alfano
Plainsburg School District	Kristi Kingston	
Planada Elementary School District	Jose Gonzalez	Christina Murillo
Riverbank Unified School District *	Rob Perez	Daryl Camp
Roberts Ferry Union School District *	Robert Loretelli	Alexis Miller
Salida Union School District *	Twila Tosh	Jaime Towe
Shiloh School District	Seth Ehrler	Rosemary Macedo
Snelling-Merced Falls Union School District	Alison Kahl	Terry Gasper
Stanislaus County Office of Education *	Don Gatti	Carina McDonald
Stanislaus Union Elementary School District	Shannon Sanford	Nathalie Wells
Turlock Unified School District	Mike Trainor	Dana Trevethan
Valley Home Joint School District	Tom Price	Jennifer Higgins
Waterford Unified School District *	Sarah Yarbrough	Don Davis

*Founding Members

Governance

2019/20 Executive Committee

The ongoing business of the JPA is carried out by the Executive Committee consisting of seven (7) voting members and two (2) Alternates. These positions are elected biennially, except the Secretary, which is appointed by the Board. The Executive Committee meets eight times a year in addition to the two Board meetings.

President	Scott Siegel	Ceres Unified School District
Vice President	Twila Tosh	Salida Union School District
Treasurer	Don Gatti	Stanislaus County Office of Education
Secretary	Susan Adams	Central Region School Insurance Group
Member	Paul Gardner	Hickman Community Charter School
Member	Randy Fillpot	Newman-Crows Landing Unified School District
Member	Robert Perez	Riverbank Unified School District
Member	Andreyia Viscovich	Empire Union School District
1st Alternate	Shannon Sanford	Stanislaus Union School District
2 nd Alternate	Stephanie Morris	Keyes Union School District

2019/20 Membership

CRSIG Member	Property & Liability	Workers' Compensation	Vision	Dental
Central Region School Insurance Group	✓	✓	✓	✓
Ceres Unified School District	✓	✓	✓	✓
Chatom Union School District	✓	✓		
Denair Unified School District	✓	✓		
Dos Palos-Oro Loma Unified School District	✓			
El Nido School District	✓			
Empire Union School District	✓	✓	✓	✓
Gratton School District	✓	✓	✓	✓
Gustine Unified School District	✓			
Hart-Ransom Union School District	✓	✓	✓	✓
Hickman Community Charter District	✓	✓	✓	✓
Hughson Unified School District	✓	✓	✓	✓
Keyes Union School District	✓	✓	✓	✓
Knights Ferry School District	✓	✓		✓
Le Grand Elementary School District	✓			
Le Grand High School District	✓			
Newman-Crows Landing Unified School	✓	✓		
Oakdale Joint Unified School District	✓	✓	✓	✓
Paradise Elementary School District	✓	✓	✓	✓
Patterson Unified School District	✓	✓	✓	✓
Plainsburg School District	✓			
Planada Elementary School District	✓			
Riverbank Unified School District	✓	✓	✓	✓
Roberts Ferry Union School District	✓	✓	✓	✓
Salida Union School District	✓	✓	✓	✓
Shiloh School District	✓	✓	✓	✓
Snelling-Merced Falls Union School District	✓			
Stanislaus County Office of Education	✓	✓	✓	✓
Stanislaus Union School District	✓	✓	✓	✓
Turlock Unified School District		✓		
Valley Home Joint School District	✓	✓		
Waterford Unified School District	✓	✓		✓
Total Participants:	31	24	17	19

Year in Review

A few program highlights are as follows:

FINANCIAL:

- ❖ Workers' Compensation contribution rates decreased 5% from \$1.87 to \$1.78 per \$100 of payroll.
- ❖ Property & Liability rates for the self-insured layer saw a 2.78% increase in the liability program and a 6% decrease in the property program due to favorable loss experience. Excess property insurance rate increased 13%, and excess liability rates decreased 6% and we were able to purchase an additional \$20,000,000 in limits providing members with \$45,000,000 per occurrence liability limits. This favorable outcome was a result of changing our excess property and liability provider to CSAC-EIA JPA.
- ❖ Dental and Vision rates remained same as the previous year.
- ❖ Total Operating revenues remained relatively flat increasing slightly from \$22,181,328 to \$22,843,481.
- ❖ Investment Income increased from \$176,638 from \$1,634,662 in YE 2019 to \$1,811,290, YE 2020.
- ❖ Total operating expenses decreased 10.2% or \$2,057,860 from the prior years, primarily due to the decrease in claim expenses of \$1,446,688.
- ❖ Total Assets increased 14.39% an increase of \$6,010,657 to \$59,274,405.
- ❖ Total Liabilities increased 3% an increase of \$858,838 to \$29,264,328.
- ❖ Net Position increased 28.18% an increase of \$6,598,507 to \$30,010,077.

RISK MANAGEMENT:

- ❖ Implementation of Raptor Visitor Information System
- ❖ Implementation of National Association of State Directors of Teacher Education and Certification (NASDTEC) LEA Clearinghouse
- ❖ Implementation of STOPit Anonymous Reporting and Incident Management Solutions
- ❖ 326 Loss Prevention Trainings and/or services were provided to 5,806 member employees.
- ❖ Provided COVID-19 Risk Management guidance
- ❖ CRSIG JPA received the CAJPA Accreditation with Excellence which was developed to establish standards by which risk sharing California JPAs can measure their ability to provide efficient services to their members.

GOVERNANCE:

- ❖ The Board of Directors approved changes to the JPA Agreement and Bylaws to clarify and cleanup the existing documents. Changes included changes to the President and Vice President terms and clarification on what constitutes a quorum.

