JOINT POWERS BOARD

Pivoting into the Future

Meeting Agenda

9:00AM

Schools Insurance Group	Wednesday, March 24, 2021
550 High Street	Webinar: Join Meeting
Auburn, California	Meeting ID: 839 9513 5860
530-823-9582	Passcode: 850966

A. 9:00: Administration

1. **Roll Call – Quorum**
   Assignment of raffle numbers

2. **Public Comments**
   This time is scheduled for comments from members of the public concerning subjects that do not specifically appear as items elsewhere on the Agenda.

3. **Approval of the Joint Powers Board meeting agenda for March 24, 2021**

B. Consent Agenda

1. **Approval of Minutes**
   a. October 28, 2020 Joint Powers Board Meeting Minutes

2. **Financial Audits for 2018-2019 and 2019-2020 fiscal years**
   a. 2018-2019 Financial Audit
   b. 2019-2020 Financial Audit

3. **Contract Ratification:** Eyres Law HR Hotline contract extension for 2021-2022

C. Action Items

1. Actuarial Report Update, 12/31/2020

Presentation by Mike Harrington from Bickmore

Attachments: 2021-2022 Property/Liability and Workers Compensation Actuarial Report updates as of 12/31/2020

Recommendation: Review and approve the 2021-2022 Workers Compensation and Property/Liability actuarial report updates as of 12/31/2020

2. Finance Subcommittee Recommendations: Property/Liability Program

Attachments: SIG GL Xmod Report presented by Mike Harrington, Bickmore

Recommendation: Approve Finance Subcommittee recommendation to implement a General Liability experience modification beginning with the 2021-2022 Property/Liability program year

3. Finance Subcommittee Recommendations: Employee Benefits Program

Attachments: Survey results for office visit copay increase to $25 for HMO plans offered by Kaiser, Sutter Health Plus, and Western Health Advantage

Recommendation: Approve Finance Subcommittee recommendation to implement HMO medical plan office visit copay increases to $25 per visit for Kaiser, Sutter Health Plus and Western Health Advantage, and a matched rate buy-down across all carrier plans for the 2021-2022 Employee Benefits program year

4. Finance Subcommittee Recommendations: Workers Compensation Program

Attachments: None

Recommendation: Approve Finance Subcommittee recommendation for a Workers Compensation one-time rate credit of 0.25 for each member for the 2021-2022 Workers Compensation program year

5. Medical Plan Renewal Rates for 2021-2022

Presentation by Arthur J. Gallagher Benefit Services

Blue Shield

Kaiser/Kaiser Senior Advantage HMO

Sutter Health Plus

Western Health Advantage

Handout: Final Medical Rates 2021-2022

Recommendation: Review and accept the proposed Medical Plan Rates for 2021-2022

6. Dental and Vision Self-Insured Program Rates for 2021-2022
Presentation by Arthur J. Gallagher Benefit Services
Handout: Final Dental, Vision, & Life Rates 2021-2022
Recommendation: Review and accept the proposed Dental and Vision Self-Insured Program Rates for 2021-2022

7. Life Insurance and AD&D Rates for 2021-2022
Presentation by Arthur J. Gallagher Benefit Services
Handout: Final Dental, Vision, & Life Rates 2021-2022
Recommendation: Review and accept the proposed Life Insurance and AD&D rates for 2021-2022

8. Workers Compensation Rates for 2021-2022
Handout: 2021-2022 WC with Revised Xmod
Recommendation: Review and accept the proposed Workers Compensation rate for 2021-2022

9. Excess General Liability/Excess Auto Liability/Cyber Liability and Breach Response/Crime Rates
Attachment : 2021-2022 preliminary rates for XS Liability, XS Auto Liability, Cyber Liability and Breach Response, and Crime coverage
Recommendation: Review and approve the Excess General/Auto Liability and Crime quotes as costs not to exceed for the 2021-2022 Program year

10. 2021-2022 Preliminary Budget
Attachments: 2021-2022 Preliminary Budgets by Program
Recommendation: Approve the SIG Budgets (Employee Benefit Trust Fund; Workers Compensation Fund; Property Casualty Fund; and the Building Fund) for 2021-2022

11. New Policy: Policy #2081 - Wildfire Deductible Plan
Attachments: New Policy #2081 – Wildfire Deductible Plan
Recommendation: Discuss and approve new Policy #2081 – Wildfire Deductible Plan

12. Member Withdrawal from Property/Liability Program: Nevada Joint Union High School District
Attachments: NJUHSD withdrawal letter and resolution
Recommendation: Discuss and approve withdrawal from the Property/Liability Program of Nevada Joint Union High School District

13. Elections for 2021-2023 Executive Committee Positions
Attachments: Policy #0019-Nomination and Election of Executive Committee Members, Exec Com and Officers 2020-2021, Nomination Form 2021
Recommendation: Elect members to the Executive Committee to serve a two-year term July 1, 2021-July 1, 2023.

14. 2021-2022 Election of Officers: President
Attachments: Policy #0011-Nomination and Election of Officers, Exec Com and Officers 2020-2021, Nomination Form 2021
Recommendation: Elect the President to serve a one-year term from July 1, 2021-July 1, 2022

15. 2021-2022 Election of Officers: Vice President
Attachments: Policy #0011-Nomination and Election of Officers, Exec Com and Officers 2020-2021, Nomination Form 2021
Recommendation: Elect the Vice President to serve a one-year term from July 1, 2021-July 1, 2022

16. 2021-2022 Election of Officers: Secretary/Treasurer
Attachments: Policy #0011-Nomination and Election of Officers, Exec Com and Officers 2020-2021, Nomination Form 2021
Recommendation: Elect the Secretary/Treasurer to serve a one-year term from July 1, 2021-July 1, 2022

17. Property/Liability Claims Trust Account with Tri-Counties Bank - Authorized Signers
Attachments: None
Recommendation: Approve Cindy Wilkerson and Nancy Mosier as authorized signers for SIG's Property/Liability Claims Trust Account with Tri-Counties Bank

D. Presentations

1. SELF: Overview of AB218 impact

2. Childhood Sexual Abuse Prevention Toolkit overview

E. Adjournment

B. CONSENT AGENDA

1. **Approval of Minutes**
    a. October 28, 2020 Joint Powers Board Meeting Minutes

2. **Financial Audits for 2018-2019 and 2019-2020 fiscal years**
    a. 2018-2019 Financial Audit
    b. 2019-2020 Financial Audit

3. **Contract Ratification:** Eyres Law HR Hotline contract extension for 2021-2022

UNAPPROVED

Joint Powers Board Meeting

Wednesday, October 28, 2020

9:00 AM—Noon

Webinar

A. ADMINISTRATION

1. Roll Call – Meeting was called to order at 9:01am with a Quorum (28)

Quorum present – 28

Joint Powers Board Members Present:

Analyn Dyer – Colfax Elementary School District
Andrea Salazar – Lake Tahoe Unified School District
Andy Parsons – Union Hill School District
Ann Corcoran - Ackerman Charter School District
Audrey Kilpatrick – Western Placer Unified School District
Barbara Patterson – Rocklin Unified School District
Brad Tooker – Dry Creek Joint Elementary School District
Carolyn Cramer – Clear Creek Elementary School District
Dana Lincoln – Lake Tahoe Unified School District
Dennis Snelling – Roseville City School District
Donna Thomassen – Union Hill School District
Jack Kraemer – Foresthill Union School District
Janet Sutton – Harvest Ridge Cooperative Charter
Jennifer Scarbrough – Chicago Park
Jill Godtland – Placer Academy
Jodi LaCosse – Grass Valley School District
Joe Landon – Roseville Joint Union High School
John Baggett – Colfax Elementary School District
John Becker – Roseville Joint Unified School District
Kayla Wasley – Penn Valley Union Elementary School District
Kindell Tygart – Clear Creek School District
Martin Fregoso – PCOE
Mary Reome – Placer Hills Union School District
Melissa Mercado – Eureka Union School District
Monica Daugherty - Nevada City School District
Penny Lauseng - Marysville Joint Unified School District
Peter Efstathiu - Placer Union High School District
Raenel Toste – Newcastle Elementary School District
Roger Van Putten – Dry Creek Joint Elementary School District
Rosalinda Ledesma – Loomis Union School District
Rusty Clark – Pleasant Ridge Union School District
Scott Bentley – Auburn School District
Scott Lay - NCSOS
Tara DiPietro – Alta-Dutch Flat School District
Todd Rivera – Tahoe-Truckee Unified School District
Tom Janis – Eureka Union School District
Torie Gibson – Penn Valley Union Elementary School District

Guests Present:
Stacey Horban – AIMS
Dan Madej – Alliant
Donna Huey-Arroyo and Jessica Athanacio – Arthur J. Gallagher
Mike Harrington – Bickmore
Jaime Dukes and Daphne Lewis – Blue Shield
Ryan Neese – Delta Dental
Jim O'Gara – Kaiser
Sarah Meacham - PFM
Dave George – SELF
Jill Kelley – Sutter Health
Christina Packwood – VSP
Lauren Bayha – Western Health Advantage
Gail Blagg and Bernard Sarmiento – Woodruff Sawyer

Staff Present:
Cindy Wilkerson, Executive Director
Nancy Mosier, Chief Fiscal Officer
Jaxine Anderson, Return-to-Work Coordinator
Melissa Gianopulos, Benefits Administrator
Gabrielle Daniel, Director, Claims and Loss Prevention
Amy Gonnella, Member Services & Wellness Manager
Kelley Henry, Accounting/Benefit Eligibility
Tuesday Taylor, Administrative Analyst

2. **Public Comments -** none

B. CONSENT AGENDA

1. a. Approval of Minutes: June 24, 2020
b. 2020-2021 Meeting Dates
c. Fair Political Practices Commission Biennial Notice
d. Policy #0010 Conflict of Interest
e. 2020-2021 Safety Credit Criteria
f. Placer County Treasurer's Report 6/30/2020 (restated)

Motion: Approve consent agenda as presented – Motion by Joe Landon and seconded by Brad Tooker.
Yes: 22
No: 0
Final Resolution: Motion carried

C. ACTION ITEMS

1. Investment Review

MOTION: Review and ratify the SIG Investment Policy #0018 and approve the investment report – Motion by Scott Bentley and seconded by Audrey Kilpatrick.
Yes: 25
No: 0
Final Resolution: Motion carried

2. **Actuarial Reports for Property/Liability and Workers Compensation**

MOTION: Approve the 2020-2021 Property/Liability and Workers Compensation Actuarial Reports – June 30, 2021 – Motion by Brad Tooker and seconded by Scott Lay.
Yes: 24
No: 0
Final Resolution: Motion carried

3. **Workers Compensation Program Dividend Allocation**

MOTION: Approve the allocation schedule for the Workers Compensation dividend – Motion by Audrey Kilpatrick and seconded by Barbara Patterson.
Yes: 24
No: 0
Final Resolution: Motion carried

4. **2020-2021 Retiree (65+) Health Plan Renewal**

MOTION: Approve the 2020-2021 Retiree Health Plan Renewal Rates – Motion by Audrey Kilpatrick and seconded by Joe Landon.
Yes: 19
No: 0
Final Resolution: Motion carried

5. **2020-2021 SIG Final Budgets**

MOTION: Approve the 2020-2021 SIG Final Budgets – Motion by Scott Bentley and seconded by Audrey Kilpatrick.
Yes: 25
No: 0
Final Resolution: Motion carried

6. **2020-2021 SIG Memorandum of Coverage (MOC) for General Liability**

MOTION: Approve the 2020-2021 SIG MOC for General Liability - Motion by Brad Tooker and seconded by Audrey Kilpatrick.
Yes: 25
No: 0
Final Resolution: Motion carried

7. **2020-2021 SPA Memorandum of Property Coverage (MOPC)**

MOTION: Approve the 2020-2021 SPA MOPC for Excess and Self-Insured layers of Property coverage – Motion by Scott Bentley and seconded by Audrey Kilpatrick.
Yes: 24

No: 0
Final Resolution: Motion carried

8. 2020-2021 Wrap Summary Plan Description (SPD)

MOTION: Approve the 2020-2021 Wrap SPD – Motion by Brad Tooker and seconded by Audrey Kilpatrick.
Yes: 22
No: 0
Final Resolution: Motion carried

9. Program and Policy Document Revisions

MOTION: Discuss and approve the new Policy #0001 Legal Name; review and approve revisions to Policy #0011 Nomination and Election of Officers; Policy #0019 Nomination and Election of Executive Committee Members – Motion by Audrey Kilpatrick and seconded by Scott Bentley.
Yes: 24
No: 0
Final Resolution: Motion carried

D. Presentations

1. Schools Excess Liability Fund: Status of Finances and Assessments
   (Presented by Dave George, SELF Executive Director)

2. State of SIG
   (Presented by Cindy Wilkerson, SIG Executive Director)

E. Closing Remarks and Adjournment: 11:03am

SCHOOLS INSURANCE GROUP

FINANCIAL STATEMENTS
June 30, 2019 and 2018

SCHOOLS INSURANCE GROUP
Auburn, California

FINANCIAL STATEMENTS
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Schools Insurance Group
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of Schools Insurance Group as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Schools Insurance Group's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *State Controller's Minimum Audit Requirements for California Special Districts* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Schools Insurance Group, as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8, Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability on page 34, the Schedule of the Group's Proportionate Share of the Net Pension Liability on page 35, the Schedule of the Group's Contributions on page 36, the Reconciliation of Claims Liability by Type of Contract on pages 37 through 39, and the Claims Development Information on pages 40 through 43 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Statements of Net Position and Combining Statements of Revenues, Expenses and Change in Net Position are presented on pages 45 through 48 for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations and are not a required part of the combined financial statements.

The information has not been subjected to the auditing procedures applied in the audits of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 2, 2019 on our consideration of Schools Insurance Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Schools Insurance Group's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 2, 2019

Schools Insurance Group
Management's Discussion and Analysis
Fiscal Years 2018-19 and 2017-18

The Authority—An Overview

Schools Insurance Group (SIG) was formed in 1978 as a response to the rapidly escalating costs of insurance. SIG's legal name is School Risk and Insurance Management Group however operates under the name of Schools Insurance Group. SIG is a quasi-governmental agency called a Joint Powers Authority and was formed by the school districts and county offices in Placer and Nevada counties to provide insurance to its members.

Currently, SIG is comprised of 31 voting members (including two school districts in El Dorado County, one in Yuba County and one in Sacramento County) participating in three individual programs:

- Property/Liability Coverage
- Workers' Compensation Coverage
- Employee Benefits (medical/dental/vision/life)

In addition, SIG has invested in a building in Auburn that houses its administrative offices and provides additional office space for commercial lease.

A nine member Executive Committee, elected for a two-year term by the Joint Powers Board, governs Schools Insurance Group. The full Joint Powers Board is comprised of a representative and alternate for each member district, as designated by the School District's Governing Board. The Joint Powers Board also elects a President, Vice President and Secretary/Treasurer from the members of the Executive Committee for a one-year term.

The Executive Committee is responsible for the ongoing operations of SIG and is empowered to implement and enforce all provisions of the Joint Powers Agreement, SIG bylaws and all approved Board policies. The Executive Committee has delegated the responsibility of the daily operation of SIG to the Executive Director.

Description of Financial Statements

The annual financial report consists of five parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Supplementary Information.

- This is the Management's Discussion and Analysis where SIG's financial activities are explained, based on currently known facts and conditions.
- The notes to the financial statements are an integral part of the financial statements and provide details on SIG membership, accounting policies, claim reserves and IBNRs (incurred but not reported), net pension liability, other postemployment benefits, and other information in the statements.

- The financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position and the Statement of Cash Flows, using the direct method for the operations of Schools Insurance Group for the fiscal years ending June 30, 2019 and 2018. These statements give an overall financial picture of SIG compared to the prior fiscal year. These can be used to quickly assess the financial performance over the reported fiscal year.
- The required supplementary information includes the schedule of other Postemployment Benefits Funding Progress, Group's Proportionate Share of the Net Pension Liability and Contributions, Claims Liabilities by type of contract for the fiscal years ended June 30, 3019 and 2018 and Claims Development Information for self-insured program years by type of fund for the recent ten years.
- The supplementary information includes the Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Change in Net Position for fiscal years ended June 30, 2019 and 2018. Accounting for the individual programs is maintained internally to show the performance and activity of each fund.

Statement of Net Position

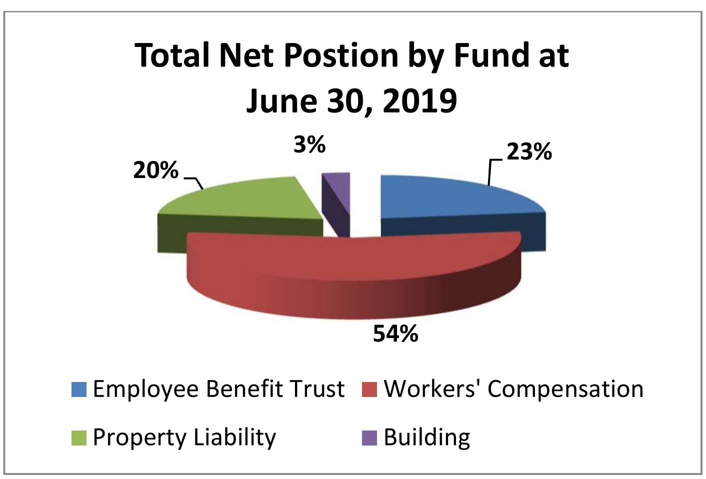
June 30, 2019, 2018, and 2017

	2019	2018	% Change	2017	% Change
ASSETS					
Current assets	$ 69,520,164	$ 65,612,658	5.96%	$ 66,230,030	-0.93%
Investments maturing after one year	34,189,291	33,923,250	0.78%	28,987,295	17.03%
Deposits in SCELP	0	0	0.00%	0	0.00%
Capital assets, net	1,257,192	1,227,445	2.42%	1,170,991	4.82%
Total assets	104,966,647	100,763,353	4.17%	96,388,316	4.54%
Deferred Outflows of Resources	302,925	342,409	-11.53%	265,300	29.06%
LIABILITIES					
Current liabilities	9,460,330	8,720,579	8.48%	14,302,878	-39.03%
Total non-current liabilities	29,244,526	26,118,736	11.97%	19,311,029	35.25%
Total liabilities	38,704,856	34,839,315	11.10%	33,613,907	3.65%
Deferred Inflows of Resources	68,338	63,352	7.87%	41,239	53.62%
NET POSITION	$ 66,496,378	$ 66,203,095	0.44%	$ 62,998,470	5.09%

Statement of Revenues, Expenses and Change in Net Position

For the Years Ended June 30, 2019, 2018 and 2017

	2019	2018	% Change	2017	% Change
Operating Revenue:					
Member Contributions	$ 89,069,764	$ 90,467,003	-1.54%	$ 90,126,473	0.38%
Operating Expenses:					
Provision for claims & claims adj expenses	21,078,325	17,749,519	18.75%	16,077,146	10.40%
Commercial insurance premiums	65,526,768	65,880,519	-0.54%	64,847,340	1.59%
Professional fees + Risk mgmt expenses	3,491,485	3,181,174	9.75%	3,215,723	-1.07%
Administrative expenses	1,865,139	1,648,881	13.12%	1,567,550	5.19%
Total operating expenses	$ 91,961,717	$ 88,460,093	3.96%	$ 85,707,759	3.21%
Non-Operating Income					
Investment Income	2,960,449	823,697	259.41%	783,391	5.15%
Rental	224,772	204,203	10.07%	225,857	-9.59%
Other	15	155,418	-99.99%	58,207	167.01%
Total other income	$ 3,185,236	$ 1,183,318	169.18%	$ 1,067,455	10.85%
Increase in Net Position	293,283	3,190,228	-90.81%	5,486,169	-41.85%
Net Position, beginning of year	66,203,095	62,998,470	5.09%	57,512,301	9.54%
GASB 75 Implementation		14,397			
Net Position, end of year	$ 66,496,378	$ 66,203,095	0.44%	$ 62,998,470	5.09%



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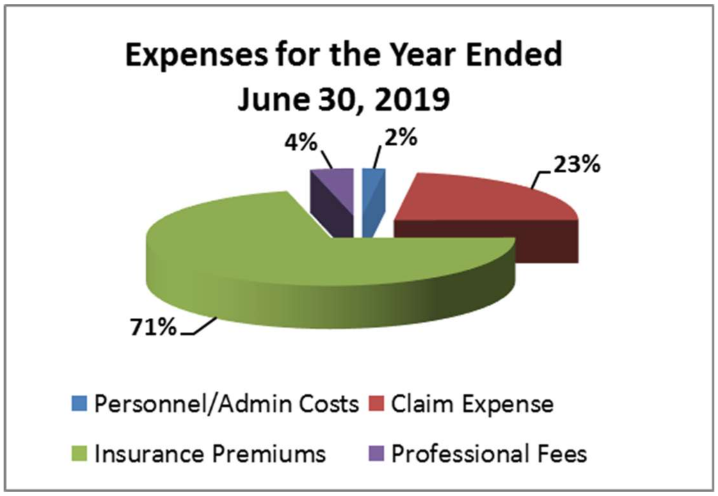

Analysis of Balances and Transactions of Individual Programs

Employee Benefit Trust

There was an increase in net position of $885,082 for the current fiscal year. This was primarily due to a decrease in claims in both the dental and vision plans that are self-insured. For the 2017-18 fiscal year, there was an increase in net position of $975,486 (net of the cumulative effect of GASB 75 implementation in the amount of $5,758).

Workers' Compensation Program

There was an increase in net position for the current year of $596,569 compared to the 2017-18 increase in net position of $972,376 (net of the cumulative effect of GASB 75 implementation in the amount of $5,039). SIG continues to implement new programs to reduce the severity of claim costs. These programs include school safety/regulatory compliance/risk management services through PublicSchoolWORKS, the Return-to-Work Program (OUR System); third-party administrators with an emphasis on closing claims; a Medical Provider Network with protocols for the treating physicians; Utilization Review for questionable medical procedures and the Critical Claims Committee. The financial impact of these programs has been substantial and SIG has been making significant progress in closing out old claims in addition to mitigating costs associated with new claims and reducing the number of claims overall.

Property and Liability Program

The program experienced a decrease in net position of $1,246,465. This decrease was mainly a result of increasing reserve levels on outstanding claims due to the increasing severity of claims and to insure that SIG is maintaining funding adequacy. For the 2017-18 fiscal year, there was an increase in net position of $1,063,006 (net of the cumulative effect of GASB 75 implementation in the amount of $3,600), and reflects a reduction in the provision for claims and claims adjustment expenses over the prior fiscal year.

Building Program

There was an increase in net position of $58,097. In the 2017-18 fiscal year, there was an increase in net position of $193,757. The building continues to be 97% occupied.

Analysis of Overall Financial Position and Results of Operations

Total net position in SIG increased by $293,283 between 2019 and 2018 and increased $3,204,625 between 2018 and 2017. The significantly smaller increase in the current year is due to smaller increases to net position in all SIG programs, and a significant decrease to net position in the Property Liability program. Total liabilities increased by $3,865,541 between 2019 and 2018 as a result of an increase in claims liability. At June 30, 2019, approximately $34.2 million of investments were classified as long-term with terms between one and five years. This was up slightly from the approximately $33.9 million of long term investments for the 2018 fiscal year.

Member contributions for SIG decreased by 1.54% for the 2019 fiscal year from 2018 and increased 0.38% for the 2018 fiscal year as compared to 2017. The decrease in the current period is result of a district withdrawing from the Employee Benefits program, and SIG implementing an additional $0.10 reduction to the base rate in the Workers' Compensation program.

Administrative and Personnel expenses were 2.0% of member contributions for the 2019 fiscal year as. This is slightly higher than the 2018 fiscal year in which Administrative and Personnel expenses were 1.82% of member contributions. SIG added a new position, Director-Claims/Loss Prevention in November 2018 that is reflected in the current year expenses.

Insurance Market Condition and Economic Outlook

The issues in the Medical Program are unknown with the passage of the Federal Healthcare legislation and subsequent modifications to the legislation. In the years up to the full implementation of the Federal Healthcare Plan, medical inflation will continue to rise above general inflation and these rate increases may be passed on to the Districts and its employees.

The Property Casualty market has hardened due to wild fires and large loss trends in California. SIG has not had to adjust self-insured retention levels or create risk corridors at this time, and our capacity is adequate to meet the needs of our member districts. SIG will continue to work diligently to ensure the long-term stability of the JPA as markets are expected to react for upcoming renewals.

SIG anticipates that Workers' Compensation costs will continue to be stable in 2019-20. Changes in the Workers' Compensation environment have been minimal, however an uptick in activity is anticipated over the next few years. The impact from these future changes remains to be seen. The total operating expenses increased by $1,790,922 from the 2017-18 fiscal year.

New housing starts in SIG's service areas have remained consistent. SIG anticipates that student attendance and number of employees will remain flat.

Capital Assets

In May of 1995, Schools Insurance Group purchased an office building in Auburn, CA to house its administrative office. The building has a total of approximately 27,000 sq ft of rentable space divided into 24 individual offices. The building is 97% occupied. Our percentage of leased space has remained consistent over the past 4 years. The book value of our real property, office furniture, and vehicles totals $1,257,192 as of June 30, 2019.

FINANCIAL STATEMENTS

SCHOOLS INSURANCE GROUP
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 62,612,734	$ 58,310,095
Investments (Notes 3 and 4)	3,432,483	1,872,844
Receivables:		
Members	1,261,652	1,544,309
Interest	316,412	236,128
Excess insurance receivable	10,174	41,497
Prepaid expenses	1,886,709	3,607,785
Total current assets	69,520,164	65,612,658
Noncurrent assets:		
Investments maturing after one year (Notes 3 and 4)	34,189,291	33,923,250
Non-depreciable premises and equipment (Note 5)	300,000	300,000
Depreciable premises and equipment, net (Note 5)	957,192	927,445
Total assets	104,966,647	100,763,353
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources – OPEB (Note 7)	17,018	11,531
Deferred outflows of resources – pension (Note 8)	285,907	330,878
Total deferred outflows of resources	302,925	342,409
LIABILITIES		
Current liabilities:		
Accounts payable	602,096	510,783
Unearned revenue	148,209	1,246
Current portion of unpaid claims and claim adjustment expenses (Note 6)	8,710,025	8,208,550
Total current liabilities	9,460,330	8,720,579
Unpaid claims and claim adjustment expenses, net of current portion (Note 6)	28,180,575	25,055,465
Net pension liability (Note 8)	878,160	909,471
Other postemployment benefits (Note 7)	185,791	153,800
Total liabilities	38,704,856	34,839,315
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources – OPEB (Note 7)	7,660	8,540
Deferred inflows of resources – pension (Note 8)	60,678	54,812
Total deferred inflows of resources	68,338	63,352
NET POSITION		
Net position:		
Net investment in capital assets	1,257,192	1,227,445
Unrestricted	65,239,186	64,975,650
Total net position	$ 66,496,378	$ 66,203,095

See accompanying notes to financial statements.

SCHOOLS INSURANCE GROUP
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Member contributions	$ 89,069,764	$ 90,467,003
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 6)	21,078,325	17,749,519
Insurance premiums	65,526,768	65,880,519
Professional fees	2,403,182	2,485,229
Risk management fees	1,088,303	695,945
General and administrative expenses (Note 9)	1,865,139	1,648,881
Total operating expenses	91,961,717	88,460,093
Operating (loss) income	(2,891,953)	2,006,910
Non-operating revenues:		
Investment income	2,960,449	823,697
Rental income (Note 11)	224,772	204,203
Other income	15	155,418
Total non-operating revenues	3,185,236	1,183,318
Change in net position	293,283	3,190,228
Net position, beginning of year	66,203,095	63,012,867
Net position, end of year	$ 66,496,378	$ 66,203,095

See accompanying notes to financial statements.

SCHOOLS INSURANCE GROUP
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from members and others	$ 89,530,707	$ 91,340,587
Cash paid for claims	(17,451,740)	(16,145,616)
Cash paid for insurance premiums	(63,714,379)	(66,659,756)
Cash paid for contract services	(2,403,182)	(2,485,229)
Cash paid for risk management	(1,088,303)	(695,945)
Cash paid for general and administrative	(708,005)	(698,295)
Cash paid to employees for services	(1,010,084)	(931,873)
Net cash provided by operating activities	3,155,014	3,723,873
Cash flows used in capital and related financing activities:		
Purchase of premises and equipment	(131,647)	(156,947)
Cash flows from investing activities:		
Investment income received	1,727,464	1,302,190
Purchase of investments	(16,063,481)	(29,642,030)
Sale of investments	15,390,502	29,287,258
Rental income	224,772	204,203
Other cash received	15	155,418
Net cash provided by investing activities	1,279,272	1,307,039
Net increase in cash and cash equivalents	4,302,639	4,873,965
Cash and cash equivalents, beginning of year	58,310,095	53,436,130
Cash and cash equivalents, end of year	$ 62,612,734	$ 58,310,095
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	$ (2,891,953)	$ 2,006,910
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	101,900	100,493
Decrease in members' receivable	282,657	628,752
Decrease in excess insurance receivable	31,323	244,736
Decrease (increase) in prepaid expenses	1,721,076	(441,827)
Decrease (increase) in deferred outflow	39,484	(63,266)
Increase (decrease) in accounts payable	91,313	(337,410)
Increase in unearned revenue	146,963	96
Decrease in net pension liability	(31,311)	(22,395)
Increase (decrease) in total OPEB liability	31,991	(18,232)
Increase in unpaid claims and claim adjustment expenses	3,626,585	1,603,903
Increase in deferred inflow	4,986	22,113
Total adjustments	6,046,967	1,716,963
Net cash provided by operating activities	$ 3,155,014	$ 3,723,873
Supplemental Information:		
Change in fair value of investments	$ 1,152,701	$ (532,141)

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Schools Insurance Group (the "Group") was established by a Joint Powers Agreement on December 28, 1978, for the operation of a common risk management and insurance program for member school districts, transportation agencies, county offices of education and a community college. Member districts may elect to participate in these programs. The Group's general objectives are to formulate, develop and administer, on behalf of the members, a program providing for indemnity coverage. Currently, the Group has 34 members (31 voting members), 33 who participate in Workers' Compensation, 28 members who participate in Employee Benefits, and 31 members who participate in Property/Liability programs. The member school districts share proportionately in the assets and liabilities of the Group in the event of dissolution or dividends issued.

Schools Insurance Group is a California public entity as provided in Internal Revenue section 115; thus, it is tax-exempt. The California Office of the Controller, Division of Local Government Fiscal Affairs, for the purpose of filing an Annual Report of Financial Transactions of Special Districts, considers the Group to be a "Special District."

Admission and Withdrawal

Admission - Under the Group's Joint Powers Agreement, new members may be admitted by a two-thirds vote of the voting members and recommendation of the Executive Committee.

Withdrawal - Upon entry into the Group, members may not voluntarily withdraw for a period of three years. Members must submit six months written notice prior to voluntary withdrawal. Members may be expelled by a two-thirds vote. The effect of withdrawal does not terminate the responsibility of the member for any unpaid premiums and debts or assessments levied against its years of participation.

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred.

Reporting Entity: The Group has reviewed the criteria developed by the Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) 2100, relating to the financial reporting entity to determine whether it is financially accountable for other entities. The Group has determined that no other outside entity meets the above criteria and, therefore, none has been included as a component unit in the financial statements. In addition, the Group is not aware of any entity that would be financially accountable for the Group that would result in the Group being considered a component unit of that entity.

Description of Programs

Workers' Compensation Program - The Workers' Compensation program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Workers' Compensation program is established and maintained for member contributions, to be used for the payment of, but not limited to, the following:

- Self-insured claim payments
- Insurance premiums
- Claims administration expenses
- Investigative costs
- Legal costs
- Audit costs
- Miscellaneous

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2019, 33 members participate in the Workers' Compensation program. Each member pays the Group monthly contributions based on the following formula:

Required Income/ (Experience Modification Factor x District Payroll)

The Experience Modification Factor is calculated annually to reflect the loss experience of each member agency as compared to the loss experience of the Group as a whole.

Member Deductible	$0 per occurrence
Self Insured Retention	$1 million per occurrence
Excess	$1 million to state statutory limit

Property/Liability Program - The Property/Liability program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Property/Liability program is established and maintained for member contributions, to be used for the payment of, but not limited to, the following:

- Self-insured claim payments
- Insurance premiums
- Claims administration expenses
- Investigative costs
- Legal costs
- Expert witness fees
- Audit costs
- Broker fees
- Property appraisal fees
- Miscellaneous

As of June 30, 2019, 31 members participate in the Property and Liability program. The Executive Committee determines contribution requirements annually for the Property/Liability program and recommends to the Joint Powers Board contribution amounts per district adequate to fund for insurance premiums and projected losses.

Member Deductible	$1,000 to $2,000/$25,000 per occurrence (varies)
Self Insured Retention Property	$100,000 per occurrence
Self Insured Retention Liability	$1,000,000 per occurrence
Excess Property	$100,001 to replacement value per occurrence
Excess Liability	$1,000,001 to $55 million per occurrence

Employee Benefit Program - The Employee Benefit program was established for the purpose of operating and maintaining a self-insurance or group insurance program (dental, vision, medical, etc.). The Employee Benefit program is established and maintained for member contributions, to be used for the payment of, but not limited to, the following:

- Medical insurance premium
- Self-funded claim payments for dental and vision
- Claims administration fees
- Group operating expenses
- Eligibility expenses
- Miscellaneous

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2019, 28 districts participate in the Employee Benefit program. District contribution rates are based on amounts that adequately cover anticipated incurred claims and attendant expenses of the program. The rates, once established for the fiscal year, shall not be increased for that year. As this program is fully-insured, SIG does not have any exposure in this program beyond the monthly contributions.

Cash Equivalents: Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of three months or less.

Fair Value of Pooled Investments: The Group records its deposits in the Placer County Treasury at fair value. Changes in fair value are reported as revenue in the statement of revenues, expenses and change in net position. The fair value of pooled investments at June 30, 2019 and 2018 approximated their carrying value.

Fair Value of Investments: The Group records its investment securities at fair values. Changes in fair value are reported as revenue in the statement of revenues, expenses and change in net position.

Prepaid Expenses: Insurance premiums paid by the Property and Liability Program and the Workers' Compensation Program for excess insurance policies are charged to expense over the policy period. Other charges paid are charged to the contract period.

Premises and Equipment: Premises and equipment are carried at cost and capitalized for amounts over $5,000. Depreciation is computed on the straight-line method with useful lives of three to 30 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

Accrued Vacation: The Group's vacation policy provides for the accumulation of earned vacation leave with such leave being fully vested the first day of employment. A liability for accrued vacation has been computed and recorded based on unused vacation hours at the current rate of pay.

Accumulated sick leave benefits are not recognized as liabilities by the Group. Sick leave is recorded as an operating expense in the period taken.

Dividends: Dividends are recorded when declared and are shown as a liability in the statement of net position. The Group did not declare dividends during the years ended June 30, 2019 and 2018.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The Group has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the total OPEB liability and net pension liability reported which is in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The Group has recognized a deferred inflow of resources related to the total OPEB liability and net pension liability reported which is in the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous 2% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund C and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Pool. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Provision for Unpaid Claims and Claim Adjustment Expenses: The Group's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability. The Group increases the liability for allocated and unallocated claim adjustment expenses. Because actual claims costs depend on such complex factors as inflation, changes in doctrine of legal liability and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The portion of claims considered currently payable has been actuarially determined.

Excess Insurance: The Group enters into excess insurance agreements, whereby it cedes various amounts of risk to other insurance companies or joint powers authorities. As of June 30, 2019 and 2018, the Group's Property, Liability and Workers' Compensation Programs provide self-insured retention of $100,000, $1,000,000 and $1,000,000 per incident, respectively. Risks ceded to other entities are treated as though they were not risks for which the Group is liable. Settlements have not exceeded insurance coverage in each of the past three years.

Revenue Recognition: Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid and interest and other income, the Group may assess its member's additional premiums. Operating revenues and expenses include all activities necessary to achieve the objectives of the Group. Non-operating revenues include investment activities and other non-essential activity. Operating and non-operating revenues are recognized as revenue when earned.

Income Taxes: The Group is an organization comprised of public agencies and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(Continued)

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Cash in County Treasury	$ 59,540,223	$ 55,836,103
Cash on hand and in banks	3,072,511	2,473,992
Total cash and cash equivalents	$ 62,612,734	$ 58,310,095

Cash in County Treasury: In accordance with the Joint Powers Agreement, the Group maintains substantially all of its cash in the Placer County Treasury. The County pools these funds with those of other governmental units in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into the funds of participating programs. Any investment losses are proportionately shared by all programs in the pool.

Because the Group's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Group's share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the Group, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable State laws, the Placer County Treasurer may invest in derivative securities. However, at June 30, 2019 and 2018, the Placer County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Cash in Bank: The Group limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2019, the carrying amount of the Group's accounts were $3,072,511 and the bank balances were $5,091,818, of which $4,341,818 was uninsured but collateralized. At June 30, 2018, the carrying amount of the Group's accounts were $2,473,992 and the bank balances were $3,581,120, of which $2,992,412 was uninsured but collateralized.

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair Value Hierarchy: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of June 30, 2019 and 2018, the carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value because of the relatively short maturities of these financial instruments or the associated variable rates of interest.

Assets Recorded at Fair Value: The following table presents information about the Group's assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

	Fair Value Measurements at June 30, 2019, Using			
	Total	Level 1	Level 2	Level 3
Investment securities:				
Corporate bonds	$ 11,269,497	$ -	$ 11,269,497	$ -
U.S. Government sponsored entities and agencies	14,017,998	14,017,998	-	-
Commercial asset-backed securities	2,883,245	-	2,883,245	-
Municipal bond	431,634	-	431,634	-
Certificates of deposit	4,265,098	-	4,265,098	-
Supra-national agency bond	2,352,195	-	2,352,195	-
Government asset-backed securities	2,402,107	2,402,107	-	-
Total	$ 37,621,774	$ 16,420,105	$ 21,201,669	$ -

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

	Fair Value Measurements at June 30, 2018, Using			
	Total	Level 1	Level 2	Level 3
Investment securities:				
Corporate bonds	$ 10,588,513	$ -	$ 10,588,513	$ -
U.S. Government sponsored entities and agencies	10,714,332	10,714,332	-	-
Commercial asset-backed securities	3,286,754	-	3,286,754	-
Municipal bond	423,989	-	423,989	-
Certificates of deposit	7,159,443	7,159,443		-
Supra-national agency bond	2,858,622	-	2,858,622	-
Government asset-backed securities	764,441	-	764,441	-
Total	$ 35,796,094	$ 17,873,775	$ 17,922,319	$ -

Fair value for the Level 2 investment securities was provided by a third party pricing source which generally uses models or matrices to price these type of investments. The significant inputs used to determine valuation for these types of assets, listed in approximate order of priority for use when available, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads and reference data including market research publications (Level 2).

NOTE 4 - INVESTMENTS

Investment Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Group's investment policy mandates that investment maturities will be no more than five years from purchase date to maturity date. Investment maturities are based on a review of cash flow forecasts and are scheduled so as to permit the Group to meet all projected obligations.

Maturities of investments held at June 30, 2019 consist of the following:

		Maturity	
	Fair Value	Less Than One Year	One Year Through Five Years
Investment securities:			
Corporate bonds	$ 11,269,497	$ 1,807,994	$ 9,461,503
U.S. Government sponsored entities and agencies	14,017,998	-	14,017,998
Commercial asset-backed securities	2,883,245	20,338	2,862,907
Municipal bond	431,634	-	431,634
Certificates of deposit	4,265,098	1,603,825	2,661,273
Supra-national agency bond	2,352,195	-	2,352,195
Government asset-backed securities	2,402,107	326	2,401,781
	$ 37,621,774	$ 3,432,483	$ 34,189,291

Maturities of investments held at June 30, 2018 consist of the following:

		Maturity	
	Fair Value	Less Than One Year	One Year Through Five Years
Investment securities:			
Corporate bonds	$ 10,588,513	$ -	$ 10,588,513
U.S. Government sponsored entities and agencies	10,714,332	-	10,714,332
Commercial asset-backed securities	3,286,754	138,308	3,148,446
Municipal bond	423,989	-	423,989
Certificates of deposit	7,159,443	1,642,907	5,516,536
Supra-national agency bond	2,858,622	-	2,858,622
Government asset-backed securities	764,441	91,629	672,812
	$ 35,796,094	$ 1,872,844	$ 33,923,250

(Continued)

NOTE 4 – INVESTMENTS (Continued)

Investment Credit Risk: It is the Group's general investment policy to apply the prudent person standard; investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. California law limits investments in medium-term corporate notes to the top three ratings issued by nationally recognized statistical ratings organizations. Securities eligible for investment shall be rated "A" or better at the time of purchase. If the investment subsequently is downgraded below an "AA-" rating, the Executive Director shall notify the Executive Committee upon learning of the downgrade. As of June 30, 2019 and 2018, investments in Federal Agencies had a Moody rating of AAA, investments in corporate notes had a Moody rating of A1 or better, certificates of deposit had a Moody rating of P-1 or better, investments in commercial paper had a Moody rating of P-1 and investments in municipal bonds had a rating of AA1 or better.

Concentration of Investment Credit Risk: The Group limits the amount that can be invested in corporate obligations to no more than 25% of the Group's investment portfolio. No more than 10% of the Group's total investment portfolio plus its cash in Placer County Treasury will be invested in a single type or with a single financial institution, excluding instruments issued by the U.S. Treasury or Federal Agency. At June 30, 2019 and 2018, the Group had the following investments that represent more than 5% of the Group's net investments:

	2019	2018
United States Treasury	37%	30%

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Non-depreciable:		
Land	$ 300,000	$ 300,000
Depreciable:		
Building and improvements	2,294,420	2,171,276
Office equipment and furniture	414,137	405,634
Vehicles	17,855	17,855
Subtotal	3,026,412	2,894,765
Less accumulated depreciation	(1,769,220)	(1,667,320)
	$ 1,257,192	$ 1,227,445

Activity for premises and equipment for the years ended June 30, 2019 and 2018 included the following:

	2019	2018
Premises and equipment, beginning of year	$ 1,227,445	$ 1,170,991
Purchases	131,647	156,947
Current year depreciation	(101,900)	(100,493)
Premises and equipment, end of year	$ 1,257,192	$ 1,227,445

(Continued)

NOTE 6 – UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Group established a liability for both reported and unreported insured events for the respective programs. The following represents changes in those aggregate liabilities during the years ended June 30, 2019 and 2018:

	2019	2018
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 33,264,015	$ 31,660,112
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	20,458,824	20,602,091
Change in provision for covered events of prior years	619,501	(2,852,572)
Total incurred claims and claim adjustment expenses	21,078,325	17,749,519
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	10,133,844	10,160,295
Claims and claim adjustment expenses attributable to covered events of prior years	7,317,896	5,985,321
Total payments	17,451,740	16,145,616
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 36,890,600	$ 33,264,015

There are no liabilities established for workers' compensation claims incurred from July 1, 1995 through June 30, 1999 as the workers' compensation program was fully insured for that period.

The components of the unpaid claims and claim adjustment expenses as of June 30, 2019 and 2018 are as follows:

	2019	2018
Reported claims	$ 16,018,136	$ 12,034,855
Claims incurred but not reported (IBNR)	18,882,715	19,377,943
Unallocated loss adjustment expenses (ULAE)	1,989,749	1,851,217
	36,890,600	33,264,015
Current portion	(8,710,025)	(8,208,550)
	$ 28,180,575	$ 25,055,465

At June 30, 2019 and 2018, the liability was reported at the present value using an expected future investment yield assumption of 3% for the Worker's Compensation Program and 2% for the Property and Liability Program. The undiscounted liability at June 30, 2019 and 2018 is $40,930,816 and $38,285,778 respectively. The current portion of the claims liabilities has been estimated at the amount of claims paid in the current year and consideration of any known future claims payments actuarially determined.

(Continued)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Plan Description: In addition to the pension benefits described in Notes 8, the Group subsidized the cost of retiree medical coverage for a closed group which currently includes only one retired employee. The plan does not issue separate financial statements. The Group's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The Group's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2019, the Group has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the Group's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019:

	Number of Participants
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	4
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	7
	11

Benefits Provided: The Group provides coverage to employees who satisfy the requirements for retirement under CalPERS. CalPERS retirement requires attainment of age 50 with 5 years of State or public agency service or approved disability retirement.

Employees hired prior to July 1, 1990 who retire with a minimum of 15 years of service with the Group receive 100% of the employee-only medical premium paid by the Group for their lifetime. Such retirees may pay the additional cost to cover dependents and/or continue their dental or vision coverage. Other employees who retire from SIG at age 59 or older may receive up to $10,000 payable from a retiree Health Reimbursement Account (HRA). The retiree is responsible for paying 100% of his or her health premiums but may direct amounts to be withdrawn from the HRA to be applied toward the premiums until such HRA is exhausted. All other employees not meeting the requirements above who elect to continue some or all of their healthcare coverage in retirement must do so entirely at their own expense.

Contributions: California Government Code specifies that the Group's contribution requirements for plan members are established and may be amended by the Governing Board. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board.

Contributions to the Plan from the District were $17,947 and 13,843 for the years ended June 30, 2019 and 2018, respectively. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability of $185,791 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. The District's total OPEB liability of $153,800 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

(Continued)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the September 5, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percent pay
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Mortality Rate	PERS - The mortality assumptions are based on the 2014 CalPERS Mortality for Retired Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Discount Rate	3.56% as of June 30, 2017 3.62% as of June 30, 2018
Retirement Rate	Retirement rates match rates developed in the experience studies for California PERS (2014)
Termination Rate	2014 CalPERS Experience Study
Inflation Rate	2.75% per year
Salary Increases	3.25% per year
Health Care Cost Trend Rate	7.00% in 2019 with a 0.50% decrease each year until 2023 and then a flat 5.0% thereafter

(Continued)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

	2019	2018
Total OPEB Liability, beginning of year	$ 153,800	$ 172,032
Changes for the year:		
Service cost	4,495	1,196
Interest	6,726	4,856
Changes in benefit terms	39,619	-
Changes in assumptions	(902)	(10,441)
Benefits payments	(17,947)	(13,843)
Net change	31,991	(18,232)
Total OPEB Liability, End of Year	$ 185,791	$ 153,800

There were no changes between the measurement date and the years ended June 30, 2019 and 2018, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Total OPEB Liability of the Group, as well as what the Group's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	2019		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	$202,011	$185,791	$171,928

	2018		
	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	$169,033	$153,800	$140,864

(Continued)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the Group, as well as what the Group's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	2019		
	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	$173,148	$185,791	$205,367

	2018		
	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB Liability	$141,247	$153,800	$168,262

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $9,073. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	7,660
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	-	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	17,018	-
Total	$ 17,018	$ 7,660

(Continued)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

$17,018 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2020	$ (2,148)
2021	$ (2,148)
2022	$ (2,148)
2023	$ (1,134)
2024	$ (82)

For the year ended June 30, 2018, the District recognized OPEB expense of $4,150. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	8,540
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	-	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	11,531	-
Total	$ 11,531	$ 8,540

$11,531 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Plan Description: The Group contributes to the Miscellaneous 2% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) California Public Employer's Retirement Fund C PERF C), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual financial report. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov.

Benefits provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

Members – The member contribution rate was 7% of applicable member earnings for fiscal years 2018-19 and 2017-18.

Employers – The employer contribution rate was 9.409% and 8.92% of applicable member earnings for fiscal years 2018-19 and 2017-18, respectively.

The Group's contribution to CalPERS for the fiscal years ending June 30, 2019, 2018 and 2017, were $114,748, $102,086, and $101,002, respectively, and equal 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Group reported a liability of $878,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Group's proportion of the net pension liability was based on the Group's contributions to the pension plan relative to the contributions of all participating agencies. At June 30, 2018, the Group's proportion was 0.023 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2017.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2018, the Group reported a liability of $909,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Group's proportion of the net pension liability was based on the Group's contributions to the pension plan relative to the contributions of all participating agencies. At June 30, 2017, the Group's proportion was 0.025 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2016.

For the years ended June 30, 2019 and 2018, the Group recognized pension expense of $134,272 and $166,545. At June 30, 2019, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 33,693	$ 11,466
Changes of assumptions	100,113	24,536
Net differences between projected and actual earnings on investments	4,341	-
Differences between JPA contributions and proportionate share of contributions	-	24,676
Changes in proportion	33,012	-
Contributions made subsequent to measurement date	114,748	-
Total	$ 285,907	$ 60,678

As of June 30, 2019, $114,748 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30	
2020	$ 90,823
2021	$ 53,573
2022	$ (26,015)
2023	$ (7,900)

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,318	$ 18,892
Changes of assumptions	163,609	12,475
Net differences between projected and actual earnings on investments	37,002	-
Differences between JPA contributions and proportionate share of contributions	-	15,972
Changes in proportion	26,863	7,473
Contributions made subsequent to measurement date	102,086	-
Total	$ 330,878	$ 54,812

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is four years as of the June 30, 2018 and 2017 measurement dates. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments, changes in assumptions and changes in proportion are netted and amortized over a closed five-year period.

Actuarial methods and assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	1997 to 2015
Actuarial Cost Method	Varies by entry age and service
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	3.00%
Post-retirement Benefit Increases	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For more details on this table, please refer to the 2015 experience study report.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term % Assumed Asset Allocation	Expected Real Rate of Return Years 1-10**	Expected Real Rate of Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

** An expected inflation of 2.00% used for this period.
*** An expected inflation of 2.92% used for this period.

Discount rate: At June 30, 2019 and 2018, the discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the Group's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. For the year ended June 30, 2019 and 2018, the following presents the JPA's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the JPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2019		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$1,438,414	$878,160	$415,679

	2018		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$1,448,771	$909,471	$462,812

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

NOTE 9 – GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Salaries and benefits	$ 1,049,757	$ 850,093
Depreciation	101,900	100,493
Office expenses	46,519	39,384
Professional services	94,296	99,895
Member services	33,704	13,910
Travel and conference	34,270	29,109
Building expense	150,464	153,659
Other expenses	354,229	362,338
Total	$ 1,865,139	$ 1,648,881

NOTE 10 – JOINT POWERS AGREEMENT

The Group participates under a joint powers agreement (JPA) with Schools Excess Liability Fund (SELF) in the Excess Liability Program. The relationship between the Group and SELF is such that SELF is not a component unit of the Group for financial reporting purposes.