Financial Position

Condensed Statement of Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>% Change</u>
Current assets:	\$ 22,425,640	\$ 16,903,948	33%
Non-current assets:	36,848,765	34,913,112	6%
Total Assets	59,274,405	51,817,060	14%
Current liabilities:	6,303,503	7,197,962	-12%
Non-current liabilities	22,960,825	21,207,528	8%
Total Liabilities	29,264,328	28,405,490	3%
Net Position			
Invested in capital assets	993,846	1,020,597	-3%
Unrestricted	29,016,231	22,390,973	30%
Total Net Position	\$ 30,010,077	\$ 23,411,570	28%

Condensed Statement of Revenue, Expenses, and Change in Net Position

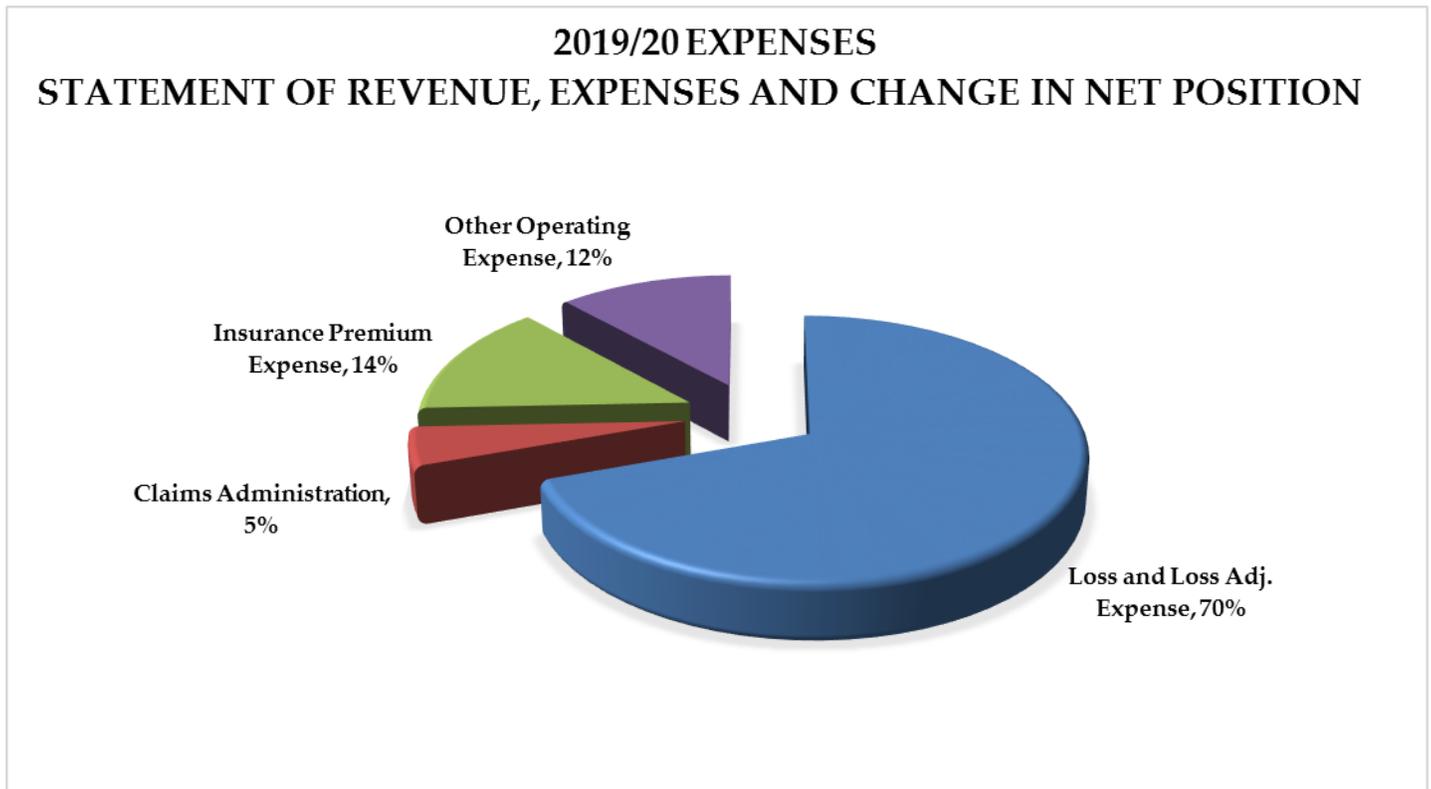
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>% Change</u>
Operating Revenues:	\$ 22,843,481	\$ 22,181,328	3%
Operating Expenses	\$ 18,059,664	\$ 20,117,524	-10%
Operating Income (Loss)	\$ 4,783,817	\$ 2,063,804	132%
Non-Operating Income	\$1,814,690	\$1,634,662	2207%
Change in Net Position	\$ 6,598,507	\$ 3,698,466	78%
Net Position - Beginning of Year	\$ 23,411,570	\$ 19,713,104	19%
Net Position - End of Year	\$ 30,010,077	\$ 23,411,570	28%

Operating Budget

CRSIG's annual budget utilizes management estimates and actuarial projections to determine necessary funding for its programs to pay anticipated claims, insurance expense, risk management expense, professional fees and general and administrative services. These costs determine the amount of contributions to be collected from the membership at the beginning of each Program Year. The programs included in this annual budget process include:

Workers' Compensation
Property
Liability
Dental
Vision
CRSIG Administration

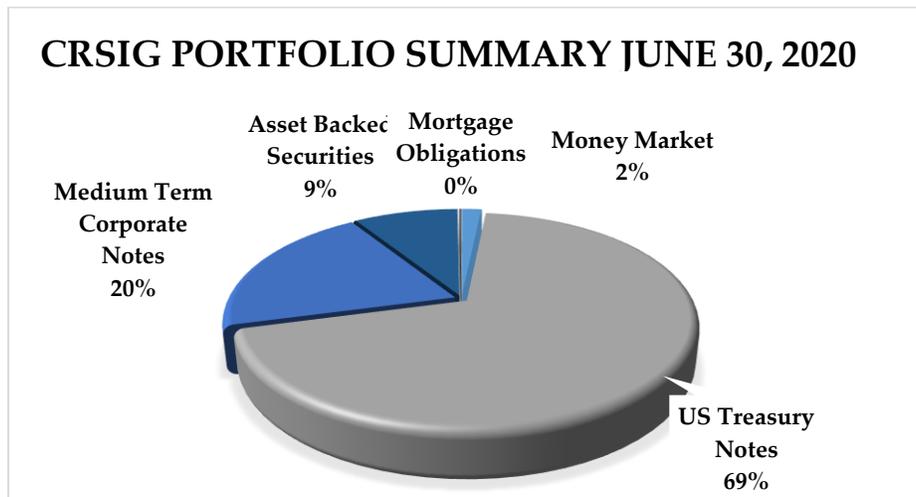
The chart below reflects the actual Operating Expenses per program for the Fiscal Year ending June 30, 2020.



Investments

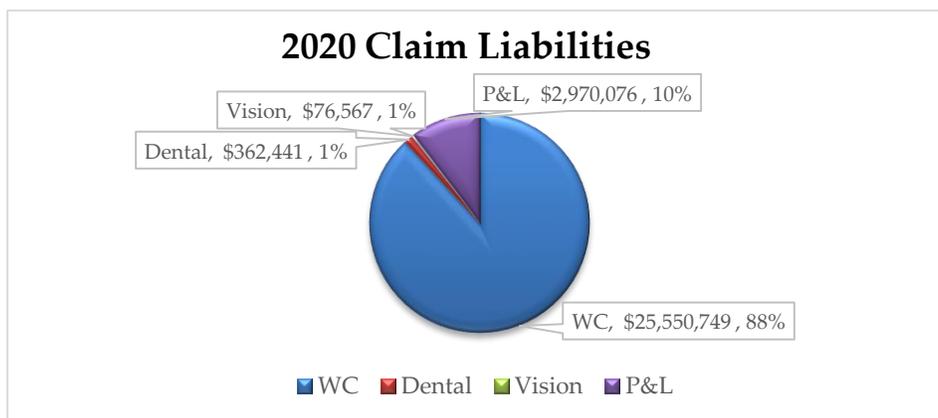
Investments

CRSIG's funds are invested in compliance with CRSIG's Investment Policy with guidance from an Investment Manager and CRSIG's Treasurer and reviewed quarterly with the Executive Committee. The purpose of the Investment Policy is to achieve an optimum rate of return, with consideration to the security of the available funds not obligated for current operations. Funds are invested consistent with good fiscal practice and a concern as to the source of the available funds for investment.



Expected Claims

CRSIG funds the pooled portion of the coverage programs with projected loss rates calculated by an independent actuary. The funding includes projected current year expected losses in addition to the projected cost to pay for all prior years expected losses and incurred but not reported (IBNR) claims. The Workers' Compensation program is funded at expected and discounted at 3% for investment income on those funds. The Property & Liability confidence level funding is 85%, discounting those funds at 2.5% for investment income.



In October 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.

TARGET EQUITY 2019/2020

As of June 30, 2020

TARGET OBJECTIVES IN PRIORITY ORDER	WORKERS' COMPENSATION	PROPERTY & LIABILITY	DENTAL	VISION
#4 PROGRAM CHANGES:				
WC- Min. \$1 million, Max. \$2 million	\$2,000,000			
P&L- Min. \$250,000, Max. \$500,000		\$250,000		
Dental - None			\$0	
Vision - None				\$0
#3 RATE STABILIZATION:				
WC - 10% of total funding required	\$873,401			
P&L - 10% of total funding required		\$181,970		
Dental - None			\$0	
Vision - None				\$0
#2 CATASTROPHIC LOSSES:				
WC - 10 SIR losses	\$10,000,000			
P&L - 4 SIR property & 4 SIR liability losses		\$1,400,000		
Dental - 200 Annual Maximums @ \$2,000.00			\$400,000	
Vision - \$100,000				\$100,000
#1 INCREASED CONFIDENCE LEVEL:				
WC- 90% Confidence Level (prior & current yr)	\$9,948,000			
P&L- 90% Confidence Level (prior & current year)		\$2,124,000		
Dental - 1/2 Total Required Reserves			\$435,909	
Vision - 1/2 Total Required Reserves				\$63,499
Year End 6/30/20 Net Position:	20,536,858	5,257,315	3,144,143	939,736
Increased Confidence Level	9,948,000	2,124,000	435,909	63,499
Catastrophic Losses	10,000,000	1,400,000	400,000	100,000
Rate Stabiliation	873,401	181,970	0	0
Program Changes	2,000,000	250,000	0	0
Total Target Equity Funding:	22,821,401	3,955,970	835,909	163,499
Funding Above/(Below) Target Equity:	(2,284,543)	1,301,345	2,308,234	776,238

Programs

WORKERS' COMPENSATION

PROPERTY & LIABILITY

DENTAL

VISION

Workers' Compensation Program

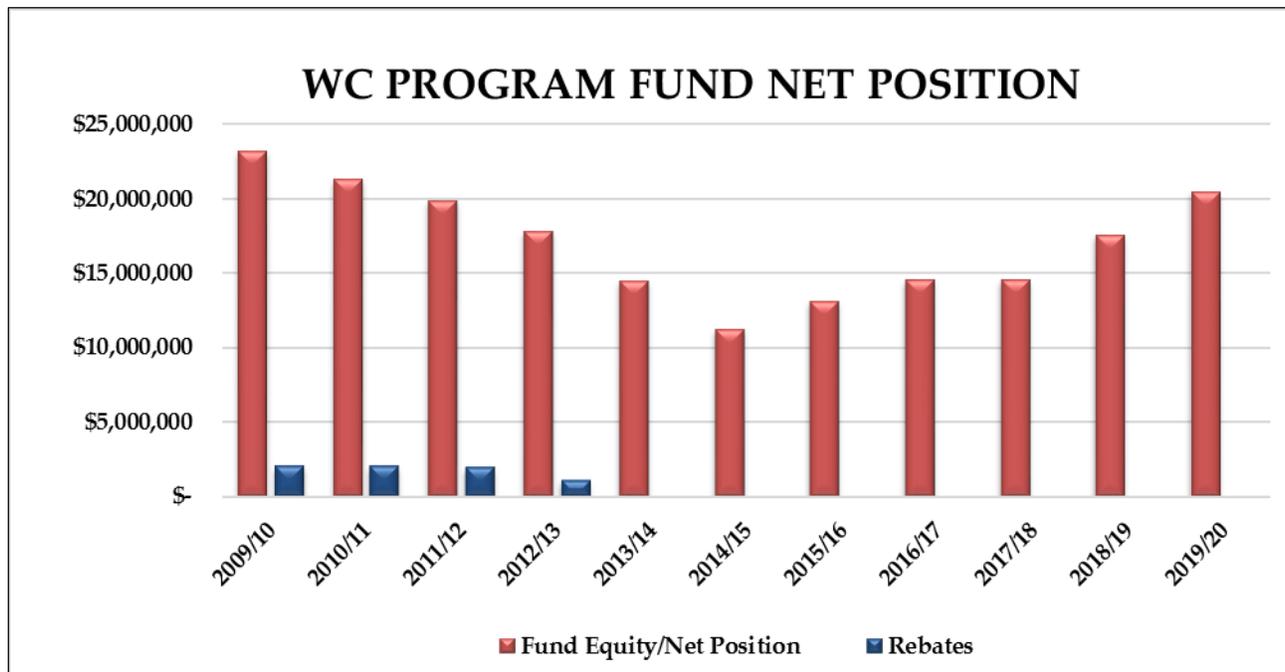
The Workers' Compensation program was the "foundation" for CRSIG, being the first coverage program offered to members in 1980. During the past 40 years, CRSIG's Workers' Compensation program has gone through numerous changes, from self-insured to fully insured and back to being self-insured. The current program is a blend of pooling the first \$1,000,000 of each claim and purchasing excess statutory coverage. CRSIG has 23 members participating in this program.