SELF arranges for and provides excess coverage for its members. SELF is governed by a board consisting of elected representatives from its membership. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SELF. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed financial information for SELF for the fiscal years ended June 30, 2018 (most recent information available) is as follows (in thousands):

	2018
Total assets	$ 118,692
Total deferred outflows	498
Total liabilities	101,065
Total deferred inflows	28
Total net position	$ 18,097
Revenues	$ 15,139
Expenses	19,471
Change in net position	$ (4,332)

(Continued)

NOTE 11 – RENTAL INCOME

The Group owns a 27,400 square foot office building located at 550 High Street in Auburn, California. The Group occupies approximately 4,200 square feet of this building with the remaining 23,200 square feet available for lease to outside tenants.

Future minimum lease payments to be received under the leases in place as of June 30, 2019, are as follows:

Year Ending June 30,		
2020	$	200,442
2021		127,724
2022		70,058
2023		11,663
Total	$	409,887

NOTE 12 – CONTINGENCIES

The Group is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Group.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOLS INSURANCE GROUP
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2019

Last 10 Fiscal Years

	2018	2019
Total OPEB Liability:		
Service cost	$ 1,196	$ 4,495
Interest	4,856	6,726
Change in benefit terms	-	39,619
Change in assumptions	(10,441)	(902)
Benefit payments	(13,843)	(17,947)
Net change in total OPEB liability	(18,232)	31,991
Total OPEB liability - beginning of year	172,032	153,800
Total OPEB liability - end of year	$ 153,800	$ 185,791
Covered-employee payroll	$ 646,524	$ 682,644
Total OPEB liability as a percentage of covered-employee payroll	23.79%	27.22%

** Based on the implementation of GASB Statement No. 75, the Group's July 1, 2017 net position was restated by $14,397 because of the recognition of a $554 decrease of the Group's total OPEB liability and an increase of $13,843 in deferred outflows related to OPEB.

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

See Note to Required Supplementary Information.

SCHOOLS INSURANCE GROUP
SCHEDULE OF THE GROUP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

Public Employer's Retirement Fund C
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Group's proportion of the net pension liability	0.009%	0.027%	0.027%	0.025%	0.023%
Group's proportionate share of the net pension liability	$ 586,624	$ 730,202	$ 931,866	$ 909,471	$ 878,160
Group's covered payroll	$ 533,000	$ 626,000	$ 637,000	$ 520,000	$ 627,000
Group's proportionate share of the net pension liability as a percentage of its covered payroll	109.98%	116.59%	170.66%	174.90%	140.06%
Plan fiduciary net position as a percentage of the total pension liability	81.15%	79.90%	75.90%	75.40%	77.69%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See Note to Required Supplementary Information.

Public Employer's Retirement Fund C
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 86,583	$ 90,955	$ 101,002	$ 102,086	$ 114,748
Contributions in relation to the contractually required contribution	(86,583)	(90,955)	(101,002)	(102,086)	(114,748)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Group's covered payroll	$ 626,000	$ 637,000	$ 520,000	$ 627,000	$ 736,000
Contributions as a percentage of covered payroll*	13.83%	14.28%	19.42%	16.28%	15.59%

*Contributions are higher than the set employer contribution rates due to an additional contribution made by the Group towards the unfunded accrued liability.

All years prior to 2015 are not available.

The schedule below presents the changes in claims liabilities of the Group's Property Program:

	2019	2018
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 3,714,500	$ 4,371,650
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	2,641,730	2,081,558
Change in provision for covered events of prior years	726,695	(1,264,348)
Total incurred claims and claim adjustment expenses	3,368,425	817,210
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	617,957	409,651
Claims and claim adjustment expenses attributable to covered events of prior years	589,668	1,064,709
Total payments	1,207,625	1,474,360
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 5,875,300	$ 3,714,500

The components of the unpaid claims and claim adjustment expenses as of June 30, as follows:

	2019	2018
Reported claims	$ 3,107,714	$ 993,551
Claims incurred but not reported (IBNR)	2,476,286	2,536,449
Unallocated loss adjustment expenses (ULAE)	291,300	184,500
	$ 5,875,300	$ 3,714,500

(Continued)

The schedule below presents the changes in claims liabilities of the Group's Workers' Compensation Program:

	2019	2018
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 29,091,392	$ 26,854,927
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	9,780,440	9,910,873
Change in provision for covered events of prior years	(27,851)	(1,545,304)
Total incurred claims and claim adjustment expenses	9,752,589	8,365,569
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	1,966,635	1,599,107
Claims and claim adjustment expenses attributable to covered events of prior years	6,349,448	4,529,997
Total payments	8,316,083	6,129,104
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 30,527,898	$ 29,091,392

The components of the unpaid claims and claim adjustment expenses as of June 30, 2019 and 2018 are as follows:

	2019	2018
Reported claims	$ 12,910,422	$ 11,041,304
Claims incurred but not reported (IBNR)	15,947,909	16,411,403
Unallocated loss adjustment expenses (ULAE)	1,669,567	1,638,685
	$ 30,527,898	$ 29,091,392

Note: The Group's Workers' Compensation Program was fully insured for claims incurred from July 1, 1997 through May 19, 2001.

(Continued)

The schedule below presents the changes in claims liabilities of the Dental Program within the Group's Employee Benefit Trust Program:

	2019	2018
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 458,123	$ 433,535
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	8,036,654	8,609,660
Change in provision for covered events of prior years	(79,343)	(42,920)
Total incurred claims and claim adjustment expenses	7,957,311	8,566,740
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	7,549,252	8,151,537
Claims and claim adjustment expenses attributable to covered events of prior years	378,780	390,615
Total payments	7,928,032	8,542,152
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 487,402	$ 458,123

The components of the unpaid claims and claim adjustment expenses as of June 30, 2019 and 2018 are as follows:

	2019	2018
Claims incurred but not reported (IBNR)	$ 458,520	$ 430,091
Unallocated loss adjustment expenses (ULAE)	28,882	28,032
	$ 487,402	$ 458,123

See Note to Required Supplementary Information.

The tables that follow illustrate how the Group's earned revenues and investment income compare to related costs of loss and other expenses assumed by the Group as of the end of each of the last ten years. The rows of the tables are defined as follows:

(1) Total of each fiscal year's gross earned contribution and investment revenues, less dividends paid and contribution revenue ceded to reinsurers, and net earned contribution and investment revenues.

(2) Fiscal year's other operating costs of the Group including overhead and claims expenses not allocable to individual claims.

(3) The Group's gross incurred claims and claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) Cumulative amounts paid as of the end of successive years for each policy year.

(5) The latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.

(6) Policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) Compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

(Continued)

SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
PROPERTY AND LIABILITY PROGRAM
June 30, 2019

	Fiscal and Policy Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Premiums and investment revenue:										
Earned	$ 4,670,814	$ 4,437,401	$ 4,587,814	$ 4,570,799	$ 4,718,823	$ 4,736,364	$ 4,893,354	$ 5,127,267	$ 5,287,484	$ 5,760,406
Ceded	(2,029,476)	(2,136,302)	(2,174,576)	(2,252,564)	(2,098,444)	(2,038,313)	(2,188,404)	(2,348,552)	(2,295,764)	(2,482,230)
Net earned	$ 2,641,338	$ 2,301,099	$ 2,413,238)	$ 2,318,235	$ 2,620,379	$ 2,698,051	$ 2,704,950	$ 2,778,715	$ 2,991,720	$ 3,278,176
2. Unallocated expenses	$ 976,872	$ 876,043	$ 1,321,882	$ 1,221,623	$ 1,088,709	$ 1,177,314	$ 1,100,274	$ 1,052,485	$ 1,082,454	$ 1,123,566
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	$ 949,464	$ 1,270,190	$ 1,226,008	$ 1,456,227	$ 1,963,290	$ 1,490,255	$ 1,482,822	$ 1,849,879	$ 2,002,136	$ 2,541,299
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 949,464	$ 1,270,190	$ 1,226,008	$ 1,456,227	$ 1,963,290	$ 1,490,255	$ 1,482,822	$ 1,849,879	$ 2,002,136	$ 2,541,299
4. Paid (cumulative) as of:										
End of policy year	$ 297,786	$ 374,792	$ 181,155	$ 261,801	$ 407,685	$ 260,214	$ 192,021	$ 439,989	$ 409,651	$ 617,957
One year later	$ 369,577	$ 581,525	$ 515,005	$ 684,322	$ 714,567	$ 574,924	$ 209,987	$ 667,044	$ 615,951	
Two years later	$ 578,675	$ 986,465	$ 841,837	$ 1,015,558	$ 1,321,792	$ 865,534	$ 349,144	$ 1,048,476		
Three years later	$ 603,087	$ 1,193,988	$ 898,305	$ 1,152,037	$ 2,055,972	$ 1,262,612	$ 415,522			
Four years later	$ 678,563	$ 1,423,117	$ 1,330,414	$ 1,150,489	$ 2,069,398	$ 1,262,983				
Five years later	$ 778,374	$ 2,043,620	$ 1,330,631	$ 1,157,997	$ 2,083,639					
Six years later	$ 777,324	$ 2,479,245	$ 1,282,087	$ 1,154,457						
Seven years later	$ 779,074	$ 2,481,852	$ 1,282,087							
Eight years later	$ 781,074	$ 2,484,008								
Nine years later	$ 781,074									
5. Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6. Reestimated incurred claims and expense:*										
End of policy year	$ 949,464	$ 1,270,190	$ 1,226,008	$ 1,456,227	$ 1,963,290	$ 1,490,255	$ 1,482,822	$ 1,849,879	$ 2,002,136	$ 2,541,299
One year later	$ 1,023,166	$ 1,337,842	$ 1,554,956	$ 1,457,451	$ 1,965,389	$ 1,536,333	$ 1,028,207	$ 1,698,285	$ 2,080,807	
Two years later	$ 913,965	$ 1,926,751	$ 1,993,741	$ 1,443,760	$ 3,521,412	$ 1,370,219	$ 798,558	$ 1,958,568		
Three years later	$ 817,879	$ 1,789,918	$ 1,938,618	$ 1,232,725	$ 3,170,917	$ 1,417,706	$ 927,720			
Four years later	$ 835,585	$ 2,164,785	$ 1,585,079	$ 1,152,233	$ 2,134,995	$ 1,263,400				
Five years later	$ 779,807	$ 2,280,509	$ 1,564,022	$ 1,160,169	$ 2,152,189					
Six years later	$ 778,761	$ 2,479,245	$ 1,282,087	$ 1,156,190						
Seven years later	$ 779,074	$ 2,481,852	$ 1,282,087							
Eight years later	$ 781,074	$ 2,488,981								
Nine years later	$ 781,074									
7. (Decrease) increase in estimated incurred claims and expense from end of policy year	$ (168,390)	$ 1,218,791	$ 56,079	$ (300,037)	$ 188,899	$ (226,855)	$ (555,102)	$ (108,689)	$ 78,671	$ -

(Continued)

SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION PROGRAM
June 30, 2019

	Fiscal and Policy Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Premiums and investment revenue:										
Earned	$10,604,471	$ 9,179,303	$ 9,255,539	$ 8,799,895	$10,095,354	$10,055,008	$11,720,204	$11,734,265	$11,605,765	$13,025,919
Ceded	(502,937)	(417,465)	(412,221)	(416,306)	(542,673)	(525,910)	(589,613)	(651,633)	(775,011)	(743,401)
Net earned	$10,101,534	$ 8,761,838	$ 8,843,318	$ 8,383,589	$ 9,552,681	$ 9,529,098	$11,130,591	$11,082,632	$10,830,754	$ 2,282,518
2. Unallocated expenses	$ 2,100,466	$ 2,317,211	$ 2,325,530	$ 2,256,751	$ 1,675,047	$ 1,455,701	$ 1,490,612	$ 1,456,106	$ 1,614,917	$ 2,050,429
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	$ 6,258,240	$ 6,096,097	$ 6,670,886	$ 6,427,448	$ 7,075,760	$ 7,479,604	$ 8,000,313	$ 8,059,772	$ 9,456,674	$ 9,048,316
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 6,258,240	$ 6,096,097	$ 6,670,886	$ 6,427,448	$ 7,075,760	$ 7,479,604	$ 8,000,313	$ 8,059,772	$ 9,456,674	$ 9,048,316
4. Paid (cumulative) as of:										
End of policy year	$ 866,988	$ 1,085,967	$ 1,056,401	$ 858,871	$ 1,205,258	$ 1,335,691	$ 1,474,087	$ 1,228,252	$ 1,599,107	$ 1,966,635
One year later	$ 2,433,073	$ 2,268,748	$ 2,574,456	$ 2,504,513	$ 2,967,263	$ 3,249,039	$ 3,632,211	$ 2,746,301	$ 3,420,164	
Two years later	$ 3,092,957	$ 3,031,334	$ 3,926,699	$ 3,683,366	$ 4,255,390	$ 4,633,855	$ 4,899,045	$ 4,074,718		
Three years later	$ 3,622,858	$ 3,478,651	$ 4,701,012	$ 4,554,441	$ 5,176,444	$ 5,048,933	$ 6,585,163			
Four years later	$ 3,750,574	$ 3,983,883	$ 5,384,048	$ 4,956,812	$ 5,764,152	$ 5,356,939				
Five years later	$ 4,090,177	$ 4,144,503	$ 5,620,921	$ 5,207,303	$ 6,550,821					
Six years later	$ 4,133,104	$ 4,462,363	$ 5,720,701	$ 5,354,591						
Seven years later	$ 4,167,729	$ 4,491,303	$ 5,741,384							
Eight years later	$ 4,176,768	$ 4,538,433								
Nine years later	$ 4,222,746									
5. Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
6. Reestimated incurred claims and expense:										
End of policy year	$ 6,258,240	$ 6,096,097	$ 6,670,886	$ 6,427,448	$ 7,075,760	$ 7,479,604	$ 8,000,313	$ 8,059,772	$ 9,456,674	$ 9,048,316
One year later	$ 6,056,545	$ 6,105,500	$ 6,560,189	$ 6,383,619	$ 7,194,320	$ 8,115,098	$ 8,784,594	$ 7,968,030	$ 8,943,032	
Two years later	$ 6,055,259	$ 5,799,617	$ 6,919,126	$ 6,749,912	$ 7,536,614	$ 7,586,898	$ 8,683,360	$ 7,705,289		
Three years later	$ 5,730,847	$ 5,706,367	$ 7,007,894	$ 6,783,948	$ 7,389,499	$ 7,317,423	$ 9,330,451			
Four years later	$ 5,527,884	$ 5,774,212	$ 6,814,778	$ 6,612,451	$ 7,400,272	$ 7,022,035				
Five years later	$ 5,285,536	$ 5,364,482	$ 6,620,333	$ 6,602,567	$ 8,038,121					
Six years later	$ 5,019,596	$ 5,320,806	$ 6,522,221	$ 6,445,318						
Seven years later	$ 4,695,559	$ 5,112,722	$ 6,576,334							
Eight years later	$ 4,618,351	$ 5,078,887								
Nine years later	$ 4,591,527									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	$ (1,666,713)	$ (1,017,210)	$ (94,552)	$ 17,870	$ 962,361	$ (457,569)	$ 1,330,138	$ (354,483)	$ (513,642)	$ -

(Continued)

SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
DENTAL & VISION PROGRAM
June 30, 2019

	Fiscal and Policy Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Premiums and investment revenue:										
Earned	$61,058,702	$60,015,548	$64,851,024	$67,298,034	$67,047,919	$68,932,242	$69,973,709	$74,039,558	$74,327,369	$73,171,321
Ceded	(52,031,668)	(50,710,963)	(54,460,043)	(56,210,233)	(55,653,668)	(57,510,327)	(58,237,891)	(61,847,155)	(62,809,744)	(62,301,137)
Net earned	$ 9,027,034	$ 9,304,585	$10,390,981	$11,087,801	$11,394,251	$11,421,915	$11,735,813	$12,192,403	$11,517,625	$10,870,184
2. Unallocated expenses	$ 1,150,650	$ 1,232,241	$ 1,653,839	$ 1,775,812	$ 1,760,710	$ 1,742,556	$ 1,678,850	$ 1,983,319	$ 1,982,667$	$ 2,029,301
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	$ 7,200,332	$ 7,475,663	$ 7,577,201	$ 8,272,407	$ 8,242,478	$ 8,360,715	$ 8,417,811	$ 8,448,126	$ 8,581,628	$ 8,007,772
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 7,200,332	$ 7,475,663	$ 7,577,201	$ 8,272,407	$ 8,242,478	$ 8,360,715	$ 8,417,811	$ 8,448,126	$ 8,581,628	$ 8,007,772
4. Paid (cumulative) as of:										
End of policy year	$ 6,671,612	$ 6,900,651	$ 7,087,144	$ 7,820,355	$ 7,867,775	$ 7,886,433	$ 7,965,454	$ 8,041,113	$ 8,151,537	$ 7,549,252
One year later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728	$ 8,530,317	
Two years later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728		
Three years later	$ 7,182,584	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782			
Four years later	$ 7,182,584	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060	$ 8,607,684				
Five years later	$ 7,182,584	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060					
Six years later	$ 7,182,584	$ 7,416,963	$ 7,553,519	$ 8,206,938						
Seven years later	$ 7,182,584	$ 7,416,963	$ 7,553,519							
Eight years later	$ 7,182,584	$ 7,416,963								
Nine years later	$ 7,182,584									
5. Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6. Reestimated incurred claims and expense:										
End of policy year	$ 7,200,332	$ 7,475,663	$ 7,577,201	$ 8,272,407	$ 8,242,478	$ 8,360,715	$ 8,417,811	$ 8,448,126	$ 8,581,628	$ 8,007,772
One year later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,264,109	$ 8,405,206	$ 8,502,285	
Two years later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,264,109	$ 8,405,206		
Three years later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,264,109			
Four years later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684				
Five years later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060					
Six years later	$ 7,182,584	$ 7,416,963	$ 7,533,519	$ 8,206,938						
Seven years later	$ 7,182,584	$ 7,416,963	$ 7,533,519							
Eight years later	$ 7,182,584	$ 7,416,963								
Nine years later	$ 7,182,584									
7. (Decrease) increase in estimated incurred claims and expense from end of policy year	$ (17,748)	$ (58,700)	$ (43,682)	$ (65,469)	$ 92,582	$ 246,969	$ (153,702)	$ (42,920)	$ (79,343)	$ -

See Note to Required Supplementary Information.

NOTE 1 – PURPOSE OF SCHEDULE

A - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The schedule is presented to illustrate the elements of the Group's Total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available. The Group has not accumulated assets in qualified trust for the purpose of paying the benefits related to the Group's Total OPEB liability.

B – Schedule of the Group's Proportionate Share of the Net Pension Liability

The Schedule of the Group's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the Group's Net Pension Liability. There is a requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years for which information is available.

C – Schedule of Group's Contributions

The Schedule of Group's Contributions is presented to illustrate the Group's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years for which information is available.

D – Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

E – Changes of Assumptions: The discount rate for Public Employer's Retirement Fund C was 7.50 7.65, 7.65, 715 and 7.15 percent in the June 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively. The discount rate for OPEB was 2.92 percent, 3.56 percent and 3.62 percent as of the June 30, 2016, 2017 and 2018 actuarial valuation report, respectively.

SUPPLEMENTARY INFORMATION

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF NET POSITION
June 30, 2019

	Property and Liability Programs	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 9,205,451	$ 37,397,634	$ 15,386,982	$ 622,667	$ 62,612,734
Investments	877,847	2,554,636	-	-	3,432,483
Receivables:					
Members	39,871	641,655	580,126	-	1,261,652
Interest	68,861	224,566	22,093	892	316,412
Excess insurance receivable	-	10,174	-	-	10,174
Prepaid expenses	1,080,895	689,419	108,058	8,337	1,886,709
Total current assets	11,272,925	41,518,084	16,097,259	631,896	69,520,164
Noncurrent assets:					
Investments, maturing after one year	8,527,596	25,661,695	-	-	34,189,291
Non-depreciable premises and equipment	-	-	-	300,000	300,000
Depreciable premises and equipment, net	-	32,466	-	924,726	957,192
Total assets	19,800,521	67,212,245	16,097,259	1,856,622	104,966,647
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - OPEB	4,255	5,957	6,806	-	17,018
Deferred outflows of resources - pension	42,886	102,927	140,094	-	285,907
Total deferred outflows of resources	47,141	108,884	146,900	-	302,925
LIABILITIES					
Current liabilities:					
Accounts payable	33,133	391,224	127,581	50,158	602,096
Unearned revenue	264,545	(116,336)	-	-	148,209
Current portion of unpaid claims and claim adjustment expenses	1,883,744	6,826,281	-	-	8,710,025
Total current liabilities	2,181,422	7,101,169	127,581	50,158	9,460,330
Unpaid claims and claim adjustment expenses, net of current portion	3,991,556	23,701,617	487,402	-	28,180,575
Net pension liability	131,724	316,138	430,298	-	878,160
Other postemployment benefits	46,448	65,027	74,316	-	185,791
Total liabilities	6,351,150	31,183,951	1,119,597	50,158	38,704,856
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - OPEB	1,915	2,681	3,064	-	7,660
Deferred inflows of resources - pension	9,102	21,844	29,732	-	60,678
Total deferred inflows of resources	11,017	24,525	32,796	-	68,338
NET POSITION					
Net position:					
Net investment in capital assets	-	32,466	-	1,224,726	1,257,192
Unrestricted	13,485,495	36,080,187	15,091,766	581,738	65,239,186
Total net position	$ 13,485,495	$ 36,112,653	$ 15,091,766	$ 1,806,464	$ 66,496,378

(Continued)

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF NET POSITION
June 30, 2018

	Property and Liability Programs	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 6,913,161	$ 36,474,602	$ 14,326,724	$ 595,608	$ 58,310,095
Investments	470,552	1,402,292	-	-	1,872,844
Receivables:					
Members	50,812	942,505	550,992	-	1,544,309
Interest	54,152	162,455	18,681	840	236,128
Excess insurance receivable	-	41,497	-	-	41,497
Prepaid expenses	2,646,182	623,315	339,048	(760)	3,607,785
Total current assets	10,134,859	39,646,666	15,235,445	595,688	65,612,658
Noncurrent assets:					
Investments, maturing after one year	8,478,472	25,444,778	-	-	33,923,250
Non-depreciable premises and equipment	-	-	-	300,000	300,000
Depreciable premises and equipment, net	2,394	35,583	-	889,468	927,445
Total assets	18,615,725	65,127,027	15,235,445	1,785,156	100,763,353
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - OPEB	2,883	4,036	4,612	-	11,531
Deferred outflows of resources - pension	49,631	119,116	162,131	-	330,878
Total deferred outflows of resources	52,514	123,152	166,743	-	342,409
LIABILITIES					
Current liabilities:					
Accounts payable	36,550	238,742	198,702	36,789	510,783
Unearned revenue	-	-	1,246	-	1,246
Current portion of unpaid claims and claim adjustment expenses	1,216,796	6,533,631	458,123	-	8,208,550
Total current liabilities	1,253,346	6,772,373	658,071	36,789	8,720,579
Unpaid claims and claim adjustment expenses, net of current portion	2,497,704	22,557,761	-	-	25,055,465
Net pension liability	136,422	327,410	445,639	-	909,471
Other postemployment benefits	38,450	53,830	61,520	-	153,800
Total liabilities	3,925,922	29,711,374	1,165,230	36,789	34,839,315
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - OPEB	2,135	2,989	3,416	-	8,540
Deferred inflows of resources - pension	8,222	19,732	26,858	-	54,812
Total deferred inflows of resources	10,357	22,721	30,274	-	63,352
NET POSITION					
Net position:					
Net investment in capital assets	2,394	35,583	-	1,189,468	1,227,445
Unrestricted	14,729,566	35,480,501	14,206,684	558,899	64,975,650
Total net position	$ 14,731,960	$ 35,516,084	$ 14,206,684	$ 1,748,367	$ 66,203,095

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
For the Year Ended June 30, 2019

	Property and Liability Programs	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
Operating revenues:					
Member contributions	$ 5,142,781	$ 10,953,167	$ 72,973,816	$ -	$ 89,069,764
Expenses:					
Provision for claims and claim adjustment expenses	3,368,425	9,752,589	7,957,311	-	21,078,325
Insurance premiums	2,482,230	743,401	62,301,137	-	65,526,768
Professional fees	627,000	894,859	881,323	-	2,403,182
Risk management fees	303,745	546,755	237,803	-	1,088,303
General and administrative expenses	225,471	491,746	908,665	239,257	1,865,139
Total operating expenses	7,006,871	12,429,350	72,286,239	239,257	91,961,717
Operating (loss) income	(1,864,090)	(1,476,183)	687,577	(239,257)	(2,891,953)
Non-operating revenues (expenses):					
Investment income	633,044	2,094,323	222,175	10,907	2,960,449
Rental (expense) income	(15,419)	(21,586)	(24,670)	286,447	224,772
Other income	-	15	-	-	15
Total non-operating revenues	617,625	2,072,752	197,505	297,354	3,185,236
Change in net position	(1,246,465)	596,569	885,082	58,097	293,283
Net position, beginning of year	14,731,960	35,516,084	14,206,684	1,748,367	66,203,095
Net position, end of year	$ 13,485,495	$ 36,112,653	$ 15,091,766	$ 1,806,464	$ 66,496,378

(Continued)

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
For the Year Ended June 30, 2018

	Property and Liability Programs	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
Operating revenues:					
Member contributions	$ 5,183,821	$ 11,102,055	$ 74,181,127	$ -	$ 90,467,003
Expenses:					
Provision for claims and claim adjustment expenses	817,210	8,365,569	8,566,740	-	17,749,519
Insurance premiums	2,295,764	775,011	62,809,744	-	65,880,519
Professional fees	702,000	878,263	904,966	-	2,485,229
Risk management fees	234,927	243,142	217,876	-	695,945
General and administrative expenses	178,177	376,443	858,315	235,946	1,648,881
Total operating expenses	4,228,078	10,638,428	73,357,641	235,946	88,460,093
Operating income	955,743	463,627	823,486	235,946	2,006,910
Non-operating revenues (expenses):					
Investment income	119,072	525,267	170,912	8,446	823,697
Rental (expense) income	(15,419)	(21,586)	(24,670)	265,878	204,203
Other income	10	29	-	155,379	155,418
Total non-operating revenues	103,663	503,710	146,242	429,703	1,183,318
Change in net position	1,059,406	967,337	969,728	193,757	3,190,228
Net position, beginning of year	13,672,554	34,548,747	13,236,956	1,554,610	63,012,867
Net position, end of year	$ 14,731,960	$ 35,516,084	$ 14,206,684	$ 1,748,367	$ 66,203,095

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors and Members
Schools Insurance Group
Auburn, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Schools Insurance Group as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Schools Insurance Group's financial statements and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Schools Insurance Group's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Schools Insurance Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Schools Insurance Group's internal controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Schools Insurance Group's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 2, 2019

SCHOOLS INSURANCE GROUP

FINANCIAL STATEMENTS
June 30, 2020 and 2019

SCHOOLS INSURANCE GROUP
Auburn, California

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Schools Insurance Group
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Schools Insurance Group as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Schools Insurance Group's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *State Controller's Minimum Audit Requirements for California Special Districts* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Schools Insurance Group, as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7, Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability on page 33, the Schedule of the Group's Proportionate Share of the Net Pension Liability on page 34, the Schedule of the Group's Contributions on page 35, the Reconciliation of Claims Liability by Type of Contract on pages 36 through 38, and the Claims Development Information on pages 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Statements of Net Position and Combining Statements of Revenues, Expenses and Change in Net Position are presented on pages 44 through 47 for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations and are not a required part of the combined financial statements.