The Workers' Compensation program again saw a significant decrease in claims expense during the 19/20 year resulting in an increase of \$2,943,268 to the Net Position. With schools closing in March due to COVID-19, we saw a reduction in the number of reported injuries decreased from 445 in YE 2019 to 386 as of June 30, 2020.

CRSIG contracted with Pegasus Risk Management effective July 1, 2016 to administer Workers' Compensation claims. We have enjoyed a very favorable relationship with the claims administration staff and Status Investigations that has resulted in two insurance fraud convictions. We have realized a reduction in the ultimate net loss estimates in YE 2017, 2018, 2019 and 2020, resulting in an increase in the programs' net position.

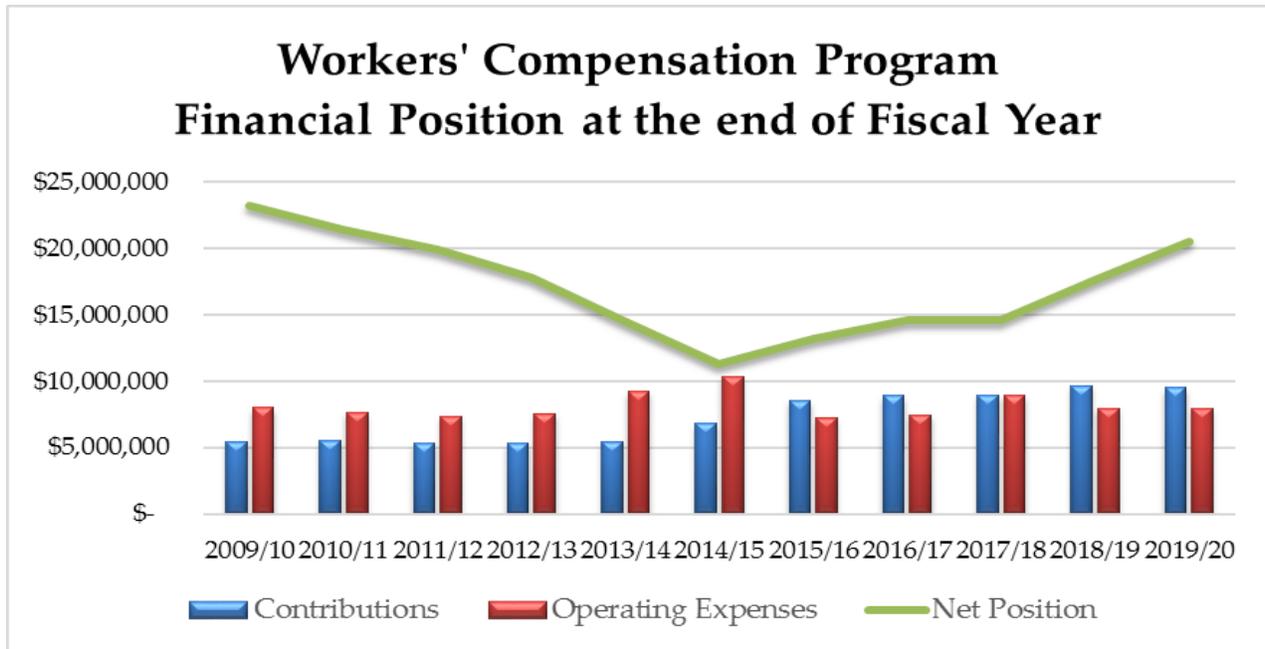
The Company Nurse reporting program continues to return significantly higher self-care results when compared to other Company Nurse employers. For the period July 1, 2019– June 30, 2020, 50% of our employees recorded incident only reports while 50% of the employees were referred for medical care.

The success of this program is a direct result of your efforts and support to CRSIG and we are very appreciative.

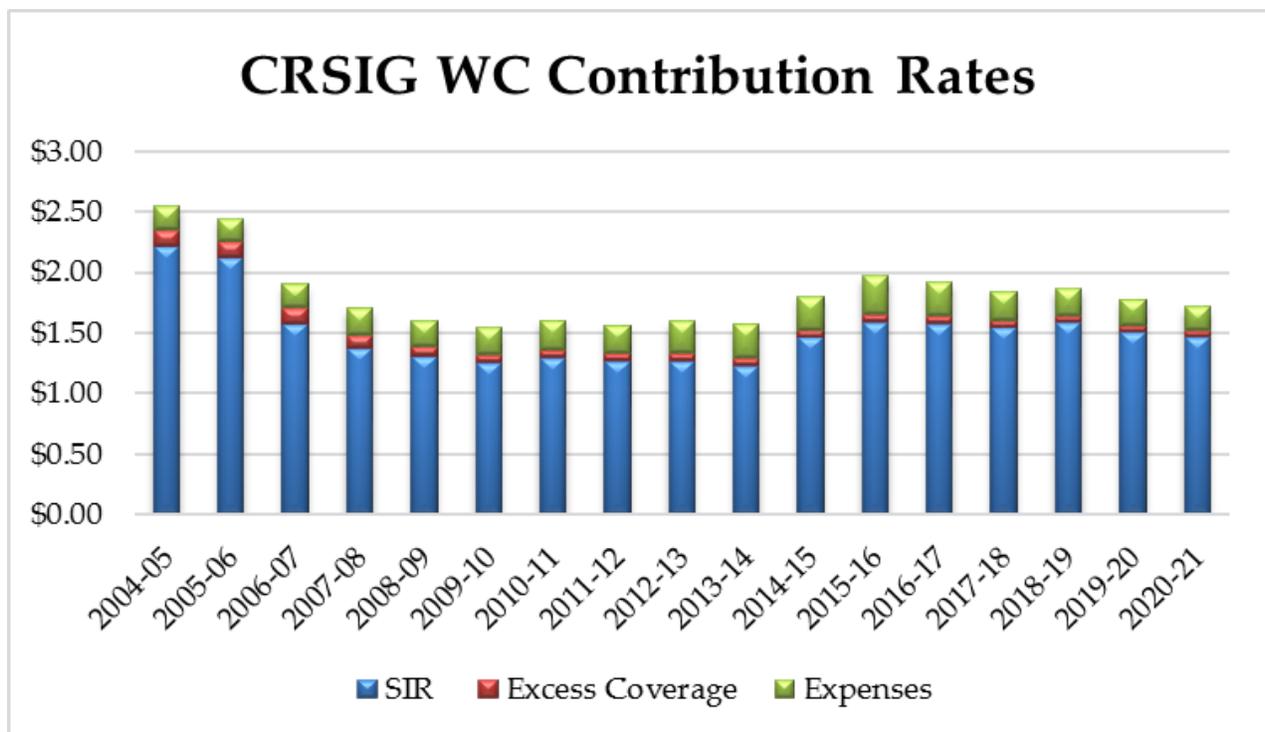


Workers' Compensation Program

The graph below illustrates the components of the financial position of the Worker's Compensation Program at the end of the Fiscal Year for each of the last ten Program Years.



The following graph provides a historical view of the components that make up the total contribution rate members pay annually.

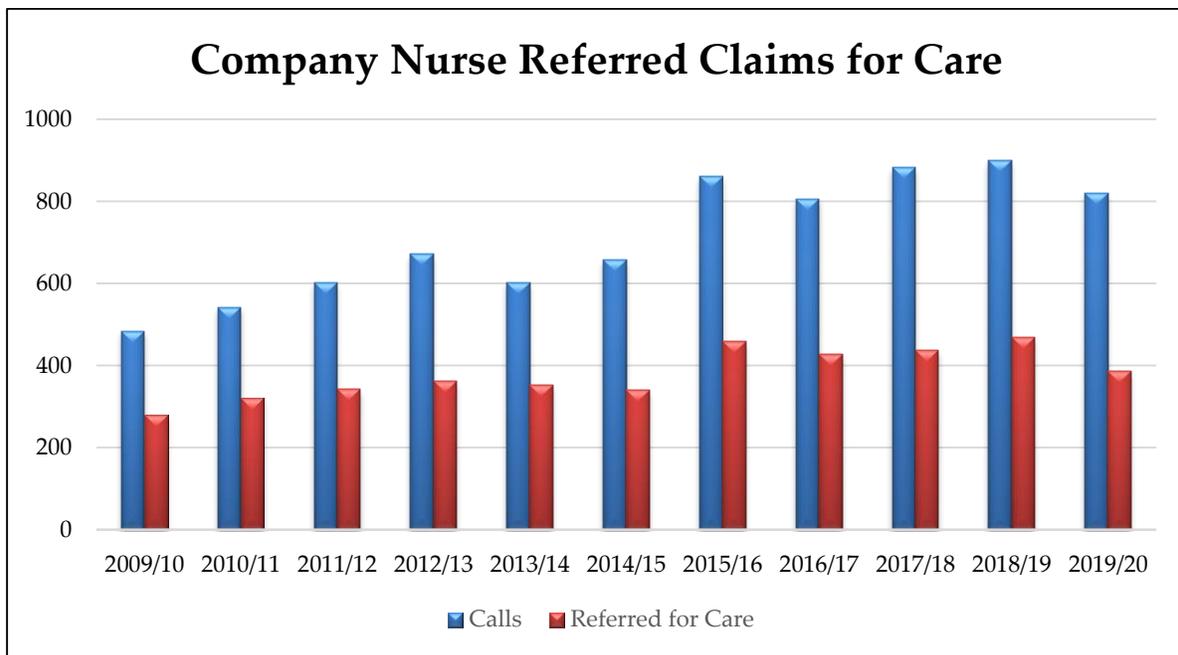


Workers' Compensation Program

CRISG Nurse Triage Program – Company Nurse



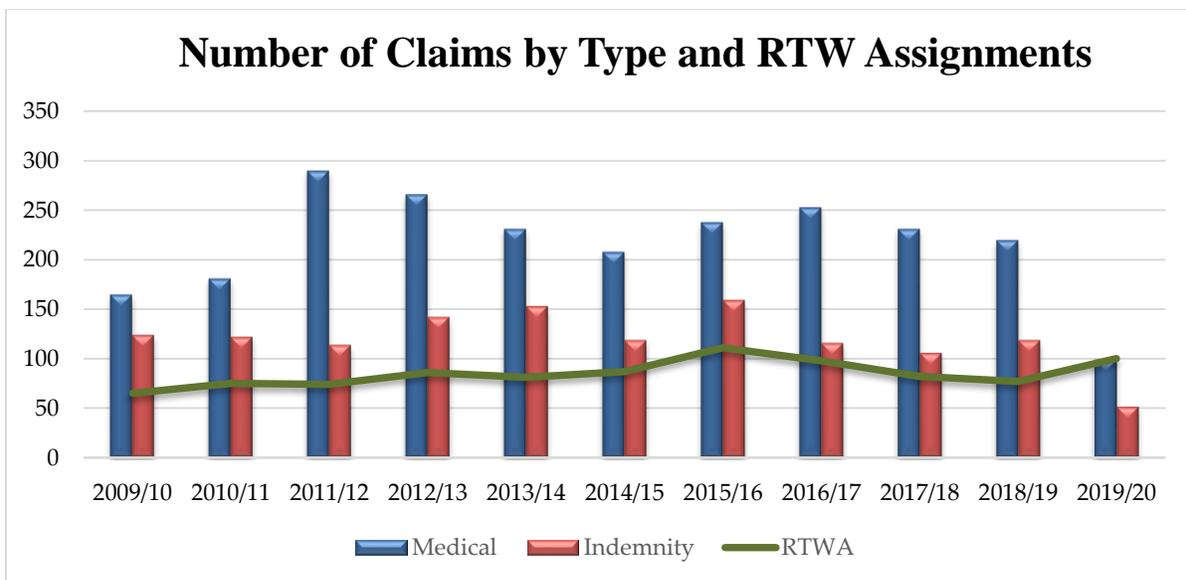
In October 2008, CRSIG implemented a nurse staffed call-in phone line to triage injured workers into self-care or medical treatment. During the 2019/20 year, 819 calls were received from CRSIG employees with 386 or 47% were referred for care.