The Combining Statements of Net Position and Combining Statements of Revenues, Expenses and Change in Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 15, 2021 on our consideration of the Schools Insurance Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Schools Insurance Group's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools Insurance Group's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Simsbury, Connecticut
January 15, 2021

Schools Insurance Group
Management's Discussion and Analysis
Fiscal Years 2019-20 and 2018-19

The Authority—An Overview

Schools Insurance Group (SIG) was formed in 1978 as a response to the rapidly escalating costs of insurance. SIG's legal name is School Risk and Insurance Management Group however operates under the name of Schools Insurance Group. SIG is a quasi-governmental agency called a Joint Powers Authority (JPA) and was formed by the school districts and county offices in Placer and Nevada counties to provide insurance to its members.

Currently, SIG is comprised of 31 voting members (including two school districts in El Dorado County, one in Yuba County and one in Sacramento County) participating in three individual programs:

- Property/Liability Coverage
- Workers' Compensation Coverage
- Employee Benefits (medical/dental/vision/life)

In addition, SIG has invested in a building in Auburn that houses its administrative offices and provides additional office space for commercial lease.

A nine member Executive Committee, elected for a two-year term by the Joint Powers Board, governs Schools Insurance Group. The full Joint Powers Board is comprised of a representative and alternate for each member district, as designated by the School District's Governing Board. The Joint Powers Board also elects a President, Vice President and Secretary/Treasurer from the members of the Executive Committee for a one-year term.

The Executive Committee is responsible for the ongoing operations of SIG and is empowered to implement and enforce all provisions of the Joint Powers Agreement, SIG bylaws and all approved Board policies. The Executive Committee has delegated the responsibility of the daily operation of SIG to the Executive Director.

Description of Financial Statements

The annual financial report consists of five parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Supplementary Information.

- This is the Management's Discussion and Analysis where SIG's financial activities are explained, based on currently known facts and conditions.
- The notes to the financial statements are an integral part of the financial statements and provide details on SIG membership, accounting policies, claim reserves and IBNRs (incurred but not reported), net pension liability, other postemployment benefits, and other information in the statements.

- The financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position and the Statement of Cash Flows, using the direct method for the operations of Schools Insurance Group for the fiscal years ending June 30, 2020 and 2019. These statements give an overall financial picture of SIG compared to the prior fiscal year. These can be used to quickly assess the financial performance over the reported fiscal year.
- The required supplementary information includes the schedules of Changes in Total Other Postemployment Benefits Liability, the Group's Proportionate Share of the Net Pension Liability and Contributions, Claims Liabilities by Type of Contract for the fiscal years ended June 30, 2020 and 2019 and Claims Development Information for self-insured program years by type of fund for the recent ten years.
- The supplementary information includes the Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Change in Net Position for fiscal years ended June 30, 2020 and 2019. Accounting for the individual programs is maintained internally to show the performance and activity of each fund.

Statement of Net Position

June 30, 2020, 2019, and 2018

	2020	2019	% Change	2018	% Change
ASSETS					
Current assets	$ 73,174,703	$ 69,520,164	5.26%	$ 65,612,658	5.96%
Investments maturing after one year	37,406,862	34,189,291	9.41%	33,923,250	0.78%
Deposits in SCELP	0	0	0.00%	0	0.00%
Capital assets, net	1,192,966	1,257,192	-5.11%	1,227,445	2.42%
Total assets	111,774,531	104,966,647	6.49%	100,763,353	4.17%
Deferred Outflows of Resources	288,284	302,925	-4.83%	342,409	-11.53%
LIABILITIES					
Current liabilities	11,483,232	9,460,330	21.38%	8,720,579	8.48%
Total non-current liabilities	29,967,108	29,244,526	2.47%	26,118,736	11.97%
Total liabilities	41,450,340	38,704,856	7.09%	34,839,315	11.10%
Deferred Inflows of Resources	73,223	68,338	7.15%	63,352	7.87%
NET POSITION	$ 70,539,252	$ 66,496,378	6.08%	$ 66,203,095	0.44%

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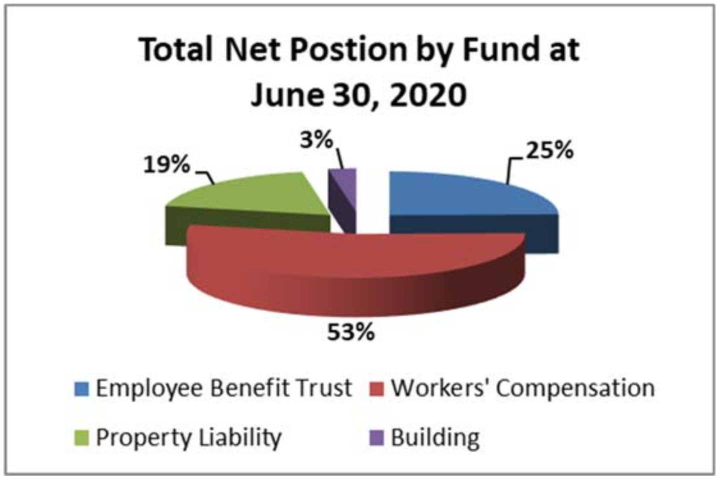

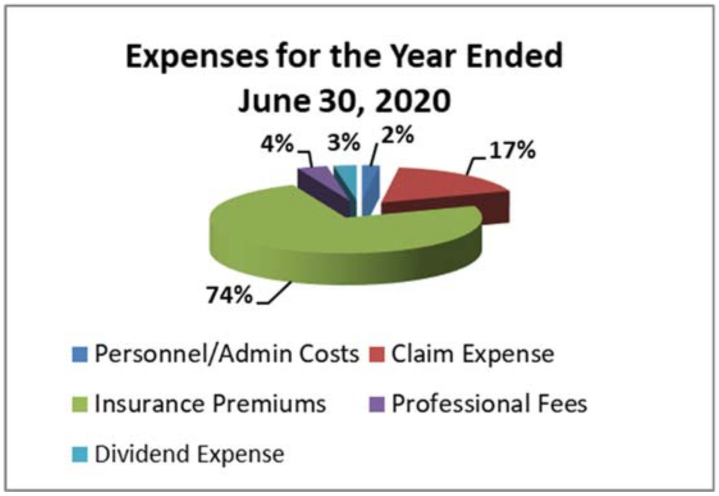

Analysis of Balances and Transactions of Individual Programs

Employee Benefit Trust

There was an increase in net position of $2,350,751 for the current fiscal year. This was primarily due to a decrease in claims in both the dental and vision plans that are self-insured. The significant decrease in utilization was due to COVID-19 restrictions in the 4th quarter, April – June 2020. For the 2018-19 fiscal year, there was an increase in net position of $885,082.

Workers' Compensation Program

There was an increase in net position for the current year of $1,707,535 compared to the 2018-19 increase in net position of $596,569. Paid claims were significantly down from prior year mainly due to school staff working remotely, or not at all during the 4th quarter of the program year. Additionally, claims have developed more favorably overall than expected as per our actuary. SIG continues to implement new programs to reduce the severity of claim costs. These programs include school safety/regulatory compliance/risk management services through PublicSchoolWORKS, the Return-to-Work Program (OUR System); third-party administrators with an emphasis on closing claims; a Medical Provider Network with protocols for the treating physicians; Utilization Review for questionable medical procedures and the Critical Claims Committee. The financial impact of these programs has been substantial and SIG has been making significant progress in closing out old claims in addition to mitigating costs associated with new claims and reducing the number of claims overall. The SIG Workers' Compensation Program is currently in a very strong position, with equity in excess of the Targeted Equity Policy thus the Joint Powers Board authorized a dividend to member districts to return excess funds.

Property and Liability Program

The program experienced a decrease in net position of $101,144. For the 2018-19 fiscal year, there was a decrease in net position of $1,246,465 mainly a result of increasing reserve levels on outstanding claims due to the increasing severity of claims and to ensure that SIG is maintaining funding adequacy. This increase in reserve levels in 2018-19 helped to stabilize the program for the 2019-20 program year.

Building Program

There was an increase in net position of $85,732. In the 2018-19 fiscal year, there was an increase in net position of $58,097. The building is projected to be at 73% occupancy as of October 2020 due to lease non-renewals. Office leasing has slowed due to COVID.

Analysis of Overall Financial Position and Results of Operations

Total net position in SIG increased by $4,042,874 between 2020 and 2019 and increased $293,283 between 2019 and 2018. The significantly larger increase in the current year is due to substantial increases to net position in the Employee Benefit and the Workers' Compensation programs. Total liabilities increased by $2,745,484 between 2020 and 2019 as a result of declaring a dividend in the Workers' Compensation program in the amount of $2,572,500. At June 30, 2020, approximately $37.4 million of investments were classified as long-term with terms between one and five years. This is up moderately from the approximately $34.2 million of long term investments for the 2019 fiscal year.

Member contributions for SIG increased by 7.1% for the 2020 fiscal year from 2019, and decreased 1.54% for the 2019 fiscal year as compared to 2018. The increase in the current period is the result of rate increases in the Employee Benefit and Property and Liability programs, and increased payrolls in the Workers' Compensation program.

Administrative and Personnel expenses were 2.0% of member contributions for the 2020 fiscal year which is the same percentage experienced in the 2019 fiscal year.

Insurance Market Condition and Economic Outlook

Events of 2020 have impacted the insurance marketplace in unforeseen ways. COVID, wildfire, legislation, and regulation continue to influence the availability and cost of SIG's self-insured and insurance costs.

The primary driver for medical plan costs is the uncertainty of the impact of COVID. As healthcare organizations adapt to a different landscape, and as medical insurance carriers react to shifting care models and delivery of health benefits, SIG's cost for the fully-insured plans provided to its participating members will also evolve. SIG partners closely with its medical plan carriers as well as local healthcare organizations and medical providers to foster proactive thinking and action. The ultimate impact of COVID and other factors is unknown at this time, and SIG is taking the initiative to explore ways to maintain stable costs for subscribers and their families.

The Property Casualty market has hardened not only due to wildfires and large loss trends in California, but also to the uncertainty of the impact of COVID. SIG has had to make minor adjustments to self-insured retention levels for some coverages, although the impact to members is mitigated due to SIG's strong financial position as well as comprehensive risk prevention and mitigation strategies. SIG's capacity is adequate to meet the needs of our member districts. Work will continue to ensure the long-term stability of the JPA as markets are expected to react for upcoming renewals, with SIG always looking for ways to continue to provide broad coverage in the most cost effective way.

COVID's reach is also impacting Workers' Compensation, although costs will continue to be stable in 2020-2021. Statutory changes in the Workers' Compensation environment have been minimal, however there has been an uptick in regulatory activity which is anticipated to continue through the COVID pandemic. Initial outcomes indicate a drop in employee injuries, although the ultimate impact from the reaction to COVID and other factors remains to be seen.

New housing starts in SIG's service areas have increased. SIG anticipates that student attendance and number of employees will increase, primarily due to growth in the South Placer region.

Capital Assets

In May of 1995, Schools Insurance Group purchased an office building in Auburn, CA to house its administrative office. The building has a total of approximately 27,000 sq ft of rentable space divided into 24 individual offices. The building was 96% occupied as of the end of June 2020, and is projected to be at 73% occupancy as of October 2020 due to lease non-renewals. Office leasing has slowed due to COVID, and the majority of the tenants are on a month-to-month basis. The book value of our real property, office furniture, and vehicles totals $1,192,966 as of June 30, 2020.

FINANCIAL STATEMENTS

SCHOOLS INSURANCE GROUP
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 66,947,976	$ 62,612,734
Investments (Notes 3 and 4)	2,394,621	3,432,483
Receivables:		
Members	1,756,091	1,261,652
Interest	238,079	316,412
Excess insurance	(71,028)	10,174
Prepaid expenses	1,908,964	1,886,709
Total current assets	73,174,703	69,520,164
Noncurrent assets:		
Investments maturing after one year (Notes 3 and 4)	37,406,862	34,189,291
Non-depreciable premises and equipment (Note 5)	300,000	300,000
Depreciable premises and equipment, net (Note 5)	892,966	957,192
Total assets	111,774,531	104,966,647
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources – OPEB (Note 7)	16,673	17,018
Deferred outflows of resources – pension (Note 8)	271,611	285,907
Total deferred outflows of resources	288,284	302,925
LIABILITIES		
Current liabilities:		
Accounts payable	424,378	602,096
Unearned revenue	29,707	148,209
Dividend payable	2,572,500	-
Current portion of unpaid claims and claim adjustment expenses (Note 6)	8,456,647	8,710,025
Total current liabilities	11,483,232	9,460,330
Unpaid claims and claim adjustment expenses, net of current portion (Note 6)	28,819,253	28,180,575
Net pension liability (Note 8)	960,759	878,160
Other postemployment benefits (Note 7)	187,096	185,791
Total liabilities	41,450,340	38,704,856
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources – OPEB (Note 7)	(305)	7,660
Deferred inflows of resources – pension (Note 8)	73,528	60,678
Total deferred inflows of resources	73,223	68,338
NET POSITION		
Net position:		
Net investment in capital assets	1,192,966	1,257,192
Unrestricted	69,346,286	65,239,186
Total net position	$ 70,539,252	$ 66,496,378

See accompanying notes to financial statements.

SCHOOLS INSURANCE GROUP
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Member contributions	$ 95,394,340	$ 89,069,764
Operating expenses:		
Claims expense	16,574,947	21,078,325
Insurance premiums	70,077,599	65,526,768
Professional fees	2,317,864	2,403,182
Risk management fees	1,099,412	1,088,303
Dividend expense	2,572,500	-
General and administrative expenses (Note 9)	1,987,387	1,865,139
Total operating expenses	94,629,709	91,961,717
Operating income (loss)	764,631	(2,891,953)
Non-operating revenues:		
Investment income	3,027,378	2,960,449
Rental income (Note 11)	245,279	224,772
Other income	5,586	15
Total non-operating revenues	3,278,243	3,185,236
Change in net position	4,042,874	293,283
Net position, beginning of year	66,496,378	66,203,095
Net position, end of year	$ 70,539,252	$ 66,496,378

See accompanying notes to financial statements.

SCHOOLS INSURANCE GROUP
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from members and others	$ 94,862,601	$ 89,530,707
Cash paid for claims	(16,189,647)	(17,451,740)
Cash paid for insurance premiums	(70,277,572)	(63,714,379)
Cash paid for contract services	(2,317,864)	(2,403,182)
Cash paid for risk management	(1,099,412)	(1,088,303)
Cash paid for general and administrative	(681,538)	(708,005)
Cash paid to employees for services	(1,096,890)	(1,010,084)
Net cash provided by operating activities	3,199,678	3,155,014
Cash flows from capital and related financing activities:		
Purchase of premises and equipment	(47,604)	(131,647)
Proceeds from disposal of premises and equipment	6,301	-
Net cash used in financing activities	(41,303)	(131,647)
Cash flows from investing activities:		
Investment income received	2,131,786	1,727,464
Purchase of investments	(22,690,341)	(16,063,481)
Sale of investments	21,484,557	15,390,502
Rental income	245,279	224,772
Other cash received	5,586	15
Net cash provided by investing activities	1,176,867	1,279,272
Net increase in cash and cash equivalents	4,335,242	4,302,639
Cash and cash equivalents, beginning of year	62,612,734	58,310,095
Cash and cash equivalents, end of year	$ 66,947,976	$ 62,612,734
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 764,631	$ (2,891,953)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:		
Depreciation	105,529	101,900
(Increase) decrease in members' receivable	(494,439)	282,657
Decrease in excess insurance receivable	81,202	31,323
(Increase) decrease in prepaid expenses	(22,255)	1,721,076
Decrease in deferred outflow	14,641	39,484
(Increase) decrease in accounts payable	(177,718)	91,313
Increase in dividend payable	2,572,500	-
(Decrease) increase in unearned revenue	(118,502)	146,963
Increase (decrease) in net pension liability	82,599	(31,311)
Increase in total OPEB liability	1,305	31,991
Increase in unpaid claims and claim adjustment expenses	385,300	3,626,585
Increase in deferred inflow	4,885	4,986
Total adjustments	2,435,047	6,046,967
Net cash provided by operating activities	$ 3,199,678	$ 3,155,014
Supplemental Information:		
Change in fair value of investments	$ 973,925	$ 1,152,701

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Schools Insurance Group (the Group or SIG) was established by a Joint Powers Agreement on December 28, 1978, for the operation of a common risk management and insurance program for member school districts, transportation agencies, county offices of education and a community college. Member districts may elect to participate in these programs. The Group's general objectives are to formulate, develop and administer, on behalf of the members, a program providing for indemnity coverage. Currently, the Group has 35 members (31 voting members), 33 who participate in Workers' Compensation, 26 members who participate in Employee Benefits, and 31 members who participate in Property/Liability programs. The member school districts share proportionately in the assets and liabilities of the Group in the event of dissolution or dividends issued.

Schools Insurance Group is a California public entity as provided in Internal Revenue section 115; thus, it is tax-exempt. The California Office of the Controller, Division of Local Government Fiscal Affairs, for the purpose of filing an Annual Report of Financial Transactions of Special Districts, considers the Group to be a "Special District."

Admission and Withdrawal

Admission - Under the Group's Joint Powers Agreement, new members may be admitted by a two-thirds vote of the voting members and recommendation of the Executive Committee.

Withdrawal - Upon entry into the Group, members may not voluntarily withdraw for a period of three years. Members must submit six months written notice prior to voluntary withdrawal. Members may be expelled by a two-thirds vote. The effect of withdrawal does not terminate the responsibility of the member for any unpaid premiums and debts or assessments levied against its years of participation.

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred.

Reporting Entity: The Group has reviewed the criteria developed by the Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) 2100, relating to the financial reporting entity to determine whether it is financially accountable for other entities. The Group has determined that no other outside entity meets the above criteria and, therefore, none has been included as a component unit in the financial statements. In addition, the Group is not aware of any entity that would be financially accountable for the Group that would result in the Group being considered a component unit of that entity.

Description of Programs

Workers' Compensation Program - The Workers' Compensation program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Workers' Compensation program is established and maintained for member contributions, to be used for the payment of, but not limited to, the following:

- Self-insured claim payments
- Insurance premiums
- Claims administration expenses
- Investigative costs
- Legal costs
- Audit costs
- Miscellaneous

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2020, 33 members participate in the Workers' Compensation program. Each member pays the Group monthly contributions based on the following formula:

Required Income/(Experience Modification Factor x District Payroll)

The Experience Modification Factor is calculated annually to reflect the loss experience of each member agency as compared to the loss experience of the Group as a whole.

Member Deductible	$0 per occurrence
Self Insured Retention	$1 million per occurrence
Excess	$1 million to state statutory limit

Property/Liability Program - The Property/Liability program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Property/Liability program is established and maintained for member contributions, to be used for the payment of, but not limited to, the following:

- Self-insured claim payments
- Insurance premiums
- Claims administration expenses
- Investigative costs
- Legal costs
- Expert witness fees
- Audit costs
- Broker fees
- Property appraisal fees
- Miscellaneous

As of June 30, 2020, 31 members participate in the Property/Liability program. The Executive Committee determines contribution requirements annually for the Property/Liability program and recommends to the Joint Powers Board contribution amounts per district adequate to fund for insurance premiums and projected losses.

Member Deductible	$1,000 to $2,000/$25,000 per occurrence (varies)
Self Insured Retention Property	$100,000 per occurrence
Self Insured Retention Liability	$1,000,000 per occurrence
Excess Property	$100,001 to replacement value per occurrence
Excess Liability	$1,000,001 to $55 million per occurrence

Employee Benefit Program - The Employee Benefit program was established for the purpose of operating and maintaining a self-insurance or group insurance program (dental, vision, medical, etc.). The Employee Benefit program is established and maintained for member contributions, to be used for the payment of, but not limited to, the following:

- Medical insurance premium
- Self-funded claim payments for dental and vision
- Claims administration fees
- Group operating expenses
- Eligibility expenses
- Miscellaneous

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2020, 26 districts participate in the Employee Benefit program. District contribution rates are based on amounts that adequately cover anticipated incurred claims and attendant expenses of the program. The rates, once established for the fiscal year, shall not be increased for that year. As this program is fully-insured, SIG does not have any exposure in this program beyond the monthly contributions.

Cash Equivalents: Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of three months or less.

Fair Value of Pooled Investments: The Group records its deposits in the Placer County Treasury at fair value. Changes in fair value are reported as revenue in the statements of revenues, expenses and change in net position. The fair value of pooled investments at June 30, 2020 and 2019 approximated their carrying value.

Fair Value of Investments: The Group records its investment securities at fair values. Changes in fair value are reported as revenue in the statements of revenues, expenses and change in net position.

Prepaid Expenses: Insurance premiums paid by the Property/Liability Program and the Workers' Compensation Program for excess insurance policies are charged to expense over the policy period. Other charges paid are charged to the contract period.

Premises and Equipment: Premises and equipment are carried at cost and capitalized for amounts over $5,000. Depreciation is computed on the straight-line method with useful lives of three to 30 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

Accrued Vacation: The Group's vacation policy provides for the accumulation of earned vacation leave with such leave being fully vested the first day of employment. A liability for accrued vacation has been computed and recorded based on unused vacation hours at the current rate of pay.

Accumulated sick leave benefits are not recognized as liabilities by the Group. Sick leave is recorded as an operating expense in the period taken.

Dividends: Dividends are recorded when declared and are shown as a liability in the statements of net position. The Group declared dividends in the amount of $2,572,500 during the year ended June 30, 2020. The Group did not declare dividends during the year ended June 30, 2019.

Deferred Outflows/Inflows of Resources: In addition to assets, the statements of net position include a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The Group has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the total OPEB liability and net pension liability reported which is in the statements of net position.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The Group has recognized a deferred inflow of resources related to the total OPEB liability and net pension liability reported which is in the statements of net position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous 2% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund C and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Pool. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Provision for Unpaid Claims and Claim Adjustment Expenses: The Group's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability. The Group increases the liability for allocated and unallocated claim adjustment expenses. Because actual claims costs depend on such complex factors as inflation, changes in doctrine of legal liability and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The portion of claims considered currently payable has been actuarially determined.

Excess Insurance: The Group enters into excess insurance agreements, whereby it cedes various amounts of risk to other insurance companies or joint powers authorities. As of June 30, 2020 and 2019, the Group's Property, Liability and Workers' Compensation Programs provide self-insured retention of $100,000, $1,000,000 and $1,000,000 per incident, respectively. Risks ceded to other entities are treated as though they were not risks for which the Group is liable. Settlements have not exceeded insurance coverage in each of the past three years.

Revenue Recognition: Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid and interest and other income, the Group may assess its member's additional premiums. Operating revenues and expenses include all activities necessary to achieve the objectives of the Group. Non-operating revenues include investment activities and other non-essential activity. Operating and non-operating revenues are recognized as revenue when earned.

Income Taxes: The Group is an organization comprised of public agencies and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Subsequent Events: The Group has reviewed all events occurring from June 30, 2020 through January 15, 2021, the date the financial statements were available to be issued. No subsequent event occurred requiring accrual or disclosure.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2020 and 2019 consisted of the following:

		2020		2019
Cash in County Treasury	$	60,326,195	$	59,540,223
Cash on hand and in banks		6,621,781		3,072,511
Total cash and cash equivalents	$	66,947,976	$	62,612,734

Cash in County Treasury: In accordance with the Joint Powers Agreement, the Group maintains substantially all of its cash in the Placer County Treasury. The County pools these funds with those of other governmental units in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into the funds of participating programs. Any investment losses are proportionately shared by all programs in the pool.