CRSIG's Return to Work Program

In 2008, we also implemented an in-house Return to Work program to assist our injured workers into a temporary or modified position during their recovery, which has resulted in Temporary Disability Savings to our members. CRSIG provides this service for all of the members in our Workers' Compensation program with the exception of SCOE and Turlock USD who have their own internal programs and their data is not included in the following information.

100 Employees entered into Temporary Assignments in our Return To Work program. 61% or 61 of the injured employees were returned to full duty within 29 days. Twelve employees remained in modified assignments as of June 30, 2020.



Property and Liability Program

The Property and Liability Pool was established July 1, 1985. July 1, 2019, CRSIG joined the CSAC-EIA JPA to obtain excess property and liability insurance. CSAC-EIA JPA is one of the largest public entity JPA's in the United States and the largest in California. Their membership is comprised of School Districts, Cities, Counties and Special Districts in California.

The 2019/20 program structure is as follows:

PROGRAM	Member Responsibility	CRSIG Self-Insured	CSAC-EIA JPA
Property	\$2,000 - \$25,000	\$100,000	\$300,000,000
Liability	\$2,000 - \$25,000	\$250,000	\$ 45,000,000
Crime	\$2,000 - \$25,000	\$ 10,000	\$ 1,000,000
Cyber Liability	\$2,000 - \$25,000	\$100,000	\$7,000,000/\$50,000,000
Deadly Weapons Response	\$2,000 - \$25,000	\$ 10,000	\$500,000/\$2,500,000

We were able to increase our excess liability limits from \$20,000,000 to \$45,000,000 per occurrence at a 6% decrease from the prior insurer. CRSIG's liability rates for the self-insured retention layer increased 2.78%

The property self-insured layer rates increased 6% due to losses. The excess property insurance rate increased 13% due to a hardening in the property insurance market primarily due to catastrophic claims paid by these insurers, wildfires, floods, earthquakes, etc. Our new property program does include coverage for flood, a coverage we have not previously provided to our members. Overall, the total contributions for all members increased 9.33%.

We also purchased a Deadly Weapons Response program for our members. This insurance policy pays \$500,000 for bodily injury and property damage to third-party injuries while on Member property, including defense costs, for which the Member is legally liable under a deadly weapons event. The aggregate is \$2,500,000 which is shared by Members of CRSIG, the deductible is \$10,000.

Additionally, the policy covers crisis management services (pre and post event). Pre-event services include providing a security vulnerability assessment and education seminar. Post-event services include crisis management accessed via a direct call, additional security, counseling, funeral expenses, and monitoring of social media.

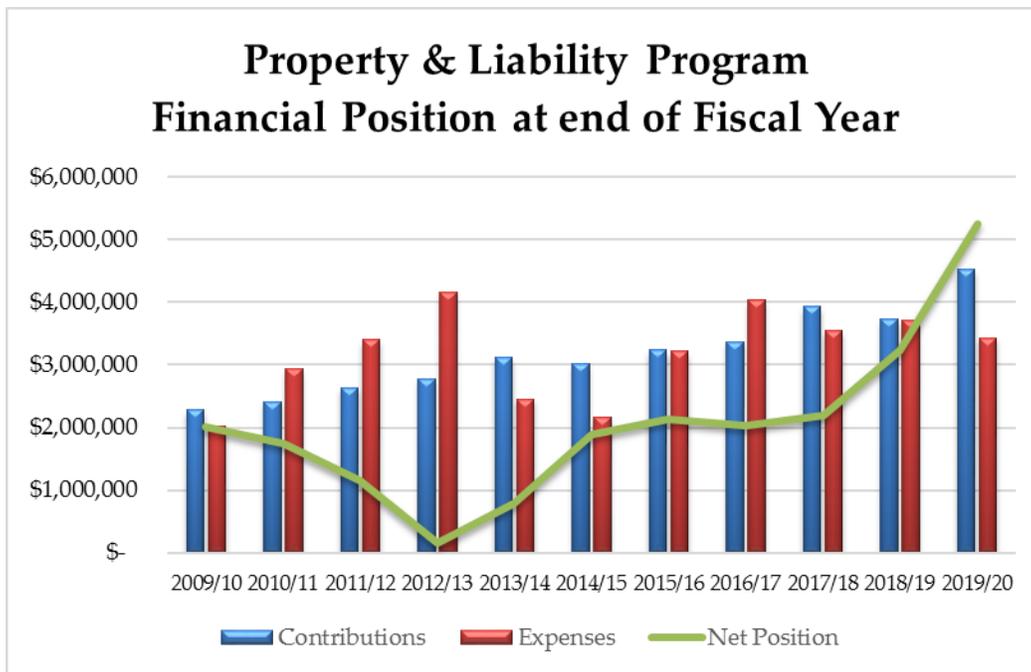
The policy also provides coverage for 1st party property damage, including business interruption, up to \$250,000 for damage to a Member facility caused by the active shooter (event). This also includes reconfiguring a building space, so as not to look like the scene of the crime when employees or members of the public return.

The Cyber Liability coverage limits have increased from \$5,000,000/\$35,000,000 aggregate to \$7,000,000/\$50,000,000 aggregate. Coverage is provided by Beazley, AXA XL, and Crum & Forester.

Property and Liability Program

CRSIG's Net Position for the Property and Liability program increased \$2,029,480 to \$5,257,315 as of June 30, 2020. Claims expense decreased \$612,027 due to positive claims experience, reduction of reserves and favorable claim settlements during the 2019/20 fiscal year. Contributions increased due to the excess property and liability market rate increases.

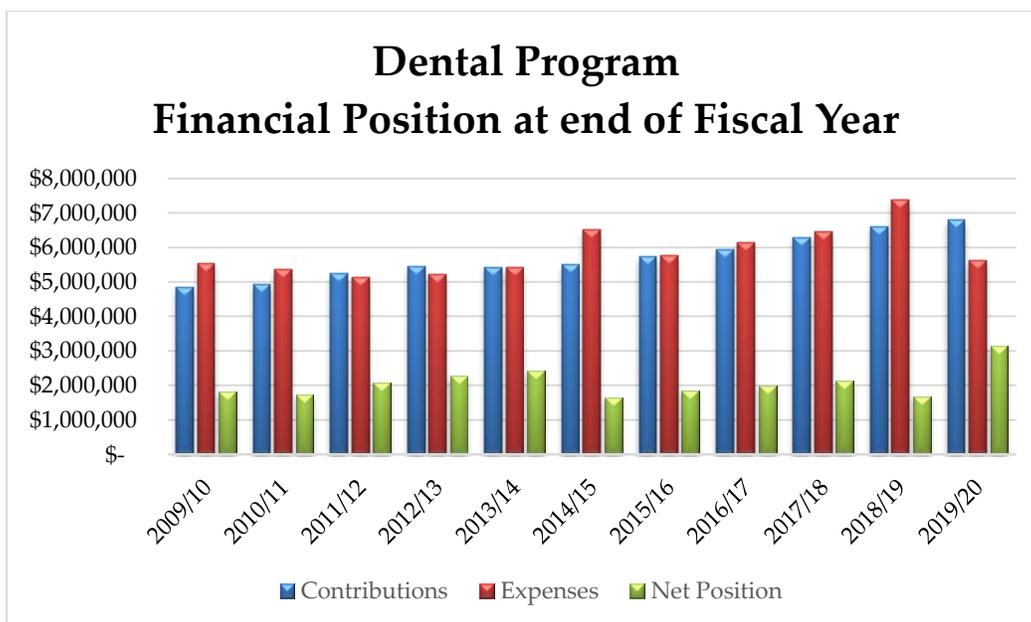
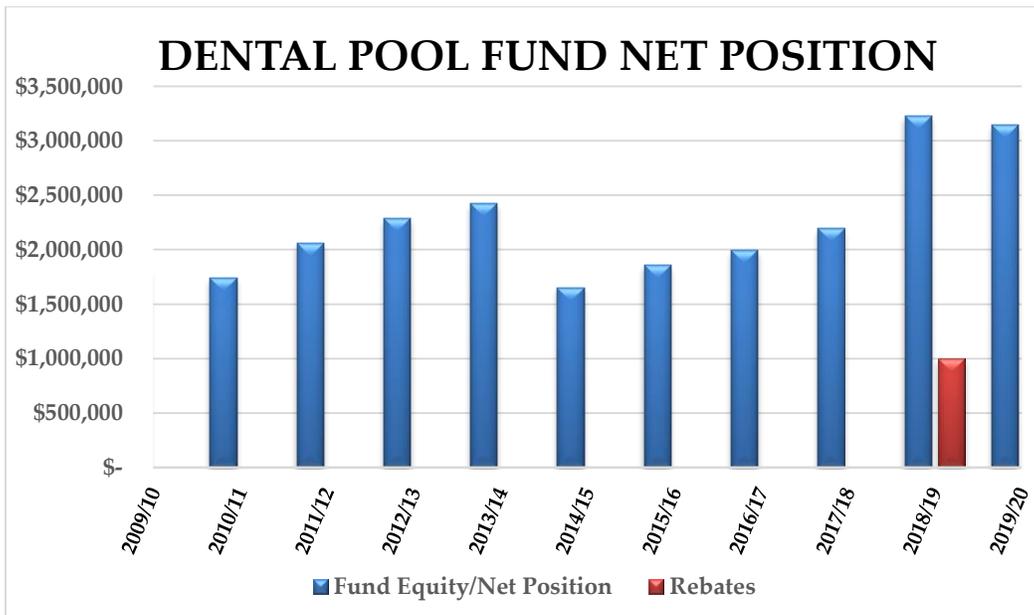
The graph below illustrates the financial position of the Property and Liability Program at the end of the Fiscal Year for each of the last ten Program Years.



Dental Program

CRSIG Dental pool was established January 1, 1983 with 15 members with Delta Dental. Currently there are 19 members. This has been a very successful program for our members. The program was renewed with Delta Dental without a rate increase for the 9th straight year. Rates have not increased since 2011. The Net Ending Position for the fiscal year ending 2020 is \$3,144,143 an increase of \$1,459,567.