Because the Group's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Group's share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the Group, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable State laws, the Placer County Treasurer may invest in derivative securities. However, at June 30, 2020 and 2019, the Placer County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Cash in Bank: The Group limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the Group's accounts were $6,621,781 and the bank balances were $7,697,637, of which $7,163,535 was uninsured but collateralized. At June 30, 2019, the carrying amount of the Group's accounts were $3,072,511 and the bank balances were $5,091,818, of which $4,341,818 was uninsured but collateralized.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair Value Hierarchy: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2020 and 2019, the carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value because of the relatively short maturities of these financial instruments or the associated variable rates of interest.

Assets Recorded at Fair Value: The following table presents information about the Group's assets measured at fair value on a recurring basis as of June 30, 2020 and 2019:

	Fair Value Measurements at June 30, 2020, Using			
	Total	Level 1	Level 2	Level 3
Investment securities:				
Corporate bonds	$ 10,496,570	$ -	$ 10,496,570	$ -
U.S. Government sponsored entities and agencies	15,001,080	-	15,001,080	-
Commercial asset-backed securities	2,126,464	-	2,126,464	-
Municipal bond	1,306,485	-	1,306,485	-
Certificates of deposit	2,008,538	-	2,008,538	-
Supra-national agency bond	557,859	-	557,859	-
Government asset-backed securities	8,304,487	-	8,304,487	-
Total	$ 39,801,483	$ -	$ 39,801,483	$ -

	Fair Value Measurements at June 30, 2019, Using			
	Total	Level 1	Level 2	Level 3
Investment securities:				
Corporate bonds	$ 11,269,497	$ -	$ 11,269,497	$ -
U.S. Government sponsored entities and agencies	14,017,998	-	14,017,998	-
Commercial asset-backed securities	2,883,245	-	2,883,245	-
Municipal bond	431,634	-	431,634	-
Certificates of deposit	4,265,098	-	4,265,098	-
Supra-national agency bond	2,352,195	-	2,352,195	-
Government asset-backed securities	2,402,107	-	2,402,107	-
Total	$ 37,621,774	$ -	$ 37,621,774	$ -

(Continued)

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Fair value for the Level 2 investment securities was provided by a third party pricing source which generally uses models or matrices to price these type of investments. The significant inputs used to determine valuation for these types of assets, listed in approximate order of priority for use when available, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads and reference data including market research publications (Level 2).

NOTE 4 - INVESTMENTS

Investment Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Group's investment policy mandates that investment maturities will be no more than five years from purchase date to maturity date. Investment maturities are based on a review of cash flow forecasts and are scheduled so as to permit the Group to meet all projected obligations.

Maturities of investments held at June 30, 2020 consist of the following:

		Maturity	
	Fair Value	Less Than One Year	One Year Through Five Years
Investment securities:			
Corporate bonds	$ 10,496,570	$ 1,019,598	$ 9,476,972
U.S. Government sponsored entities and agencies	15,001,080	-	15,001,080
Commercial asset-backed securities	2,126,464	61,873	2,064,591
Municipal bond	1,306,485	432,935	873,550
Certificates of deposit	2,008,538	768,461	1,240,077
Supra-national agency bond	557,859	111,754	446,105
Government asset-backed securities	8,304,487	-	8,304,487
	$ 39,801,483	$ 2,394,621	$ 37,406,862

(Continued)

NOTE 4 - INVESTMENTS (Continued)

Maturities of investments held at June 30, 2019 consist of the following:

		Maturity	
	Fair Value	Less Than One Year	One Year Through Five Years
Investment securities:			
Corporate bonds	$ 11,269,497	$ 1,807,994	$ 9,461,503
U.S. Government sponsored entities and agencies	14,017,998	-	14,017,998
Commercial asset-backed securities	2,883,245	20,338	2,862,907
Municipal bond	431,634	-	431,634
Certificates of deposit	4,265,098	1,603,825	2,661,273
Supra-national agency bond	2,352,195	-	2,352,195
Government asset-backed securities	2,402,107	326	2,401,781
	$ 37,621,774	$ 3,432,483	$ 34,189,291

Investment Credit Risk: It is the Group's general investment policy to apply the prudent person standard; investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. California law places minimum credit rating requirements on various investment types and the Group’s Investment Policy places additional limits. Credit criteria in the Group’s Investment Policy includes the following restrictions: medium-term corporate notes, municipal obligations, and negotiable certificates of deposit must be rated in a rating category of "A" or the equivalent or better by at least one Nationally Recognized Statistical Rating Organization (NRSRO), asset-backed securities and supranationals must be rated in a rating category of "AA" or the equivalent or better by at least one NRSRO, and commercial paper must be rated at least A-1 or the equivalent. If the investment subsequently is downgraded below an “A” rating, the Executive Director shall notify the Executive Committee upon learning of the downgrade. As of June 30, 2020 and 2019, investments held by the Group met the rating requirements described above.

Concentration of Investment Credit Risk: The Group limits the amount that can be invested in corporate obligations to no more than 30% of the Group's investment portfolio. No more than 5% of the Group's total investment portfolio plus its cash in Placer County Treasury will be invested in a single issuer or with a single financial institution, excluding instruments in U.S. Treasuries, Federal Agencies, repurchase agreements, supranationals, and pooled investments. At June 30, 2020 and 2019, the Group had the following investments that represent more than 5% of the Group's net investments:

	2020	2019
United States Treasury	38%	37%

(Continued)

NOTE 5 - PREMISES AND EQUIPMENT

Premises and equipment at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Non-depreciable:		
Land	$ 300,000	$ 300,000
Depreciable:		
Building and improvements	2,341,136	2,294,420
Office equipment and furniture	415,025	414,137
Vehicles	-	17,855
Subtotal	3,056,161	3,026,412
Less accumulated depreciation	(1,863,195)	(1,769,220)
	$ 1,192,966	$ 1,257,192

Activity for premises and equipment for the years ended June 30, 2020 and 2019 included the following:

	2020	2019
Premises and equipment, beginning of year	$ 1,257,192	$ 1,227,445
Purchases	47,604	131,647
Disposals	(6,301)	-
Current year depreciation	(105,529)	(101,900)
Premises and equipment, end of year	$ 1,192,966	$ 1,257,192

(Continued)

NOTE 6 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Group established a liability for both reported and unreported insured events for the respective programs. The following represents changes in those aggregate liabilities during the years ended June 30, 2020, 2019 and 2018:

	2020	2019	2018
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 36,890,600	$ 33,264,015	$ 31,660,112
Incurred claims and claim adjustment expenses:			
Provision for covered events of the current year	18,511,706	20,458,824	20,602,091
Change in provision for covered events of prior years	(1,936,759)	619,501	(2,852,572)
Total incurred claims and claim adjustment expenses	16,574,947	21,078,325	17,749,519
Payments:			
Claims and claim adjustment expenses attributable to covered events of the current year	8,365,417	10,133,844	10,160,295
Claims and claim adjustment expenses attributable to covered events of prior years	7,824,230	7,317,896	5,985,321
Total payments	16,189,647	17,451,740	16,145,616
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 37,275,900	$ 36,890,600	$ 33,264,015

There are no liabilities established for workers' compensation claims incurred from July 1, 1995 through June 30, 1999 as the workers' compensation program was fully insured for that period.

The components of the unpaid claims and claim adjustment expenses as of June 30, 2020 and 2019 are as follows:

	2020	2019
Reported claims	$ 15,843,529	$ 16,018,136
Claims incurred but not reported (IBNR)	19,415,841	18,882,715
Unallocated loss adjustment expenses (ULAE)	2,016,530	1,989,749
	37,275,900	36,890,600
Current portion	(8,456,647)	(8,710,025)
	$ 28,819,253	$ 28,180,575

At June 30, 2020 and 2019, the liability was reported at the present value using an expected future investment yield assumption of 3% for the Worker's Compensation Program and 2% for the Property and Liability Program. The undiscounted liability at June 30, 2020 and 2019 is $41,856,150 and $41,178,198, respectively. The current portion of the claims liabilities has been estimated at the amount of claims paid in the current year and consideration of any known future claims payments actuarially determined.

(Continued)

NOTE 6 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES (Continued)

As a result of changes in estimates of insured events in prior years, incurred losses and loss adjustment expenses decreased by $1,936,759 in 2020, which was primarily due to favorable loss development on workers' compensation claims. As a result of changes in estimates of insured events in prior years, incurred losses and loss adjustment expenses increased by $619,501 in 2019, which was primarily due to unfavorable loss development on property/liability claims.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Plan Description: In addition to the pension benefits described in Notes 8, the Group subsidized the cost of retiree medical coverage for a closed group. The plan does not issue separate financial statements. The Group's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The Group's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2020, the Group has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the Group's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

	Number of Participants
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	4
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	7
	11

Benefits Provided: The Group provides coverage to employees who satisfy the requirements for retirement under CalPERS. CalPERS retirement requires attainment of age 50 with 5 years of State or public agency service or approved disability retirement.

Employees hired prior to July 1, 1990 who retire with a minimum of 15 years of service with the Group receive 100% of the employee-only medical premium paid by the Group for their lifetime. Such retirees may pay the additional cost to cover dependents and/or continue their dental or vision coverage. Other employees who retire from SIG at age 59 or older may receive up to $10,000 payable from a retiree Health Reimbursement Account (HRA). The retiree is responsible for paying 100% of his or her health premiums but may direct amounts to be withdrawn from the HRA to be applied toward the premiums until such HRA is exhausted. All other employees not meeting the requirements above who elect to continue some or all of their healthcare coverage in retirement must do so entirely at their own expense.

Contributions: California Government Code specifies that the Group's contribution requirements for plan members are established and may be amended by the Governing Board. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions to the Plan from the District were $17,018 and $17,947 for the years ended June 30, 2020 and 2019, respectively. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability of $187,096 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The District's total OPEB liability of $185,791 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the July 20, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Funding Method	Entry Age Normal Cost, level percent pay
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Mortality Rate	PERS - The mortality assumptions are based on the 2014 CalPERS Mortality for Retired Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Discount Rate	3.62% as of June 30, 2018 3.13% as of June 30, 2019
Retirement Rate	Retirement rates match rates developed in the experience studies for California PERS (2014)
Termination Rate	2014 CalPERS Experience Study
Inflation Rate	2.75% per year
Salary Increases	3.25% per year
Health Care Cost Trend Rate	7.00% in 2019 with a 0.50% decrease each year until 2023 and then a flat 5.0% thereafter

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

	2020	2019
Total OPEB Liability, beginning of year	$ 185,791	$ 153,800
Changes for the year:		
Service cost	4,625	4,495
Interest	6,585	6,726
Changes in benefit terms	-	39,619
Changes in assumptions	7,113	(902)
Benefits payments	(17,018)	(17,947)
Net change	1,305	31,991
Total OPEB Liability, End of Year	$ 187,096	$ 185,791

There were no changes between the measurement date and the years ended June 30, 2020 and 2019, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Total OPEB Liability of the Group, as well as what the Group's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	2020		
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	$ 203,395	$ 187,096	$ 173,127

	2019		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	$ 202,011	$ 185,791	$ 171,928

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the Group, as well as what the Group's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	2020		
	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	$ 174,364	$ 187,096	$ 201,774

	2019		
	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	$ 173,148	$ 185,791	$ 205,367

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $10,358. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	(305)
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	16,673	-
Total	$ 16,673	$ (305)

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

$22,490 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,		
2021	$	(852)
2022	$	(852)
2023	$	162
2024	$	1,214
2025	$	633

For the year ended June 30, 2019, the District recognized OPEB expense of $9,073. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	7,660
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	17,018	-
Total	$ 17,018	$ 7,660

$17,018 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Plan Description: The Group contributes to the Miscellaneous 2% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) California Public Employer's Retirement Fund C PERF C), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual financial report. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov.

Benefits provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary ranging from zero dollars to $703 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020 were as follows:

Members – The member contribution rate was 7% of applicable member earnings for fiscal years 2019-20 and 2018-19.

Employers – The employer contribution rate was 10.221% and 9.409% of applicable member earnings for fiscal years 2019-20 and 2018-19, respectively.

The Group's contribution to CalPERS for the fiscal years ending June 30, 2020, 2019, and 2018, were $125,015, $114,748, and $102,086, respectively, and equal 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Group reported a liability of $960,759 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Group's proportion of the net pension liability was based on the Group's contributions to the pension plan relative to the contributions of all participating agencies. At June 30, 2019, the Group's proportion was 0.024 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2018.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2019, the Group reported a liability of $878,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Group's proportion of the net pension liability was based on the Group's contributions to the pension plan relative to the contributions of all participating agencies. At June 30, 2018, the Group's proportion was 0.023 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2020, the Group recognized pension expense of $234,763. At June 30, 2020, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 66,729	$ 5,170
Changes of assumptions	45,813	16,240
Net differences between projected and actual earnings on investments	-	16,797
Changes in proportion and differences between JPA contributions and proportionate share of contributions	34,054	35,322
Contributions made subsequent to measurement date	125,015	-
Total	$ 271,611	$ 73,529

As of June 30, 2020, $125,015 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2021	$ 72,506
2022	$ (9,340)
2023	$ 6,507
2024	$ 3,394

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2019, the Group recognized pension expense of $134,272. At June 30, 2019, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 33,693	$ 11,466
Changes of assumptions	100,113	24,536
Net differences between projected and actual earnings on investments	4,341	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	33,012	24,676
Contributions made subsequent to measurement date	114,748	-
Total	$ 285,907	$ 60,678

$114,748 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended June 30, 2021.

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is four years as of the June 30, 2019 and 2018 measurement dates. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments, changes in assumptions and changes in proportion are netted and amortized over a closed five-year period.

Actuarial methods and assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	1997 to 2015
Actuarial Cost Method	Varies by entry age and service
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	3.00%
Post-retirement Benefit Increases	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For more details on this table, please refer to the 2015 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term % Assumed Asset Allocation	Expected Real Rate of Return Years 1-10**	Expected Real Rate of Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

** An expected inflation of 2.00% used for this period.
*** An expected inflation of 2.92% used for this period.

Discount rate: At June 30, 2020 and 2019, the discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT SYSTEM PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Group's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. For the years ended June 30, 2020 and 2019, the following presents the JPA's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the JPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2020		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 1,559,686	$ 960,759	$ 466,388

	2019		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 1,438,414	$ 878,160	$ 415,679

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Salaries and benefits	$ 1,200,320	$ 1,049,757
Depreciation	105,529	101,900
Office expenses	41,692	46,519
Professional services	98,727	94,296
Member services	15,627	33,704
Travel and conference	33,663	34,270
Building expense	133,879	150,464
Other expenses	357,950	354,229
Total	$ 1,987,387	$ 1,865,139

(Continued)

NOTE 10 - JOINT POWERS AGREEMENT

The Group participates under a joint powers agreement (JPA) with Schools Excess Liability Fund (SELF) in the Excess Liability Program. The relationship between the Group and SELF is such that SELF is not a component unit of the Group for financial reporting purposes.

SELF arranges for and provides excess coverage for its members. SELF is governed by a board consisting of elected representatives from its membership. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SELF. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed financial information for SELF for the fiscal year ended June 30, 2019 (most recent information available) is as follows (in thousands):

		2019
Total assets	$	121,324
Total deferred outflows		423
Total liabilities		101,851
Total deferred inflows		31
Total net position	$	19,865
Revenues	$	25,735
Expenses		23,968
Change in net position	$	1,767

NOTE 11 - RENTAL INCOME

The Group owns a 27,400 square foot office building located at 550 High Street in Auburn, California. The Group occupies approximately 4,200 square feet of this building with the remaining 23,200 square feet available for lease to outside tenants.

Future minimum lease payments to be received under the leases in place as of June 30, 2020, are as follows:

Years Ended June 30,		
2021	$	229,642
2022		189,657
2023		177,547
2024		177,886
2025		177,886
Total	$	952,618

(Continued)

NOTE 12 - CONTINGENCIES

The Group is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Group.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Group could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

REQUIRED SUPPLEMENTARY INFORMATION

Last 10 Fiscal Years

	2018	2019	2020
Total OPEB Liability			
Service cost	$ 1,196	$ 4,495	$ 4,625
Interest	4,856	6,726	6,585
Change in benefit terms	-	39,619	-
Change in assumptions	(10,441)	(902)	7,113
Benefit payments	(13,843)	(17,947)	(17,018)
Net change in total OPEB liability	(18,232)	31,991	1,305
Total OPEB Liability - beginning of year	172,032	153,800	185,791
Total OPEB Liability - end of year	$ 153,800	$ 185,791	$ 187,096
Covered employee payroll	$ 646,524	$ 682,644	$ 736,987
Total OPEB liability as a percentage of covered employee payroll	23.79%	27.22%	25.39%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

SCHOOLS INSURANCE GROUP
SCHEDULE OF THE GROUP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

Public Employer's Retirement Fund C
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Group's proportion of the net pension liability	0.009%	0.027%	0.027%	0.025%	0.023%	0.024%
Group's proportionate share of the net pension liability	$ 586,624	$ 730,202	$ 931,866	$ 909,471	$ 878,160	$ 960,759
Group's covered payroll	$ 533,000	$ 626,000	$ 637,000	$ 520,000	$ 627,000	$ 736,000
Group's proportionate share of the net pension liability as a percentage of its covered payroll	110.06%	116.65%	146.29%	174.90%	140.06%	130.54%
Plan fiduciary net position as a percentage of the total pension liability	81.15%	79.90%	75.90%	75.40%	77.69%	76.60%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See Note to Required Supplementary Information.

Public Employer's Retirement Fund C
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 86,583	$ 90,955	$ 101,002	$ 102,086	$ 114,748	$ 125,015
Contributions in relation to the contractually required contribution	(86,583)	(90,955)	(101,002)	(102,086)	(114,748)	(125,015)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Group's covered payroll	$ 626,000	$ 637,000	$ 520,000	$ 627,000	$ 736,000	$ 803,000
Contributions as a percentage of covered payroll*	13.83%	14.28%	19.42%	16.28%	15.59%	15.57%

*Contributions are higher than the set employer contribution rates due to an additional contribution made by the Group towards the unfunded accrued liability.

All years prior to 2015 are not available.

The schedule below presents the changes in claims liabilities of the Group's Property/Liability Program:

	2020	2019
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 5,875,300	$ 3,714,500
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	2,574,821	2,641,730
Change in provision for covered events of prior years	(256,037)	726,695
Total incurred claims and claim adjustment expenses	2,318,784	3,368,425
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	290,211	617,957
Claims and claim adjustment expenses attributable to covered events of prior years	1,800,523	589,668
Total payments	2,090,734	1,207,625
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 6,103,350	$ 5,875,300

The components of the unpaid claims and claim adjustment expenses as of June 30, 2020 and 2019 are as follows:

	2020	2019
Reported claims	$ 3,119,353	$ 3,107,714
Claims incurred but not reported (IBNR)	2,680,647	2,476,286
Unallocated loss adjustment expenses (ULAE)	303,350	291,300
	$ 6,103,350	$ 5,875,300

(Continued)

The schedule below presents the changes in claims liabilities of the Group's Workers' Compensation Program:

	2020	2019
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 30,527,898	$ 29,091,392
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	8,972,977	9,780,440
Change in provision for covered events of prior years	(1,549,176)	(27,851)
Total incurred claims and claim adjustment expenses	7,423,801	9,752,589
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	1,501,048	1,966,635
Claims and claim adjustment expenses attributable to covered events of prior years	5,667,851	6,349,448
Total payments	7,168,899	8,316,083
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 30,782,800	$ 30,527,898

The components of the unpaid claims and claim adjustment expenses as of June 30, 2020 and 2019 are as follows:

	2020	2019
Reported claims	$ 12,724,176	$ 12,910,422
Claims incurred but not reported (IBNR)	16,368,824	15,947,909
Unallocated loss adjustment expenses (ULAE)	1,689,800	1,669,567
	$ 30,782,800	$ 30,527,898

Note: The Group's Workers' Compensation Program was fully insured for claims incurred from July 1, 1997 through May 19, 2001.

(Continued)

SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
DENTAL AND VISION PROGRAM
For the Years Ended June 30, 2020 and 2019

The schedule below presents the changes in claims liabilities of the Dental and Vision Program within the Group's Employee Benefit Trust Program:

	2020	2019
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 487,402	$ 458,123
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	6,963,908	8,036,654
		-
Change in provision for covered events of prior years	(131,546)	(79,343)
Total incurred claims and claim adjustment expenses	6,832,362	7,957,311
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	6,574,158	7,549,252
Claims and claim adjustment expenses attributable to covered events of prior years	355,856	378,780
Total payments	6,930,014	7,928,032
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 389,750	$ 487,402

The components of the unpaid claims and claim adjustment expenses as of June 30, 2020 and 2019 are as follows:

	2020	2019
Claims incurred but not reported (IBNR)	$ 366,370	$ 458,520
Unallocated loss adjustment expenses (ULAE)	23,380	28,882
	$ 389,750	$ 487,402

See Note to Required Supplementary Information.

The tables that follow illustrate how the Group's earned revenues and investment income compare to related costs of loss and other expenses assumed by the Group as of the end of each of the last ten years. The rows of the tables are defined as follows:

(1) Total of each fiscal year's gross earned contribution and investment revenues, less dividends paid and contribution revenue ceded to excess insurers, and net earned contribution and investment revenues.

(2) Fiscal year's other operating costs of the Group including overhead and claims expenses not allocable to individual claims.

(3) The Group's gross incurred claims and claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) Cumulative amounts paid as of the end of successive years for each policy year.

(5) The latest reestimated amount of claims assumed by excess insurers as of the end of the current year for each policy year.

(6) Policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) Compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

(Continued)

SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
PROPERTY AND LIABILITY PROGRAM
June 30, 2020

	Fiscal and Policy Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 Premiums and investment revenue:										
Earned	$ 4,437,401	$ 4,587,814	$ 2,570,799	$ 4,718,823	$ 4,736,364	$ 4,893,354	$ 5,127,267	$ 5,287,484	$ 5,760,406	$ 7,568,324
Ceded	(2,136,302)	(2,174,576)	(2,252,564)	(2,098,444)	(2,038,313)	(2,188,404)	(2,348,552)	(2,295,764)	(2,482,230)	(4,106,897)
Net earned	$ 2,301,099	$ 2,413,238	$ 318,235	$ 2,620,379	$ 2,698,051	$ 2,704,950	$ 2,778,715	$ 2,991,720	$ 3,278,176	$ 3,461,427
2 Unallocated expenses	$ 876,043	$ 1,321,882	$ 1,221,623	$ 1,088,709	$ 1,177,314	$ 1,100,274	$ 1,052,485	$ 1,082,454	$ 1,123,566	$ 1,241,297
3 Estimated incurred claims and expenses, end of policy year:										
Incurred	$ 1,270,190	$ 1,226,008	$ 1,456,227	$ 1,963,290	$ 1,490,255	$ 1,482,822	$ 1,849,879	$ 2,002,136	$ 2,541,299	$ 2,466,033
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 1,270,190	$ 1,226,008	$ 1,456,227	$ 1,963,290	$ 1,490,255	$ 1,482,822	$ 1,849,879	$ 2,002,136	$ 2,541,299	$ 2,466,033
4 Paid (cumulative) as of:										
End of policy year	$ 374,792	$ 151,155	$ 261,801	$ 407,685	$ 260,214	$ 192,021	$ 439,989	$ 409,651	$ 617,957	$ 290,211
One year later	$ 581,525	$ 515,005	$ 684,322	$ 714,567	$ 574,924	$ 209,987	$ 667,044	$ 615,951	$ 883,556	
Two years later	$ 986,465	$ 841,837	$ 1,015,558	$ 1,321,792	$ 865,534	$ 349,144	$ 1,048,476	$ 895,623		
Three years later	$ 1,193,988	$ 898,305	$ 1,152,037	$ 2,055,972	$ 1,262,612	$ 415,522	$ 1,461,869			
Four years later	$ 1,423,117	$ 1,330,414	$ 1,150,489	$ 2,069,398	$ 1,262,983	$ 798,343				
Five years later	$ 2,043,620	$ 1,330,631	$ 1,157,997	$ 2,083,639	$ 1,262,695					
Six years later	$ 2,476,245	$ 1,282,087	$ 1,154,457	$ 2,185,358						
Seven years later	$ 2,481,852	$ 1,282,087	$ 1,150,181							
Eight years later	$ 2,484,008	$ 1,282,087								
Nine years later	$ 2,484,211									
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated incurred claims and expense:										
End of policy year	$ 1,270,190	$ 1,226,008	$ 1,456,227	$ 1,963,290	$ 1,490,255	$ 1,482,822	$ 1,849,879	$ 2,002,136	$ 2,541,299	$ 2,466,033
One year later	$ 1,337,842	$ 1,554,956	$ 1,457,451	$ 1,965,389	$ 1,536,333	$ 1,028,207	$ 1,698,285	$ 2,080,807	$ 2,950,083	
Two years later	$ 1,926,751	$ 1,993,741	$ 1,443,760	$ 3,521,412	$ 1,370,219	$ 798,558	$ 1,958,568	$ 1,573,290		
Three years later	$ 1,789,918	$ 1,938,618	$ 1,232,725	$ 3,170,917	$ 1,417,706	$ 927,720	$ 2,096,743			
Four years later	$ 2,164,785	$ 1,585,079	$ 1,152,233	$ 2,134,995	$ 1,263,400	$ 798,343				
Five years later	$ 2,280,509	$ 1,564,022	$ 1,160,169	$ 2,152,189	$ 1,263,400					
Six years later	$ 2,479,245	$ 1,282,087	$ 1,156,190	$ 2,241,872						
Seven years later	$ 2,481,852	$ 1,282,087	$ 1,152,188							
Eight years later	$ 2,488,981	$ 1,282,087								
Nine years later	$ 2,484,211									
7 (Decrease) increase in estimated incurred claims and expense from end of policy year	$ 1,214,021	$ 56,079	$ (304,039)	$ 278,582	$ (226,855)	$ (684,479)	$ 246,864	$ (428,846)	$ 408,784	$ -

(Continued)

SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION PROGRAM
June 30, 2020

	Fiscal and Policy Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 Premiums and investment revenue:										
Earned	$ 9,179,303	$ 9,255,539	$ 8,799,895	$ 10,095,354	$ 10,055,008	$ 11,720,204	$ 11,734,265	$ 11,605,765	$ 13,025,919	$ 14,601,394
Ceded	(417,465)	(412,221)	(416,306)	(542,673)	(525,910)	(589,613)	(651,633)	(775,011)	(743,401)	(957,697)
Net earned	$ 8,761,838	$ 8,843,318	$ 8,383,589	$ 9,552,681	$ 9,529,098	$ 11,130,591	$ 11,082,632	$ 10,830,754	$ 12,282,518	$ 13,643,697
2 Unallocated expenses	$ 2,317,211	$ 2,325,530	$ 2,256,751	$ 1,675,047	$ 1,455,701	$ 1,490,612	$ 1,456,106	$ 1,614,917	$ 2,050,429	$ 1,960,095
3 Estimated incurred claims and expenses, end of policy year:										
Incurred	$ 6,096,097	$ 6,670,886	$ 6,427,448	$ 7,075,760	$ 7,479,604	$ 8,000,313	$ 8,059,772	$ 9,456,674	$ 9,048,316	$ 8,617,172
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 6,096,097	$ 6,670,886	$ 6,427,448	$ 7,075,760	$ 7,479,604	$ 8,000,313	$ 8,059,772	$ 9,456,674	$ 9,048,316	$ 8,617,172
4 Paid (cumulative) as of:										
End of policy year	$ 1,085,967	$ 1,056,401	$ 858,871	$ 1,205,258	$ 1,335,691	$ 1,474,087	$ 1,228,252	$ 1,599,107	$ 1,966,635	$ 1,501,048
One year later	$ 2,268,748	$ 2,574,456	$ 2,504,513	$ 2,967,263	$ 3,429,039	$ 3,632,211	$ 2,746,301	$ 3,420,164	$ 3,832,767	
Two years later	$ 3,031,334	$ 3,926,699	$ 3,683,366	$ 4,255,390	$ 4,633,855	$ 4,899,045	$ 4,074,718	$ 4,879,902		
Three years later	$ 3,478,651	$ 4,701,012	$ 4,554,441	$ 5,176,444	$ 5,048,933	$ 6,585,163	$ 5,033,503			
Four years later	$ 3,983,883	$ 5,384,048	$ 4,956,812	$ 5,764,152	$ 5,356,939	$ 7,141,460				
Five years later	$ 4,144,503	$ 5,620,921	$ 5,207,303	$ 6,550,821	$ 5,515,935					
Six years later	$ 4,462,363	$ 5,720,701	$ 5,354,591	$ 6,715,314						
Seven years later	$ 4,491,303	$ 5,741,384	$ 5,436,623							
Eight years later	$ 4,538,433	$ 5,885,893								
Nine years later	$ 4,586,681									
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated incurred claims and expense:										
End of policy year	$ 6,096,097	$ 6,670,886	$ 6,427,448	$ 7,075,760	$ 7,479,604	$ 8,000,313	$ 8,059,772	$ 9,456,674	$ 9,048,316	$ 8,617,172
One year later	$ 6,105,500	$ 6,560,189	$ 6,383,619	$ 7,194,320	$ 8,115,098	$ 8,784,594	$ 7,968,030	$ 8,943,032	$ 9,257,268	
Two years later	$ 5,799,617	$ 6,919,126	$ 6,749,912	$ 7,536,614	$ 7,586,898	$ 8,683,360	$ 7,705,289	$ 8,701,104		
Three years later	$ 5,706,367	$ 7,007,894	$ 6,783,948	$ 7,389,499	$ 7,317,423	$ 9,330,451	$ 7,757,274			
Four years later	$ 5,774,212	$ 6,814,778	$ 6,612,451	$ 7,400,272	$ 7,022,035	$ 9,507,092				
Five years later	$ 5,364,482	$ 6,620,333	$ 6,602,567	$ 8,038,121	$ 6,945,251					
Six years later	$ 5,320,806	$ 6,522,221	$ 6,445,318	$ 8,103,837						
Seven years later	$ 5,112,722	$ 6,576,334	$ 6,348,747							
Eight years later	$ 5,078,887	$ 6,568,758								
Nine years later	$ 5,120,776									
7 (Decrease) increase in estimated incurred claims and expense from end of policy year	$ (975,321)	$ (102,128)	$ (78,701)	$ 1,028,077	$ (534,353)	$ 1,506,779	$ (302,498)	$ (755,570)	$ 208,952	$ -

(Continued)

SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
DENTAL & VISION PROGRAM
June 30, 2020

	Fiscal and Policy Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 Premiums and investment revenue:										
Earned	$ 60,015,548	$ 64,851,024	$ 67,298,034	$ 67,047,919	$ 68,932,242	$ 69,973,709	$ 74,039,558	$ 74,327,369	$ 73,171,321	$ 76,186,512
Ceded	(50,710,963)	(54,460,043)	(56,210,233)	(55,653,668)	(57,510,327)	(58,237,891)	(61,847,155)	(62,809,744)	(62,301,137)	(65,013,005)
Net earned	$ 9,304,585	$ 10,390,981	$ 11,087,801	$ 11,394,251	$ 11,421,915	$ 11,735,818	$ 12,192,403	$ 11,517,625	$ 10,870,184	$ 11,173,507
2 Unallocated expenses	$ 1,232,241	$ 1,653,839	$ 1,775,812	$ 1,760,710	$ 1,742,556	$ 1,678,850	$ 1,983,319	$ 1,982,667	$ 2,029,301	$ 1,984,891
3 Estimated incurred claims and expenses, end of policy year:										
Incurred	$ 7,475,663	$ 7,577,201	$ 8,272,407	$ 8,242,478	$ 8,360,715	$ 8,417,811	$ 8,448,126	$ 8,581,628	$ 8,007,772	$ 6,940,528
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 7,475,663	$ 7,577,201	$ 8,272,407	$ 8,242,478	$ 8,360,715	$ 8,417,811	$ 8,448,126	$ 8,581,628	$ 8,007,772	$ 6,940,528
4 Paid (cumulative) as of:										
End of policy year	$ 6,900,651	$ 7,087,144	$ 7,820,355	$ 7,867,775	$ 7,886,433	$ 7,965,454	$ 8,041,113	$ 8,151,537	$ 7,549,252	$ 6,574,158
One year later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728	$ 8,530,317	$ 7,905,108	
Two years later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728	$ 8,530,317		
Three years later	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728			
Four years later	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782				
Five years later	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060	$ 8,607,684					
Six years later	$ 7,416,963	$ 7,553,519	$ 8,206,938	$ 8,335,060						
Seven years later	$ 7,416,963	$ 7,553,519	$ 8,206,938							
Eight years later	$ 7,416,963	$ 7,553,519								
Nine years later	$ 7,416,963									
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated incurred claims and expense:										
End of policy year	$ 7,475,663	$ 7,577,201	$ 8,272,407	$ 8,242,478	$ 8,360,715	$ 8,417,811	$ 8,448,126	$ 8,581,628	$ 8,007,772	$ 6,940,528
One year later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728	$ 8,530,317	$ 7,905,108	
Two years later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728	$ 8,530,317		
Three years later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782	$ 8,431,728			
Four years later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684	$ 8,293,782				
Five years later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060	$ 8,607,684					
Six years later	$ 7,416,963	$ 7,533,519	$ 8,206,938	$ 8,335,060						
Seven years later	$ 7,416,963	$ 7,533,519	$ 8,206,938							
Eight years later	$ 7,416,963	$ 7,533,519								
Nine years later	$ 7,416,963									
7 (Decrease) increase in estimated incurred claims and expense from end of policy year	$ (58,700)	$ (43,682)	$ (65,469)	$ 92,582	$ 246,969	$ (124,029)	$ (16,398)	$ (51,311)	$ (102,664)	$ -

See Note to Required Supplementary Information.

NOTE 1 - PURPOSE OF SCHEDULE

A - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The schedule is presented to illustrate the elements of the Group's Total OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available. The Group has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the Group's Total OPEB Liability.

B - Schedule of the Group's Proportionate Share of the Net Pension Liability

The Schedule of the Group's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the Group's Net Pension Liability. There is a requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of Group's Contributions

The Schedule of Group's Contributions is presented to illustrate the Group's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions: The discount rate for Public Employer's Retirement Fund C was 7.50 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 2013, 2014, 2015, 2016, 2017 and 2018 actuarial reports, respectively. The discount rate for OPEB was 2.92, 3.56, 3.62 and 3.13 percent as of the June 30, 2016, 2017, 2018 and 2019 actuarial valuation report, respectively.

SUPPLEMENTARY INFORMATION

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF NET POSITION
June 30, 2020

	Property and Liability Program	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 8,692,954	$ 39,911,819	$ 17,607,388	$ 735,815	$ 66,947,976
Investments	560,873	1,833,748	-	-	2,394,621
Receivables:					
Members	80,294	1,141,842	533,955	-	1,756,091
Interest	53,998	173,458	10,125	498	238,079
Excess insurance	-	(71,028)	-	-	(71,028)
Prepaid expenses	1,012,181	731,875	164,908	-	1,908,964
Total current assets	10,400,300	43,721,714	18,316,376	736,313	73,174,703
Noncurrent assets:					
Investments, maturing after one year	9,389,498	28,017,364	-	-	37,406,862
Non-depreciable premises and equipment	-	-	-	300,000	300,000
Depreciable premises and equipment, net	-	18,266	-	874,700	892,966
Total assets	19,789,798	71,757,344	18,316,376	1,911,013	111,774,531
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - OPEB	4,169	5,836	6,668	-	16,673
Deferred outflows of resources - pension	40,742	97,780	133,089	-	271,611
Total deferred outflows of resources	44,911	103,616	139,757	-	288,284
LIABILITIES					
Current liabilities:					
Accounts payable	115,460	247,752	42,349	18,817	424,378
Unearned revenue	29,707	-	-	-	29,707
Dividend payable	-	2,572,500	-	-	2,572,500
Current portion of unpaid claims and claim adjustment expenses	1,722,925	6,733,722	-	-	8,456,647
Total current liabilities	1,868,092	9,553,974	42,349	18,817	11,483,232
Unpaid claims and claim adjustment expenses, net of current portion	4,380,425	24,049,078	389,750	-	28,819,253
Net pension liability	144,114	345,873	470,772	-	960,759
Other postemployment benefits	46,774	65,484	74,838	-	187,096
Total liabilities	6,439,405	34,014,409	977,709	18,817	41,450,340
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - OPEB	(76)	(107)	(122)	-	(305)
Deferred inflows of resources - pension	11,029	26,470	36,029	-	73,528
Total deferred inflows of resources	10,953	26,363	35,907	-	73,223
NET POSITION					
Net position:					
Net investment in capital assets	-	18,266	-	1,174,700	1,192,966
Unrestricted	13,384,351	37,801,922	17,442,517	717,496	69,346,286
Total net position	$ 13,384,351	$ 37,820,188	$ 17,442,517	$ 1,892,196	$ 70,539,252

(Continued)

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF NET POSITION
June 30, 2019

	Property and Liability Program	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 9,205,451	$ 37,397,634	$ 15,386,982	$ 622,667	$ 62,612,734
Investments	877,847	2,554,636	-	-	3,432,483
Receivables:					
Members	39,871	641,655	580,126	-	1,261,652
Interest	68,861	224,566	22,093	892	316,412
Excess insurance	-	10,174	-	-	10,174
Prepaid expenses	1,080,895	689,419	108,058	8,337	1,886,709
Total current assets	11,272,925	41,518,084	16,097,259	631,896	69,520,164
Noncurrent assets:					
Investments, maturing after one year	8,527,596	25,661,695	-	-	34,189,291
Non-depreciable premises and equipment	-	-	-	300,000	300,000
Depreciable premises and equipment, net	-	32,466	-	924,726	957,192
Total assets	19,800,521	67,212,245	16,097,259	1,856,622	104,966,647
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - OPEB	4,255	5,957	6,806	-	17,018
Deferred outflows of resources - pension	42,886	102,927	140,094	-	285,907
Total deferred outflows of resources	47,141	108,884	146,900	-	302,925
LIABILITIES					
Current liabilities:					
Accounts payable	33,133	391,224	127,581	50,158	602,096
Unearned revenue	264,545	(116,336)	-	-	148,209
Current portion of unpaid claims and claim adjustment expenses	1,883,744	6,826,281	-	-	8,710,025
Total current liabilities	2,181,422	7,101,169	127,581	50,158	9,460,330
Unpaid claims and claim adjustment expenses, net of current portion	3,991,556	23,701,617	487,402	-	28,180,575
Net pension liability	131,724	316,138	430,298	-	878,160
Other postemployment benefits	46,448	65,027	74,316	-	185,791
Total liabilities	6,351,150	31,183,951	1,119,597	50,158	38,704,856
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - OPEB	1,915	2,681	3,064	-	7,660
Deferred inflows of resources - pension	9,102	21,844	29,732	-	60,678
Total deferred inflows of resources	11,017	24,525	32,796	-	68,338
NET POSITION					
Net position:					
Net investment in capital assets	-	32,466	-	1,224,726	1,257,192
Unrestricted	13,485,495	36,080,187	15,091,766	581,738	65,239,186
Total net position	$ 13,485,495	$ 36,112,653	$ 15,091,766	$ 1,806,464	$ 66,496,378

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
For the Year Ended June 30, 2020

	Property and Liability Program	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
Operating revenues:					
Member contributions	$ 6,938,094	$ 12,439,430	$ 76,016,816	$ -	$ 95,394,340
Operating expenses:					
Claims expense	2,318,784	7,423,800	6,832,363	-	16,574,947
Insurance premiums	4,106,897	957,697	65,013,005	-	70,077,599
Professional fees	645,300	845,049	827,515	-	2,317,864
Risk management fees	356,549	535,551	207,312	-	1,099,412
Dividend expense	-	2,572,500	-	-	2,572,500
General and administrative expenses	241,938	559,262	955,566	230,621	1,987,387
Total operating expenses	7,669,468	12,893,859	73,835,761	230,621	94,629,709
Operating (loss) income	(731,374)	(454,429)	2,181,055	(230,621)	764,631
Non-operating revenues (expenses):					
Investment income	645,649	2,177,964	194,366	9,399	3,027,378
Rental (expense) income	(15,419)	(21,586)	(24,670)	306,954	245,279
Other income	-	5,586	-	-	5,586
Total non-operating revenues	630,230	2,161,964	169,696	316,353	3,278,243
Change in net position	(101,144)	1,707,535	2,350,751	85,732	4,042,874
Net position, beginning of year	13,485,495	36,112,653	15,091,766	1,806,464	66,496,378
Net position, end of year	$ 13,384,351	$ 37,820,188	$ 17,442,517	$ 1,892,196	$ 70,539,252

(Continued)

SCHOOLS INSURANCE GROUP
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
For the Year Ended June 30, 2019

	Property and Liability Program	Workers' Compensation Program	Employee Benefit Programs	Building Fund	Total
Operating revenues:					
Member contributions	$ 5,142,781	$ 10,953,167	$ 72,973,816	$ -	$ 89,069,764
Operating expenses:					
Claims expense	3,368,425	9,752,589	7,957,311	-	21,078,325
Insurance premiums	2,482,230	743,401	62,301,137	-	65,526,768
Professional fees	627,000	894,859	881,323	-	2,403,182
Risk management fees	303,745	546,755	237,803	-	1,088,303
General and administrative expenses	225,471	491,746	908,665	239,257	1,865,139
Total operating expenses	7,006,871	12,429,350	72,286,239	239,257	91,961,717
Operating (loss) income	(1,864,090)	(1,476,183)	687,577	(239,257)	(2,891,953)
Non-operating revenues (expenses):					
Investment income	633,044	2,094,323	222,175	10,907	2,960,449
Rental (expense) income	(15,419)	(21,586)	(24,670)	286,447	224,772
Other income	-	15	-	-	15
Total non-operating revenues	617,625	2,072,752	197,505	297,354	3,185,236
Change in net position	(1,246,465)	596,569	885,082	58,097	293,283
Net position, beginning of year	14,731,960	35,516,084	14,206,684	1,748,367	66,203,095
Net position, end of year	$ 13,485,495	$ 36,112,653	$ 15,091,766	$ 1,806,464	$ 66,496,378

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors and Members of
Schools Insurance Group
Auburn, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Schools Insurance Group as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Schools Insurance Group's financial statements and have issued our report thereon dated January 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Schools Insurance Group's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools Insurance Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools Insurance Group's internal controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools Insurance Group's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Simsbury, Connecticut
January 15, 2021

MONTHLY RETAINER AGREEMENT EXTENSION

School District Workplace Counseling Program for SIG Members

This EXTENSION AGREEMENT is entered into between EYRES LAW GROUP LLP, and SCHOOLS INSURANCE GROUP (SIG) for implementation and supervision of the program set forth in the Work Statement below. This Extension Agreement shall be effective for the following selected term of engagement:

☐ **July 1, 2021 through June 30, 2022** (one year): initialed for SIG: ___ initialed for ELG: ___

COST AND TERMS

The total cost for the service is a monthly retainer for participation by SIG's school district membership pool and by SIG staff on matters of broad applicability, **shall remain** at **$14,000.00 per month.** This fee shall apply to either options, one year (12 months) or two years (24 months).

EYRES LAW GROUP, LLP will provide periodic reports upon request by the SIG Board or Executive Committee, summarizing the districts' utilization of this program, as directed by SIG staff.

SCOPE OF WORK

This is a monthly retainer service providing individual school districts within the SIG JPA with the ability to contact the EYRES LAW GROUP, LLP with any questions, counseling, guidance and advice on labor and employment law or practices, Education Code standards governing leaves of absence and related issues, return-to-work procedures, and related issues. **There is no limit to the number of times each individual SIG member may utilize this service each month.** EYRES will continue to take appropriate steps to encourage district representatives to contact the School District Workplace Counseling Center before taking action.

EYRES LAW GROUP, LLP, will provide unlimited legal guidance, counseling, advice and support through our ***School District Workplace Counseling Program*** thereby ensuring that all necessary support, help and information is readily available when needed. This includes the timely response to all issues including labor and employment, policy enforcement claims' handling issues with specific direction and support on how to proceed with specific processes and compliance standards.

California Office
18 Mann Street
Irvine, California 92612-2708
T: 949-981-3395 ◦ F: 949-654-8617

Administrative Office
90 Crystal Sky Drive
Sedona, Arizona 86351-7449
T: 928-284-2581◦ F: 928-284-2638

Legal Services Covered by Monthly Program

1. **Unlimited calls, emails and faxes** for answers to employment and education law questions as they arise including harassment, retaliation, performance management, discipline, policy enforcement, modified duty assignments, reasonable accommodations decisions, hiring/recruiting, leave of absence tracking, or any other employment law/practices issue. bullying and abusive conduct and unique issues in special education work environments.

2. **Initiated communications with each individual district:** Due to the rapid changes in workforce composition within California school districts, **including retirements and adjustments within the business and HR units**, Eyres will initiate contact with member districts to assess issues and to provide an opportunity for coaching and one-on-one guidance, as necessary.

3. **Step-by step-coaching and advice in a privileged context** for employment law decisions and subsequent actions, *including review and analysis of documentation,* writing or editing documentation and other legal counseling and/or advice, developing talking points for return to work and stay at work processes, and reasonable accommodation decisions, in depth advice (based on new and emerging hotline issues, hands on coordination of leaves of absence, documentation of broadened types of accommodation requests,

4. **Monthly Webinars** Eyres will present one monthly 90-minute webinar on timely issues affecting SIG members. Webinars will include handout materials relevant to each topic and on a quarterly basis a compilation of webinar handouts will be electronically distributed to all member districts.

5. **Recorded Management Alerts***:* To provide more regular information and reminders to HR and front- line leaders, ELG will provide each month a one-hour recorded alert on narrowly focused practical issues. The recording will be supported by a one-page checklist/job aid for handling the particular issue. ELG will transmit a link for the recording and will also maintain a library of the recordings on a password protected website exclusively for SIG member districts.

6. **Special Webinars on Vital Topics** Due to the demand for additional direction on narrowly focused topics, EYRES LAW GROUP, LLP will identify specialized key topics and then design and present up to two additional webinars each year beginning in FY 2014-15.

7. **Special Alerts, Short Articles on Breaking News/Practical Issues**; ELG will provide this each month, at the request of the Schools Unit of Woodruff Sawyer & Co. to complement their outreach effort to SIG member districts.

8. **Monthly Newsletter** on timely issues that directly affect SIG member districts. The newsletter has been expanded to four pages and will continue to address timely education law and employment law topics. EYRES LAW GROUP will also produce special bulletins and memoranda on employment law cases that are relevant to California public school districts, including their compliance requirements, employment policies and procedures.

9. **Administrative Assistance/Consulting:** Consulting as necessary and appropriate, with SIG staff, insurance representatives, and outside counsel to accomplish the objectives of this School District Workplace Counseling program

10. **Adjunct Services**: **Internal Investigations:** Upon the express direction of SIG Executive Director, and with advance separate engagement letter**,** Patricia S. Eyres will provide in-depth support and assistance to SIG member district HR departments and Superintendents who are conducting investigations of internal employee complaints and/or employee misconduct. These

services **shall be authorized by SIG staff in advance and then invoiced separately from the monthly retainer fee at the rate of $250.00 per hour** (a 40% reduction on Eyres' regular hourly rate)

Legal Services not Covered

EYRES LAW GROUP, LLP will perform these services for individual districts only with advance authorization and determination of whether the individual member district or SIG will incur the cost. When authorized, the work will be billed by the hour as reflected below.

1. **In-Person Investigation Services** or facilitating in-person witness interviews, meetings at the District facilities for investigation of misconduct, discrimination or harassment complaints (including review of investigative files and witness statements in preparation for personal participation). These services will be performed jointly with District representatives when such level of involvement is necessary and appropriate. **Each SIG member district will be responsible for legal fees incurred for these services, at an hourly fee to be established between ELG and the member district**.

2. **Process Facilitation:** Conducting or participating in an interactive process meeting in person at the District, when SIG determines that this level of involvement is necessary and appropriate. **When authorized in advance, these services will be invoiced at reduced rate of $250.00 per hour.**

3. **Responding to EEOC and/or California DFEH Complaints:** Filing responsive papers, negotiating with administrative agencies or claimants to resolve charges. SIG will identify those cases for which ELG's assistance or participation is necessary and shall specifically authorize such work in advance. These services shall be invoiced on a monthly basis by ELG at the rate of $320.00 per hour.

4. **Defense of litigation matters**, with specific separate engagement letter as directed by SIG and/or Wells Fargo Insurance Services. All attorneys authorized or designated to work on the matter, with billable hour rates will be set forth in each individual engagement letter.

5. **Live Workshops, Training Programs and Print Resources**: Refresher training workshops are provided through Proactive Law Press, LLC, pursuant to separate Agreement with SIG.

6. **Handling of administrative hearings** regarding employee termination/demotion/suspension

7. **Negotiating resignation** of employees' subject to discipline

8. **Attending closed session meetings of the governing board** of a SIG member district in the absence of authorization or presence of the district superintendent or their designee

9. **Reporting to governmental agencies** such as the California Commission on Teacher Credentialing or Child Protective Services, and other such agencies

10. **Other matters involving participation in due process proceedings** for SIG member district employees, with the exception of drafting, reviewing and editing Memos of Concern, Letters of Reprimand, Performance Improvement Plans, and Statements of Charges to initiate a disciplinary action.

PERSONNEL AND SUPERVISION.

This program for SIG member districts and SIG staff shall be administered and supervised directly by Patricia S. Eyres, Attorney at Law. In accordance with the California Rules of Professional Responsibility, no attorneys who are not directly associated with EYRES LAW GROUP, LLP will perform legal services under this Agreement without express prior authorization of SIG.

CONFIDENTIALITY AGREEMENT

EYRES LAW GROUP, LLP will treat all information received in the course of performance of this Agreement as confidential. Confidential information is that information obtained solely as a result of work with Schools Insurance Group or any individual member district and not available in the public domain. Such information may include, but is not limited to, district policies and procedures, union contracts, claims data and records pertaining to actual or threatened litigation.

APPLICABLE PRIVILEGES

The monthly legal advice and counseling service involves professional legal services. EYRES LAW GROUP, LLP and its licensed California attorneys shall maintain all applicable attorney client and attorney work product privileges for SIG member districts. EYRES shall take all appropriate and necessary steps to assure the confidentiality of each individual SIG member district's personnel and related records in its possession and shall maintain appropriate confidential record-keeping for hard copy and electronic records.