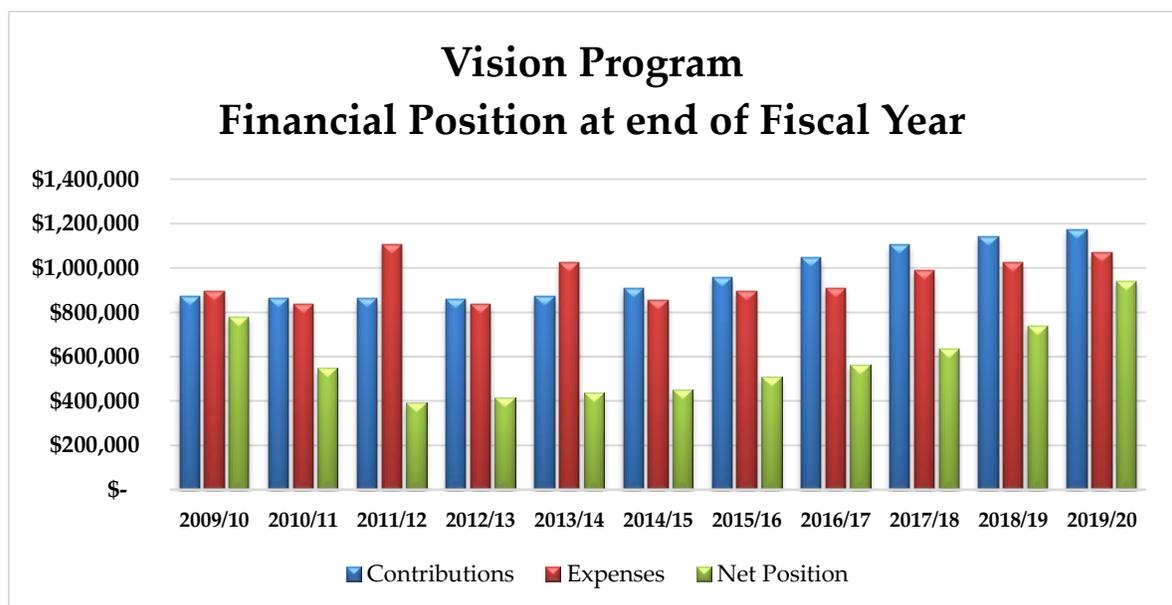
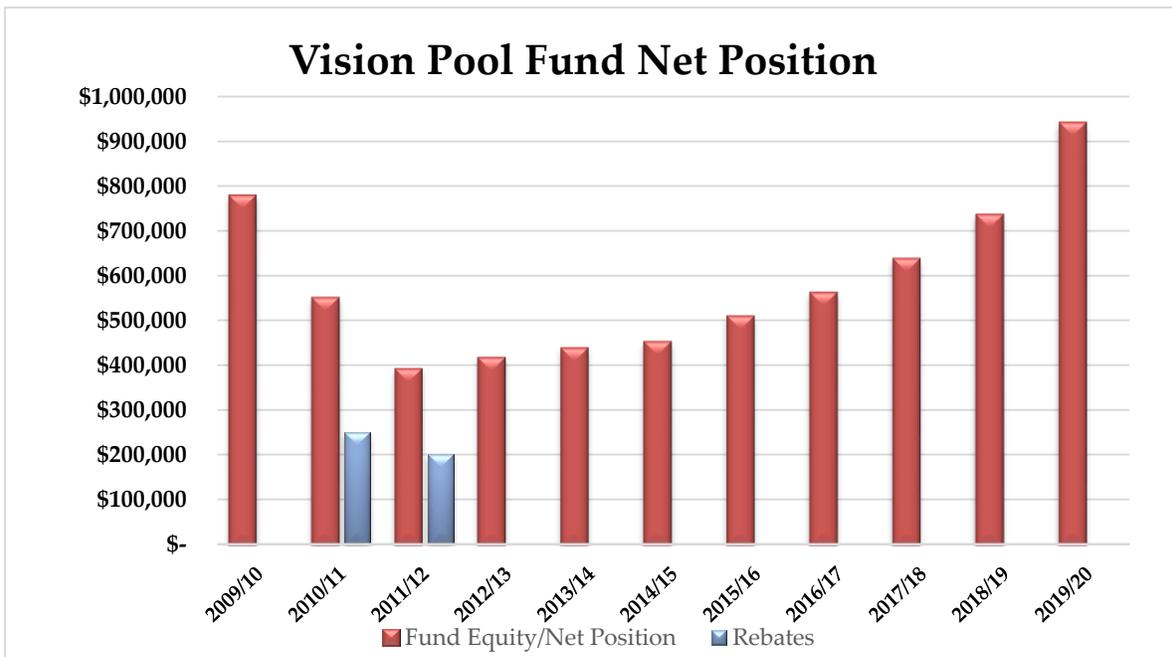
This graph illustrates the financial position of the Dental Program at the end of the fiscal year for each of the last ten years.



Vision Program

Due to our continued excellent loss history and financially stable partners, we were able to continue this program with no changes to the rates for the fourteenth year in a row and the net position increased to \$939,738 as of June 30, 2020 and increase of \$204,904.

This graph illustrates the financial position of the Vision Program at the end of the fiscal year for each of the last ten years.



Member Services – Who to Contact

SITE SAFETY

Contact Terri Prichard to set up

Site Safety Inspections – (Terri will conduct)

Playground Safety Inspections

Science Chemical – Inventory / Disposal

Contact Angela Jacobson to set up

Air Pressure Vessel Inspections – (Travelers)

StopIt! App program

Sharps / Medication Disposal

INJURY & ILLNESS PREVENTION PROGRAM

Terri Prichard will Provide

Quarterly Safety Newsletters

Personal Protective Equipment Consultation

Angela Jacobson/Susan Adams will provide

Safety Committee Consult/Assistance

Safety Stickers / Labels/Posters

Safety Posters - CRSIG

CRSIG WEBSITE – www.crsig.com

Helpful Links – to carriers, agencies & codes

News & Forms – Heads Up/Risk Management Guidelines form for all programs

INCENTIVE PROGRAMS

Contact Susan Adams for reimbursement

Safety Incentive Funding Program

Safety Credit Program

TRAINING

Contact Terri Prichard to set up

General Safety Training

Safe Lifting Classes

Ergonomic Classes

Illness & Injury Prevention Program (IIPP)

Heat Injury and Illness Prevention

Hazardous Comm. Program

Contact Angela Jacobson to set up

DOT – Supervisor/Reasonable Suspicion

CPR / First Aid Training

Forklift Certification

Utility Cart Certification

Safety Training Video Library

AB 1825 Sexual Harassment Prevention

Target Solutions On Line Training

EVALUATIONS

Contact Terri Prichard to set up

Ergonomic Workplace Evaluations

Noise Level Testing

Indoor Air Quality (IAQ)

Hazardous Conditions

Contact Angela Jacobson for assistance

DOT Random Drug & Alcohol Testing

Pre-Employment Physicals

Origami Risk Management System

Raptor Visitor Information System

NASDTEC Clearinghouse

StopIt! Anonymous Reporting App

Terri Prichard –
Prichard Health & Safety
(209) 389-4054 / (209) 564 7421
Email: Terri@prichardsh.org

Angela Jacobson
CRSIG
(209) 579-7535 ext. 303
Email: angela@crsig.com

Susan Adams
CRSIG
(209) 579-7535 ext. 302
Email: susan@crsig.com

In Pursuit Of Excellence



Central Region School Insurance Group

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