INDEPENDENT CONTRACTOR STATUS

While performing services under this Agreement, EYRES LAW GROUP, LLP and Patricia S. Eyres (and attorneys working under their direction and supervision, as needed and approved) will be acting as independent contractors and not an officer, agent or employee of Schools Insurance Group or any individual school district. We will comply with all Federal and State laws and regulations for payment of all applicable taxes and shall procure and maintain all required insurance and related benefits.

ADDITIONAL CONTRACT REQUIREMENTS

MAINTENANCE OF INSURANCE:

ELG agrees that, during the term of this Agreement, ELG shall maintain the following insurance coverages:

1. Errors and Omissions insurance coverage in at least the amounts required by the California State Bar

2. Comprehensive General Liability insurance with limits of not less than $1,000,000 each occurrence and $2,000,000 in the aggregate

3. Commercial Automobile Liability insurance with limits not less than $1,000,000 each occurrence and $2,000,000 in the aggregate

4. Workers Compensation insurance as required by Labor Code section 3200 *et.seq*, if applicable

EYRES LAW GROUP LLP shall provide certificates of insurance as proof of coverage at the required limits upon execution of this amended agreement.

TERMINATION

a. **<u>Termination</u>**: SIG may terminate this Agreement at any time, with or without cause, upon 90 days' written notice to EYRES LAW GROUP LLP

b. **<u>Termination by Mutual Consen</u>**t **<u>or by ELG</u>**: EYRES LAW GROUP LLP may terminate its services at any time with SIG's consent or for good cause with 90 days' written notice. Good cause exists if (a) SIG fails to pay invoices within sixty (60) calendar days of its date; (b) SIG fails to comply with other terms of this Agreement; (c) SIG has failed to disclose material facts to EYRES LAW GROUP LLP; or (d) any other circumstance exists that requires termination of this engagement under the ethnical rules applicable to EYRES LAW GROUP LLP.

c. **<u>Following Termination</u>**: Upon termination by either party: (i) SIG shall promptly pay all unpaid fees and costs for services provided or costs incurred pursuant to this Agreement up to the effective date of termination; (ii) unless otherwise required by law or agreed to by the Parties, EYRES LAW GROUP LLP will provide no legal services following the effective date of termination; and (iii) SIG and/or SIG members shall, upon request, be provided the file maintained for the client by EYRES LAW GROUP LLP and shall sign an express acknowledgement of receipt upon delivery of that file.

ENTIRE AGREEMENT.

This Amendment to the Monthly Retainer Agreement, with any exhibits, supersedes any and all other prior or contemporaneous oral or written agreements between the parties. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. Furthermore, any modification of this Amendment shall only be effective if in writing signed by all parties hereto.

NON-WAIVER.

None of the provisions of this Amendment or of the Monthly Retainer Agreement shall be considered waived by either party unless such waiver is specified in writing.

NO THIRD-PARTY RIGHTS.

This Amendment and the Monthly Retainer Agreement shall not create any rights in, or inure to the benefit of, any third party.

ASSIGNMENT.

The terms of this Amendment and of the Monthly Retainer Agreement may not be assigned to any third party. Neither party may assign any right of recovery under or related to this Amendment or the Monthly Retainer Agreement.

LIABILITY OF SIG.

Notwithstanding anything stated herein to the contrary, SIG shall not be liable for any special, consequential, indirect, or incidental damages, including but not limited to lost profits in connection with this Amendment or the Monthly Retainer Agreement.

TIME. Time is of the essence to this Amendment and the Monthly Retainer Agreement.

EXECUTION OF OTHER DOCUMENTS.

The parties to this Amendment and to the Monthly Retainer Agreement shall cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Amendment as well as to the Monthly Retainer Agreement.

EXECUTION IN COUNTERPARTS.

This Amendment may be executed in counterparts such that the signatures may appear on separate signature pages. A copy, facsimile, or an original with all signatures appended together, shall be deemed a fully executed agreement.

EYRES LAW GROUP LLP, LLP

Patricia S Eyres
______________________________ Dated: **December 9, 2020**
Patricia S. Eyres, Managing Partner

SCHOOLS INSURANCE GROUP

Cynthia M. Wilkerson
______________________________ Dated: **December _9_, 2020**
Cynthia Wilkerson, Executive Director

C. ACTION ITEMS

C.1. Actuarial Reports for Property/Liability and Workers Compensation

Attachments: 2021-2022 Property/Liability and Workers Compensation Actuarial Report updates as of 12/31/2020

SIG commissions actuarial studies annually for the self-funded Workers Compensation and Property/Liability programs. The actuary looks backward to recommend how much to set aside to pay liabilities that are known as well as those that may not be known yet (incurred but not reported, IBNR). In addition, the actuary projects the value of liabilities based upon SIG's historical trends and recommends a range of rates to consider for the upcoming program year.

The data used for these reports is valued as of 12/31/2020, and is an update of the prior approved actuarial report using data from 6/30/2020. The rates indicated in these reports are used to set rates for the Workers Compensation and Property/Liability programs.

The reports are included in this agenda packet. Mike Harrington from Bickmore will present the report findings.

Fiscal impact: To be determined

Timeline: 2021-2022 program year

Strategic Plan: Initiative 2.1 – Strengthen Reserve Policy

Recommendation: Review and approve the 2021-2022 Workers Compensation and Property/Liability actuarial report updates as of 12/31/2020.

Actuarial Update of the Self-Insured Liability Program

Outstanding Liabilities as of December 31, 2020 and June 30, 2021
Forecast for Program Year 2020-21

Presented to
Schools Insurance Group

February 8, 2021 - DRAFT

DRAFT

Monday, February 8, 2021

Ms. Cindy Wilkerson
Executive Director
Schools Insurance Group
550 High Street, Suite 201
Auburn, CA 95603-4712

Re: Actuarial Update of the Self-Insured Liability-Property Program

Dear Ms. Wilkerson:

As you requested, we have updated our review of Schools Insurance Group's self-insured liability-property program, based upon actual loss experience through December 31, 2020. This report documents our estimates of ultimate loss and the resulting outstanding liabilities for the program.

We estimate the program’s expected liability for outstanding claims to be $6,858,000 and $7,034,000 as of December 31, 2020 and June 30, 2021, respectively. Assuming an SIR of $1,000,000 per occurrence for liability and $250,000 for property, we estimate the ultimate cost of claims and expenses for claims incurred during the 2021-22 program year to be $2,674,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but excludes ULAE.

Our current evaluation should be viewed as an update, or supplement to our most recent actuarial review of Schools Insurance Group's self-insured liability-property program (as documented in our September 22, 2020 report.) As such the limitations and conditions described in that report also apply to the estimates presented in this report.

For this update, we compared actual loss emergence since our prior report to our expectation, and adjusted our estimated ultimates accordingly. It should be noted that a more detailed analysis may have produced different estimates.

We appreciate the opportunity to be of service to Schools Insurance Group in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, Greg Beaulieu at (916) 290-4632 or James Kim at (916) 290-4644 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Greg Beaulieu, FCAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

Actual Versus Expected Incurred Loss Development

The tables below display a comparison of program's actual and expected incurred loss development, based on loss data as of June 30, 2020 and December 31, 2020, respectively.

Actual Versus Expected Incurred Loss and ALAE – Liability
Between 6/30/20 and 12/31/20

Year	Expected Incurred	Actual Incurred	Difference
Prior	$1,000	$8,000	$7,000
2013-14	5,000	-	(5,000)
2014-15	-	33,000	33,000
2015-16	-	-	0
2016-17	35,000	(52,000)	(87,000)
2017-18	97,000	(17,000)	(114,000)
2018-19	233,000	541,000	308,000
2019-20	306,000	909,000	603,000
Totals	$677.000	$1.422.000	$745.000

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by $677,000 between the two evaluation dates. However, actual development was approximately $1,422,000; or about $745,000 more than expected.

Actual Versus Expected Incurred Loss and ALAE – Property
Between 6/30/20 and 12/31/20

Year	Expected Incurred	Actual Incurred	Difference
Prior	$2,000	($2,000)	($4,000)
2013-14	-	-	0
2014-15	-	-	0
2015-16	-	-	0
2016-17	-	-	0
2017-18	-	(9,000)	(9,000)
2018-19	8,000	-	(8,000)
2019-20	7,000	(8,000)	(15,000)
Totals	$17.000	($19.000)	($36.000)

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by $17,000 between the two evaluation dates. However, actual development was approximately ($19,000); or about $36,000 less than expected.

Actual Versus Expected Paid Loss Development

The tables below display a comparison of program's actual and expected paid loss development, based on loss data as of June 30, 2020 and December 31, 2020, respectively.

Actual Versus Expected Paid Loss and ALAE – Liability
Between 6/30/20 and 12/31/20

Year	Expected Paid	Actual Paid	Difference
Prior	$160,000	$2,000	($158,000)
2013-14	14,000	-	(14,000)
2014-15	-	12,000	12,000
2015-16	-	-	0
2016-17	117,000	353,000	236,000
2017-18	104,000	84,000	(20,000)
2018-19	322,000	138,000	(184,000)
2019-20	146,000	32,000	(114,000)
Totals	$863,000	$621,000	($242,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by $863,000 between the two evaluation dates. However, actual development was approximately $621,000; or about $242,000 less than expected.

Actual Versus Expected Paid Loss and ALAE – Property
Between 6/30/20 and 12/31/20

Year	Expected Paid	Actual Paid	Difference
Prior	$4,000	($3,000)	($7,000)
2013-14	-	-	0
2014-15	1,000	-	(1,000)
2015-16	-	-	0
2016-17	-	-	0
2017-18	4,000	1,000	(3,000)
2018-19	2,000	-	(2,000)
2019-20	78,000	145,000	67,000
Totals	$89,000	$143,000	$54,000

As shown, actual paid development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by $89,000 between the two evaluation dates. However, actual development was approximately $143,000; or about $54,000 more than expected.

Change in Ultimate Losses

The tables below display the change in estimates of the program's ultimate loss and ALAE by accident year.

Change in Ultimate Loss and ALAE – Liability

Year	Prior Ultimate	Current Ultimate	Change
Prior	$14,331,000	$14,299,000	($32,000)
2013-14	1,672,000	1,665,000	(7,000)
2014-15	949,000	977,000	28,000
2015-16	612,000	612,000	0
2016-17	1,596,000	1,590,000	(6,000)
2017-18	1,182,000	1,091,000	(91,000)
2018-19	2,587,000	2,772,000	185,000
2019-20	2,191,000	2,615,000	424,000
Totals	$25,120,000	$25,621,000	$501,000

As shown, overall we have increased our estimated ultimate losses by $501,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

Change in Ultimate Loss and ALAE – Property

Year	Prior Ultimate	Current Ultimate	Change
Prior	$3,860,000	$3,856,000	($4,000)
2013-14	471,000	471,000	0
2014-15	314,000	313,000	(1,000)
2015-16	187,000	187,000	0
2016-17	524,000	524,000	0
2017-18	421,000	415,000	(6,000)
2018-19	465,000	460,000	(5,000)
2019-20	409,000	435,000	26,000
Totals	$6,651,000	$6,661,000	$10,000

As shown, overall we have increased our estimated ultimate losses by $10,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

Change in Outstanding Losses

The tables below display the change in estimates of the program's outstanding loss and ALAE liabilities, based upon revisions to selected ultimate losses and paid loss emergence since our initial reports.

Outstanding Claim Liabilities for Loss and ALAE – Liability

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2020	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	$2,942,000	$3,792,000	$850,000
(B) IBNR Reserves:	2,930,000	3,259,000	329,000
(C) Total Reserves:	$5,872,000	$7,051,000	$1,179,000
(D) Offset for Investment Income:	(265,000)	(311,000)	(46,000)
(E) GL Outstanding Claim Liabilities:	$5,607,000	$6,740,000	$1,133,000

Outstanding Claim Liabilities for Loss and ALAE – Property

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2020	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	$178,000	$307,000	$129,000
(B) IBNR Reserves:	17,000	0	(17,000)
(C) Total Reserves:	$195,000	$307,000	$112,000
(D) Offset for Investment Income:	(2,000)	(13,000)	(11,000)
(E) PR Outstanding Claim Liabilities:	$193,000	$294,000	$101,000

Outstanding Claim Liabilities for Loss and ALAE – Combined

	Prior Full Analysis Using Data as of 6/30/2020 Liabilities as of June 30, 2020	Current Update Using Data as of 12/31/2020 Liabilities as of June 30, 2021	Change
(A) Case Reserves:	$3,120,000	$4,099,000	$979,000
(B) IBNR Reserves:	2,947,000	3,259,000	312,000
(C) Total Reserves:	6,067,000	$7,358,000	$1,291,000
(D) Offset for Investment Income:	(267,000)	(324,000)	(57,000)
(E) Outstanding Claim Liabilities:	$5,800,000	$7,034,000	$1,234,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2020 and June 30, 2021, as reflected in our prior and current reports, respectively. The increase is driven primarily by a significant increase in case reserves, primarily in the 2019-20 accident year.

Outstanding Claim Liabilities for Loss and ALAE – Liability

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2021	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	$3,036,000	$3,792,000	$756,000
(B) IBNR Reserves:	3,365,000	3,259,000	(106,000)
(C) Total Reserves:	$6,401,000	$7,051,000	$650,000
(D) Offset for Investment Income:	(287,000)	(311,000)	(24,000)
(E) GL Outstanding Claim Liabilities:	$6,114,000	$6,740,000	$626,000

Outstanding Claim Liabilities for Loss and ALAE – Property

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2021	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	$237,000	$307,000	$70,000
(B) IBNR Reserves:	0	0	0
(C) Total Reserves:	$237,000	$307,000	$70,000
(D) Offset for Investment Income:	(3,000)	(13,000)	(10,000)
(E) PR Outstanding Claim Liabilities:	$234,000	$294,000	$60,000

Outstanding Claim Liabilities for Loss and ALAE – Combined

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2021	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	$3,273,000	$4,099,000	$826,000
(B) IBNR Reserves:	3,365,000	3,259,000	(106,000)
(C) Total Reserves:	6,638,000	$7,358,000	$720,000
(D) Offset for Investment Income:	(290,000)	(324,000)	(34,000)
(E) Outstanding Claim Liabilities:	$6,348,000	$7,034,000	$686,000

Change in Projected Losses

At the time of the prior update report, our funding estimate for the 2020-21 year was $2,417,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2021-22 year is $2,674,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Liability

	Prior Update Using Data as of 12/31/2019 2020-21 SIR = $1M	Current Update Using Data as of 12/31/2020 2021-22 SIR = $1M	Change
(A) Ultimate Loss and ALAE:	$2,160,000	$2,295,000	$135,000
(B) Offset for Investment Income:	(140,000)	(150,000)	(10,000)
(C) Total Recommended Funding:	$2,020,000	$2,145,000	$125,000
(D) Funding per ADA	$26.78	$26.73	($0.05)

Comparison of Funding for Loss and ALAE – Property

	Prior Update Using Data as of 12/31/2019 2020-21 SIR = $100K	Current Update Using Data as of 12/31/2020 2021-22 SIR = $250K	Change
(A) Ultimate Loss and ALAE:	$401,000	$535,000	$134,000
(B) Offset for Investment Income:	(4,000)	(6,000)	(2,000)
(C) Total Recommended Funding:	$397,000	$529,000	$132,000
(D) Funding per $100,000 of TIV:	$16.06	$20.75	$4.68

Comparison of Funding for Loss and ALAE – Combined

	Prior Update Using Data as of 12/31/2019 2020-21 Liab = $1M Prop = $100K	Current Update Using Data as of 12/31/2020 2021-22 Liab = $1M Prop = $250K	Change
(A) Ultimate Loss and ALAE:	$2,561,000	$2,830,000	$269,000
(B) Offset for Investment Income:	(144,000)	(156,000)	(12,000)
(C) Total Recommended Funding:	$2,417,000	$2,674,000	$257,000

At the time of the prior full report, our funding estimate for the 2021-22 year was $2,648,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2021-22 year is $2,674,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the tables below:

Comparison of Funding for Loss and ALAE – Liability

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	2021-22 SIR = $1M	2021-22 SIR = $1M	Change
(A) Ultimate Loss and ALAE:	$2,275,000	$2,295,000	$20,000
(B) Offset for Investment Income:	(150,000)	(150,000)	0
(C) Total Recommended Funding:	$2,125,000	$2,145,000	$20,000
(D) Funding per ADA	$26.48	$26.73	$0.25

Comparison of Funding for Loss and ALAE – Property

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	2021-22 SIR = $250K	2021-22 SIR = $250K	Change
(A) Ultimate Loss and ALAE:	$529,000	$535,000	$6,000
(B) Offset for Investment Income:	(6,000)	(6,000)	0
(C) Total Recommended Funding:	$523,000	$529,000	$6,000
(D) Funding per $100,000 of TIV:	$20.51	$20.75	$0.24

Comparison of Funding for Loss and ALAE – Combined

	Prior Full Analysis Using Data as of 6/30/2020 2021-22 Liab = $1M Prop = $250K	Current Update Using Data as of 12/31/2020 2021-22 Liab = $1M Prop = $250K	Change
(A) Ultimate Loss and ALAE:	$2,804,000	$2,830,000	$26,000
(B) Offset for Investment Income:	(156,000)	(156,000)	0
(C) Total Recommended Funding:	$2,648,000	$2,674,000	$26,000

Exhibit 1

Schools Insurance Group - Liability & Property Combined

Estimated Outstanding Liabilities for Unpaid Loss and ALAE
As of December 31, 2020 and June 30, 2021

Year	Paid Loss & ALAE as of 12/31/20 (1)	Case Reserves as of 12/31/20 (2)	Incurred Loss & ALAE as of 12/31/20 (3)	Selected Ultimate Loss & ALAE (4)	Outstanding Loss & ALAE as of 12/31/20 (5)	Estimated Losses Paid 12/31/20 to 6/30/21 (6)	Estimated Paid Loss & ALAE as of 6/30/21 (7)	Estimated Incurred Loss & ALAE as of 6/30/21 (8)	Outstanding Loss & ALAE as of 6/30/21 (9)
Prior	$3,494,968	$8,864	$3,503,832	$3,503,832	$8,864	$8,864	$3,503,832	$3,503,832	$0
2000-2001	563,054	0	563,054	563,054	0	0	563,054	563,054	0
2001-2002	579,796	0	579,796	579,796	0	0	579,796	579,796	0
2002-2003	612,466	0	612,466	612,466	0	0	612,466	612,466	0
2003-2004	730,142	0	730,142	730,142	0	0	730,142	730,142	0
2004-2005	781,613	0	781,613	781,613	0	0	781,613	781,613	0
2005-2006	1,213,603	157,949	1,371,553	1,332,548	118,944	118,944	1,332,548	1,332,548	0
2006-2007	941,971	0	941,971	941,971	0	0	941,971	941,971	0
2007-2008	779,600	0	779,600	779,600	0	0	779,600	779,600	0
2008-2009	2,632,568	0	2,632,568	2,632,568	0	0	2,632,568	2,632,568	0
2009-2010	781,074	0	781,074	781,074	0	0	781,074	781,074	0
2010-2011	2,484,212	0	2,484,212	2,484,212	0	0	2,484,212	2,484,212	0
2011-2012	1,282,088	0	1,282,088	1,282,088	0	0	1,282,088	1,282,088	0
2012-2013	1,148,710	1,430	1,150,140	1,150,140	1,430	1,430	1,150,140	1,150,140	0
2013-2014	2,085,630	38,173	2,123,804	2,136,164	50,534	15,211	2,100,841	2,127,907	35,323
2014-2015	1,274,356	21,340	1,295,696	1,290,695	16,340	7,810	1,282,166	1,293,571	8,529
2015-2016	798,344	0	798,344	798,344	0	0	798,344	798,344	0
2016-2017	1,814,571	113,820	1,928,390	2,114,452	299,881	64,174	1,878,745	1,989,605	235,706
2017-2018	980,472	246,858	1,227,330	1,506,000	525,528	94,060	1,074,532	1,336,588	431,468
2018-2019	1,021,876	1,843,465	2,865,341	3,232,000	2,210,124	389,676	1,411,552	3,042,145	1,820,448
2019-2020	467,315	1,325,486	1,792,801	3,050,000	2,582,685	227,857	695,172	2,101,296	2,354,828
2020-2021	11,230	252,594	263,823	2,742,000	1,359,770	259,155	270,385	920,819	2,471,615
Total	$26,479,660	$4,009,979	$30,489,638	$35,024,759	$7,174,099	$1,187,182	$27,666,841	$31,765,378	$7,357,917
				(10) ULAE Reserves:	$0				$0
				(11) Total Claim Costs:	$7,174,000				$7,358,000
				(12) Offset for Investment Income:	(316,000)				(324,000)
				(13) Total Outstanding Liabilities:	$6,858,000				$7,034,000

(1), (2) and (3) provided by SIG.
(4) Selected based upon actual-versus-expected loss experience from 6/30/20 to 12/31/20.
(5) = (4) - (1)
(6) = Based on the historical paid development pattern
(7) = (1) + (6)
(8) = Exhibit 2, Column (8), + Exhibit 3, Column (8)
(9) = Exhibit 2, Column (9), + Exhibit 3, Column (9)
(10) = Based on Actuarial Report dated September 22, 2020
(11) = Loss & ALAE Reseves
(12) = Based on Actuarial Report dated September 22, 2020
(13) = (11) + (12)

Exhibit 2

Schools Insurance Group - Liability

Estimated Outstanding Liabilities for Unpaid Loss and ALAE
As of December 31, 2020 and June 30, 2021

Year	Paid Loss & ALAE as of 12/31/20 (1)	Case Reserves as of 12/31/20 (2)	Incurred Loss & ALAE as of 12/31/20 (3)	Selected Ultimate Loss & ALAE (4)	Outstanding Liability as of 12/31/20 (5)	Estimated Losses Paid 12/31/20 to 6/30/21 (6)	Estimated Paid Loss & ALAE as of 6/30/21 (7)	Estimated Incurred Loss & ALAE as of 6/30/21 (8)	Outstanding Liability as of 6/30/21 (9)
Prior	$2,960,270	$7,989	$2,968,259	$2,968,259	$7,989	$7,989	$2,968,259	$2,968,259	$0
2000-2001	472,187	0	472,187	472,187	0	0	472,187	472,187	0
2001-2002	372,853	0	372,853	372,853	0	0	372,853	372,853	0
2002-2003	438,071	0	438,071	438,071	0	0	438,071	438,071	0
2003-2004	609,574	0	609,574	609,574	0	0	609,574	609,574	0
2004-2005	538,244	0	538,244	538,244	0	0	538,244	538,244	0
2005-2006	951,262	157,742	1,109,005	1,070,000	118,738	118,738	1,070,000	1,070,000	0
2006-2007	726,529	0	726,529	726,529	0	0	726,529	726,529	0
2007-2008	396,807	0	396,807	396,807	0	0	396,807	396,807	0
2008-2009	2,293,566	0	2,293,566	2,293,566	0	0	2,293,566	2,293,566	0
2009-2010	449,100	0	449,100	449,100	0	0	449,100	449,100	0
2010-2011	2,082,129	0	2,082,129	2,082,129	0	0	2,082,129	2,082,129	0
2011-2012	1,091,589	0	1,091,589	1,091,589	0	0	1,091,589	1,091,589	0
2012-2013	790,229	0	790,229	790,229	0	0	790,229	790,229	0
2013-2014	1,614,466	38,173	1,652,640	1,665,000	50,534	15,211	1,629,677	1,656,743	35,323
2014-2015	961,076	21,340	982,416	977,416	16,340	7,810	968,887	980,291	8,529
2015-2016	611,609	0	611,609	611,609	0	0	611,609	611,609	0
2016-2017	1,290,119	113,820	1,403,939	1,590,000	299,881	64,174	1,354,294	1,465,153	235,706
2017-2018	571,009	244,525	815,533	1,091,000	519,991	90,998	662,007	921,588	428,993
2018-2019	564,829	1,843,465	2,408,293	2,772,000	2,207,171	388,462	953,291	2,582,145	1,818,709
2019-2020	82,727	1,315,986	1,398,712	2,615,000	2,532,273	184,856	267,582	1,666,296	2,347,418
2020-2021	3,936	192,930	196,867	2,207,000	1,099,564	26,437	30,373	385,819	2,176,627
Total	$19,872,183	$3,935,970	$23,808,153	$27,828,163	$6,852,480	$904,675	$20,776,858	$24,568,783	$7,051,305

(1), (2) and (3) provided by SIG.
(4) Selected based upon actual-versus-expected loss experience from 6/30/20 to 12/31/20.
(5) = (4) - (1)
(6) = Based on the historical paid development pattern
(7) = (1) + (6)
(8) = Based on the historical incurred development pattern
(9) = (4) - (7)

Exhibit 3

Schools Insurance Group - Property

Estimated Outstanding Liabilities for Unpaid Loss and ALAE
As of December 31, 2020 and June 30, 2021

Year	Paid Loss & ALAE as of 12/31/20 (1)	Case Reserves as of 12/31/20 (2)	Incurred Loss & ALAE as of 12/31/20 (3)	Selected Ultimate Loss & ALAE (4)	Outstanding Liability as of 12/31/20 (5)	Estimated Losses Paid 12/31/20 to 6/30/21 (6)	Estimated Paid Loss & ALAE as of 6/30/21 (7)	Estimated Incurred Loss & ALAE as of 6/30/21 (8)	Outstanding Liability as of 6/30/21 (9)
Prior	$534,698	$875	$535,573	$535,573	$875	$875	$535,573	$535,573	$0
2000-2001	90,867	0	90,867	90,867	0	0	90,867	90,867	0
2001-2002	206,943	0	206,943	206,943	0	0	206,943	206,943	0
2002-2003	174,395	0	174,395	174,395	0	0	174,395	174,395	0
2003-2004	120,568	0	120,568	120,568	0	0	120,568	120,568	0
2004-2005	243,369	0	243,369	243,369	0	0	243,369	243,369	0
2005-2006	262,341	207	262,548	262,548	207	207	262,548	262,548	0
2006-2007	215,442	0	215,442	215,442	0	0	215,442	215,442	0
2007-2008	382,793	0	382,793	382,793	0	0	382,793	382,793	0
2008-2009	339,002	0	339,002	339,002	0	0	339,002	339,002	0
2009-2010	331,974	0	331,974	331,974	0	0	331,974	331,974	0
2010-2011	402,082	0	402,082	402,082	0	0	402,082	402,082	0
2011-2012	190,498	0	190,498	190,498	0	0	190,498	190,498	0
2012-2013	358,480	1,430	359,911	359,911	1,430	1,430	359,911	359,911	0
2013-2014	471,164	0	471,164	471,164	0	0	471,164	471,164	0
2014-2015	313,279	0	313,279	313,279	0	0	313,279	313,279	0
2015-2016	186,734	0	186,734	186,734	0	0	186,734	186,734	0
2016-2017	524,452	0	524,452	524,452	0	0	524,452	524,452	0
2017-2018	409,463	2,334	411,797	415,000	5,537	3,062	412,525	415,000	2,475
2018-2019	457,048	0	457,048	460,000	2,952	1,213	458,261	460,000	1,739
2019-2020	384,589	9,500	394,089	435,000	50,411	43,001	427,590	435,000	7,410
2020-2021	7,293	59,663	66,957	535,000	260,207	232,719	240,012	535,000	294,988
Total	$6,607,476	$74,009	$6,681,485	$7,196,596	$321,619	$282,507	$6,889,983	$7,196,596	$306,612

(1), (2) and (3) provided by SIG.
(4) Selected based upon actual-versus-expected loss experience from 6/30/20 to 12/31/20.
(5) = (4) - (1)
(6) = Based on the historical paid development pattern
(7) = (1) + (6)
(8) = Based on the historical incurred development pattern
(9) = (4) - (7)

Schools Insurance Group - Liability & Property Combined

Selection of Projected SIR Loss Rate
and Projection of Program Losses and ALAE

	Prior	Current	Current
	(1)	(2)	(3)
	2020-2021	2020-2021	2021-2022
Projected Loss & ALAE	$2,669,000	$2,742,000	$2,830,000
Projected ULAE	0	0	0
Offset for Investment Income:	(147,000)	(151,000)	(156,000)
Total	$2,522,000	$2,591,000	$2,674,000

(1) = From Actuarial Report dated September 22, 2020
(2), (3) = Loss & ALAE from Exhibit 4, Pages 2 and 3. Offset for Investment
Income is based on Actuarial Report dated September 22, 2020

Schools Insurance Groups - Liability

Selection of Projected SIR Loss Rate
and Projection of Program Losses and ALAE

Accident Year	Ultimate SIR Losses (A)	Trend Factor (B)	Trended SIR Losses (C)	Average Daily Attendance (D)	Trended SIR Loss Rate (E)
2010-2011	2,082,129	1.482	3,085,715	83,403	36.998
2011-2012	1,091,589	1.425	1,555,515	82,196	18.924
2012-2013	790,229	1.370	1,082,614	82,401	13.138
2013-2014	1,665,000	1.317	2,192,805	82,043	26.728
2014-2015	977,416	1.267	1,238,386	81,841	15.132
2015-2016	611,609	1.218	744,940	82,430	9.037
2016-2017	1,590,000	1.171	1,861,890	80,215	23.211
2017-2018	1,091,000	1.125	1,227,375	80,812	15.188
2018-2019	2,772,000	1.082	2,999,304	80,381	37.314
2019-2020	2,615,000	1.040	2,719,600	80,640	33.725
Totals	$15,285,973		$18,708,144	816,362	$22.916
16/17-19/20	8,068,000		8,808,169	322,048	27.350
17/18-19/20	6,478,000		6,946,279	241,833	28.723
			(F) Selected 2020-2021 SIR Rate:		$27.500
			Prior Selected 2020-2021 SIR Rate:		$26.707

Program Year:	2020-2021	2021-2022
(G) Trend Factor:	1.000	1.040
(H) Program Rate:	$27.500	$28.600
(I) ADA:	80,260	80,260
(J) Projected Program Losses:	2,207,000	2,295,000
(K) Projected ULAE:	0	0
(L) Projected Loss and ULAE:	$2,207,000	$2,295,000

Notes:

(A) From Exhibit 1, Page 1, Column (4).
For purposes of projecting future losses, losses
are capped at SIR per occurrence.
(B) From September 22, 2020 Actuarial study, Appendix E, Column (B).
(C) (A) x (B).
(D) From September 22, 2020 Actuarial study, Appendix L.
(E) (C) / (D).
(F) Selected based on (E).
(G) From September 22, 2020 Actuarial study, Appendix E.
(H) (F) x (G) x (H).
(I) From September 22, 2020 Actuarial study, Appendix L.
(J) (I) x (J).
(K) Based on September 22, 2020 Actuarial study, Exhibit 5
(L) (J) + (K)

Exhibit 4
Page 3

Schools Insurance Group - Property

Selection of Projected SIR Loss Rate
and Projection of Program Losses and ALAE

Accident Year	Ultimate SIR Losses (A)	Adjustment to $250,000 SIR (B)	Trend Factor (C)	Trended SIR Losses (D)	TIV ($00,000) (E)	Trended SIR Loss Rate (F)
2010-2011	402,082	1.247	1.040	521,348	21,145	24.656
2011-2012	190,498	1.247	1.036	246,054	21,308	11.547
2012-2013	359,911	1.247	1.032	463,078	21,333	21.707
2013-2014	471,164	1.247	1.028	603,871	21,597	27.961
2014-2015	313,279	1.247	1.024	399,955	21,902	18.261
2015-2016	186,734	1.247	1.020	237,467	24,262	9.788
2016-2017	524,452	1.247	1.016	664,322	24,556	27.053
2017-2018	415,000	1.247	1.012	523,610	24,637	21.253
2018-2019	460,000	1.247	1.008	578,093	24,717	23.388
2019-2020	435,000	1.247	1.004	544,506	24,978	21.799
Totals	$3,758,121			$4,782,304	230,435	$20.753
14/15-19/20	2,334,465			2,947,953	145,052	20.323
17/18-19/20	2,021,186			2,547,998	123,150	20.690
				(G) Selected 2020-2021 SIR Rate:		$21.000
				Prior Selected 2020-2021 SIR Rate:		$20.590

Program Year:	2020-2021	2021-2022
(H) Trend Factor:	1.000	1.000
(I) Program Rate:	$21.000	$21.000
(J) TIV:	25,498	25,498
(K) Projected Program Losses:	535,000	535,000
(L) Projected ULAE:	0	0
(M) Projected Loss and ULAE:	$535,000	$535,000

Notes:

(A) From Exhibit 3, Column (4).
For purposes of projecting future losses, losses
are capped at SIR per occurrence.
(B) From September 22, 2020 Actuarial study, Exhibit 5, Item (G).
(C) From September 22, 2020 Actuarial study, Appendix E, Column (B).
(D) (A) x (B) x (C).
(E) From September 22, 2020 Actuarial study, Appendix L.
(F) (D) / (E).
(G) Selected based on (F).
(H) From September 22, 2020 Actuarial study, Appendix E.
(I) (G) x (H).
(J) From September 22, 2020 Actuarial study, Appendix L.
(K) (I) x (J).
(L) Based on September 22, 2020 Actuarial study, Exhibit 5
(M) (K) + (L)

Actuarial Update of the Self-Insured Workers' Compensation Program

Outstanding Liabilities as of December 31, 2020 and June 30, 2021
Forecast for Program Year 2021-22

Presented to

Schools Insurance Group

February 8, 2021 - DRAFT

DRAFT

Monday, February 8, 2021

Ms. Cindy Wilkerson
Executive Director
Schools Insurance Group
550 High Street, Suite 201
Auburn, CA 95603-4712

Re: Actuarial Update of the Self-Insured Workers' Compensation Program

Dear Ms. Wilkerson:

As you requested, we have updated our review of Schools Insurance Group's self-insured workers' compensation program, based upon actual loss experience through December 31, 2020. This report documents our estimates of ultimate loss and the resulting outstanding liabilities for the program.

We estimate the program's expected liability for outstanding claims to be $29,688,000 and $29,770,000 as of December 31, 2020 and June 30, 2021, respectively. Assuming an SIR of $1,000,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2021-22 program year to be $8,442,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but excludes ULAE.

Our current evaluation should be viewed as an update, or supplement to our most recent actuarial review of Schools Insurance Group's self-insured workers' compensation program (as documented in our August 31, 2020 report.) As such the limitations and conditions described in that report also apply to the estimates presented in this report.

For this update, we compared actual loss emergence since our prior report to our expectation, and adjusted our estimated ultimates accordingly. It should be noted that a more detailed analysis may have produced different estimates.

We appreciate the opportunity to be of service to Schools Insurance Group in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, Greg Beaulieu at (916) 290-4632 or James Kim at (916) 290-4644 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Greg Beaulieu, FCAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

Actual Versus Expected Incurred Loss Development

The table below displays a comparison of program's actual and expected incurred loss development, based on loss data as of June 30, 2020 and December 31, 2020, respectively.

Actual Versus Expected Incurred Loss and ALAE Between 6/30/20 and 12/31/20

Year	Expected Incurred	Actual Incurred	Difference
Prior	$14,000	$130,000	$116,000
2000-01	15,000	(13,000)	(28,000)
2001-02	17,000	(43,000)	(60,000)
2002-03	14,000	(13,000)	(27,000)
2003-04	12,000	-	(12,000)
2004-05	12,000	-	(12,000)
2005-06	17,000	87,000	70,000
2006-07	12,000	-	(12,000)
2007-08	18,000	(107,000)	(125,000)
2008-09	25,000	(66,000)	(91,000)
2009-10	24,000	-	(24,000)
2010-11	31,000	3,000	(28,000)
2011-12	45,000	(8,000)	(53,000)
2012-13	62,000	(48,000)	(110,000)
2013-14	70,000	(21,000)	(91,000)
2014-15	86,000	21,000	(65,000)
2015-16	120,000	160,000	40,000
2016-17	115,000	(220,000)	(335,000)
2017-18	279,000	68,000	(211,000)
2018-19	581,000	458,000	(123,000)
2019-20	1,008,000	624,000	(384,000)
Totals	$2,577,000	$1,012,000	($1,565,000)

As shown, actual incurred development was better than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by $2,577,000 between the two evaluation dates. However, actual development was approximately $1,012,000; or about $1,565,000 less than expected.

Actual Versus Expected Paid Loss Development

The table below displays a comparison of program's actual and expected paid loss development, based on loss data as of June 30, 2020 and December 31, 2020, respectively.

Actual Versus Expected Paid Loss and ALAE
Between 6/30/20 and 12/31/20

Year	Expected Paid	Actual Paid	Difference
Prior	$37,000	$110,000	$73,000
2000-01	21,000	43,000	22,000
2001-02	33,000	23,000	(10,000)
2002-03	34,000	15,000	(19,000)
2003-04	7,000	-	(7,000)
2004-05	18,000	1,000	(17,000)
2005-06	17,000	12,000	(5,000)
2006-07	11,000	4,000	(7,000)
2007-08	20,000	-	(20,000)
2008-09	28,000	4,000	(24,000)
2009-10	17,000	-	(17,000)
2010-11	33,000	7,000	(26,000)
2011-12	46,000	13,000	(33,000)
2012-13	63,000	3,000	(60,000)
2013-14	89,000	63,000	(26,000)
2014-15	121,000	22,000	(99,000)
2015-16	198,000	101,000	(97,000)
2016-17	304,000	276,000	(28,000)
2017-18	510,000	409,000	(101,000)
2018-19	781,000	773,000	(8,000)
2019-20	1,050,000	817,000	(233,000)
Totals	$3,438,000	$2,696,000	($742,000)

As shown, actual paid development was also less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by $3,438,000 between the two evaluation dates. However, actual development was approximately $2,696,000; or about $742,000 less than expected.

Change in Ultimate Losses

The table below displays the change in estimates of the program's ultimate loss and ALAE by accident year.

Change in Ultimate Loss and ALAE

Year	Prior Ultimate	Current Ultimate	Change
Prior	$29,821,000	$29,916,000	$95,000
2000-01	7,298,000	7,295,000	(3,000)
2001-02	8,861,000	8,826,000	(35,000)
2002-03	7,340,000	7,317,000	(23,000)
2003-04	4,051,000	4,041,000	(10,000)
2004-05	4,314,000	4,300,000	(14,000)
2005-06	4,427,000	4,460,000	33,000
2006-07	4,145,000	4,136,000	(9,000)
2007-08	4,861,000	4,789,000	(72,000)
2008-09	6,908,000	6,850,000	(58,000)
2009-10	4,534,000	4,514,000	(20,000)
2010-11	5,207,000	5,180,000	(27,000)
2011-12	6,679,000	6,636,000	(43,000)
2012-13	6,496,000	6,411,000	(85,000)
2013-14	8,328,000	8,270,000	(58,000)
2014-15	7,176,000	7,093,000	(83,000)
2015-16	9,889,000	9,861,000	(28,000)
2016-17	8,197,000	8,015,000	(182,000)
2017-18	9,318,000	9,162,000	(156,000)
2018-19	10,133,000	10,067,000	(66,000)
2019-20	9,766,000	9,458,000	(308,000)
Totals	$167,749,000	$166,597,000	($1,152,000)

As shown, overall we have decreased our estimated ultimate losses by $1,152,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

Change in Outstanding Losses

The tables below display the change in estimates of the program's outstanding loss and ALAE liabilities, based upon revisions to selected ultimate losses and paid loss emergence since our initial report.

Outstanding Claim Liabilities for Loss and ALAE

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2020	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	12,957,000	13,109,000	152,000
(B) IBNR Reserves:	20,839,000	21,474,000	635,000
(C) Total Reserves:	33,796,000	34,583,000	787,000
(D) Offset for Investment Income:	-4,703,000	-4,813,000	-110,000
(E) Outstanding Claim Liabilities:	29,093,000	29,770,000	677,000

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	Liabilities as of June 30, 2021	Liabilities as of June 30, 2021	Change
(A) Case Reserves:	13,883,000	13,109,000	-774,000
(B) IBNR Reserves:	21,230,000	21,474,000	244,000
(C) Total Reserves:	35,113,000	34,583,000	-530,000
(D) Offset for Investment Income:	-4,919,000	-4,813,000	106,000
(E) Outstanding Claim Liabilities:	30,194,000	29,770,000	-424,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2020 and December 31, 2020, as reflected in our prior and current reports, respectively. The increase is driven primarily by addition of the 2020-21 accident year. Payments on this year have been slow so far, which means that reserves remain high at this point.

Change in Projected Losses

The tables below display the change in estimates of the program's projected ultimate loss and ALAE, based upon revisions to selected ultimate losses since our initial reports.

Comparison of Funding for Loss and ALAE

	Prior Update Using Data as of 12/31/2019	Current Update Using Data as of 12/31/2020	
	2020-21 SIR = $1M	2021-22 SIR = $1M	Change
(A) Ultimate Loss and ALAE:	9,949,000	9,593,000	-356,000
(B) Offset for Investment Income:	-1,181,000	-1,151,000	30,000
(C) Total Recommended Funding:	8,768,000	8,442,000	-326,000
(D) Funding per $100 of Payroll:	1.165	1.083	(0.082)

	Prior Full Analysis Using Data as of 6/30/2020	Current Update Using Data as of 12/31/2020	
	2021-22 SIR = $1M	2021-22 SIR = $1M	Change
(A) Ultimate Loss and ALAE:	9,874,000	9,593,000	-281,000
(B) Offset for Investment Income:	-1,184,000	-1,151,000	33,000
(C) Total Recommended Funding:	8,690,000	8,442,000	-248,000
(D) Funding per $100 of Payroll:	1.115	1.083	(0.032)

Exhibit 1

Schools Insurance Group - Workers' Compensation

Estimated Outstanding Liabilities for Unpaid Loss and ALAE
As of December 31, 2020 and June 30, 2021

Year	Paid Loss & ALAE as of 12/31/20 (1)	Case Reserves as of 12/31/20 (2)	Incurred Loss & ALAE as of 12/31/20 (3)	Selected Ultimate Loss & ALAE (4)	Outstanding Loss & ALAE as of 12/31/20 (5)	Estimated Losses Paid 12/31/20 to 6/30/21 (6)	Estimated Paid Loss & ALAE as of 6/30/21 (7)	Estimated Incurred Loss & ALAE as of 6/30/21 (8)	Outstanding Loss & ALAE as of 6/30/21 (9)
Prior	$29,490,851	$281,576	$29,772,426	29,916,000	$425,149	$29,335	$29,520,186	$29,793,962	$395,814
2000-2001	7,219,111	0	7,219,111	7,295,000	75,889	13,281	7,232,392	7,229,887	62,608
2001-2002	8,584,523	127,297	8,711,820	8,826,000	241,477	29,943	8,614,466	8,723,124	211,534
2002-2003	7,094,195	116,392	7,210,586	7,317,000	222,805	29,187	7,123,382	7,225,591	193,618
2003-2004	3,959,490	7,500	3,966,990	4,041,000	81,510	6,032	3,965,522	3,975,057	75,478
2004-2005	4,083,856	115,820	4,199,676	4,300,000	216,144	15,995	4,099,850	4,211,916	200,150
2005-2006	4,188,551	180,192	4,368,742	4,460,000	271,449	16,830	4,205,380	4,377,594	254,620
2006-2007	3,905,001	79,958	3,984,960	4,136,000	230,999	10,395	3,915,396	3,996,741	220,604
2007-2008	4,492,450	38,724	4,531,174	4,789,000	296,550	14,234	4,506,685	4,553,605	282,315
2008-2009	6,379,685	95,868	6,475,552	6,850,000	470,315	23,516	6,403,200	6,502,887	446,800
2009-2010	4,239,100	5,600	4,244,700	4,514,000	274,900	15,394	4,254,494	4,269,475	259,506
2010-2011	4,593,531	221,552	4,815,084	5,180,000	586,469	34,015	4,627,546	4,846,831	552,454
2011-2012	5,898,952	181,260	6,080,213	6,636,000	737,048	46,434	5,945,386	6,120,785	690,614
2012-2013	5,439,593	136,282	5,575,874	6,411,000	971,407	59,256	5,498,848	5,640,179	912,152
2013-2014	6,778,759	467,956	7,246,715	8,270,000	1,491,241	89,474	6,868,234	7,320,392	1,401,766
2014-2015	5,537,503	507,640	6,045,144	7,093,000	1,555,497	119,773	5,657,277	6,125,829	1,435,723
2015-2016	7,242,946	1,189,664	8,432,610	9,861,000	2,618,054	198,972	7,441,918	8,542,596	2,419,082
2016-2017	5,309,649	1,085,766	6,395,415	8,015,000	2,705,351	286,767	5,596,416	6,526,601	2,418,584
2017-2018	5,288,680	1,771,424	7,060,104	9,162,000	3,873,320	503,532	5,792,212	7,345,962	3,369,788
2018-2019	4,605,382	2,285,099	6,890,482	10,067,000	5,461,618	775,550	5,380,932	7,478,137	4,686,068
2019-2020	2,317,638	2,376,739	4,694,376	9,458,000	7,140,362	1,035,353	3,352,990	5,718,555	6,105,010
2020-2021	214,059	807,537	1,021,596	9,508,000	4,539,941	1,304,790	1,518,850	4,105,354	7,989,150
Total	$136,863,505	$12,079,845	$148,943,350	$176,105,000	$34,487,495	$4,658,059	$141,521,563	$154,631,061	$34,583,437
				(10) ULAE Reserves:	$0				$0
				(11) Total Claim Costs:	$34,487,000				$34,583,000
				(12) Offset for Investment Income:	(4,799,000)				(4,813,000)
				(13) Total Outstanding Liabilities:	$29,688,000				$29,770,000

(1), (2) and (3) provided by SIG.
(4) Selected based upon actual-versus-expected loss experience from 6/30/20 to 12/31/20.
(5) = (4) - (1)
(6) = Based on the historical paid development pattern
(7) = (1) + (6)
(8) = Exhibit 2, Column (8), + Exhibit 3, Column (8)
(9) = Exhibit 2, Column (9), + Exhibit 3, Column (9)
(10) = Based on Actuarial Report dated August 31, 2020
(11) = Loss & ALAE Reseves
(12) = Based on Actuarial Report dated August 31, 2020
(13) = (11) + (12)

Exhibit 2
Page 1

Schools Insurance Group - Workers' Compensation

Selection of Projected SIR Loss Rate
and Projection of Program Losses and ALAE

	Prior	Current	Current
	(1)	(2)	(3)
	2020-2021	2020-2021	2021-2022
Projected Loss & ALAE	$9,703,000	$9,508,000	$9,593,000
Projected ULAE	0	0	0
Offset for Investment Income:	(1,164,000)	(1,141,000)	(1,151,000)
Total	$8,539,000	$8,367,000	$8,442,000

(1) = From Actuarial Report dated August 31, 2020
(2), (3) = Loss & ALAE from Exhibit 4, Pages 2 and 3. Offset for Investment Income is based on Actuarial Report dated August 31, 2020

Schools Insurance Groups - Workers' Compensation

Selection of Projected SIR Loss Rate
and Projection of Program Losses and ALAE

Accident Year	Ultimate SIR Losses (A)	Trend Factor (B)	Trended SIR Losses (C)	Trended Payroll ($00) (D)	Trended SIR Loss Rate (E)
2010-2011	5,180,000	1.026	5,314,680	7,058,346	0.753
2011-2012	6,636,000	1.007	6,682,452	6,898,687	0.969
2012-2013	6,411,000	1.018	6,526,398	6,787,117	0.962
2013-2014	8,270,000	1.029	8,509,830	7,002,470	1.215
2014-2015	7,093,000	1.016	7,206,488	7,085,418	1.017
2015-2016	9,861,000	1.039	10,245,579	7,616,704	1.345
2016-2017	8,015,000	1.071	8,584,065	7,795,274	1.101
2017-2018	9,162,000	1.050	9,620,100	7,835,360	1.228
2018-2019	10,067,000	1.025	10,318,675	7,936,455	1.300
2019-2020	9,458,000	1.012	9,571,496	8,177,671	1.170
Totals	$80,153,000		$82,579,763	74,193,502	$1.113
15/16-18/19	37,105,000		38,768,419	31,183,793	1.243
16/17-19/20	36,702,000		38,094,336	31,744,760	1.200
			(F) Selected 2020-2021 SIR Rate:		$1.220
			Prior Selected 2020-2021 SIR Rate:		$1.245

Program Year:	2020-2021	2021-2022
(G) Trend Factor:	1.000	1.009
(H) Program Rate:	$1.220	$1.231
(I) Trended Payroll (S00):	7,793,291	7,793,000
(J) Projected Program Losses:	9,508,000	9,593,000
(K) Projected ULAE:	0	0
(L) Projected Loss and ULAE:	$9,508,000	$9,593,000

Notes:

(A) From Exhibit 1, Page 1, Column (4).
For purposes of projecting future losses, losses
are capped at SIR per occurrence.
(B) From August 31, 2020 Actuarial study, Appendix E, Column (B).
(C) (A) x (B).
(D) From August 31, 2020 Actuarial study, Appendix L.
(E) (C) / (D).
(F) Selected based on (E).
(G) From August 31, 2020 Actuarial study, Appendix E.
(H) (F) x (G) x (H).
(I) From August 31, 2020 Actuarial study, Appendix L.
(J) (I) x (J).
(K) Based on August 31, 2020 Actuarial study, Exhibit 5
(L) (J) + (K)

C. ACTION ITEMS C.2, C.3, C.4

Finance Subcommittee Recommendations
Attachment: According to program and action item

The Finance Subcommittee is the working group that reviews financial data and recommends program funding strategies to be considered by the Executive Committee. These recommendations are based upon actuarial projections, program funding requirements, fairness in allocation, and member needs.

The Finance Subcommittee has been meeting monthly since October to review SIG's wildfire deductible allocation, captive feasibility, general liability experience modification allocation formulas, and renewal rate options for SIG's programs.

Based upon the data reviewed and the resulting discussion, the Finance Subcommittee is recommending, and the Executive Committee has approved, the following changes per program:

C.2. General Liability Self-Insured Rates:

- Implement a loss-sensitive experience modification

.

C.3. Employee Benefits Rates:

- Copay Increase for HMO plans to $25/office visit
- Matched rate buy down to achieve an additional 1% reduction of increases to renewal rates

.

C.4. Workers Compensation Rates:

- Implement a one-time rate credit prior to experience modification of 0.25.

Joint Powers Board Meeting

March 24, 2021

C. ACTION ITEMS

C.2. Finance Subcommittee Recommendations: General Liability
Attachment: SIG GL Xmod Report

General Liability Experience Modification: Implement a method of calculating an experience modification to be applied to a member's self-insured General Liability rate using a formula that reacts appropriately to losses to create accountability and incentive for improvement, and promotes stability over time. This recommended formula incorporates the following components:

- ADA for the exposure basis
- Incurred losses (amounts paid + reserves)
- 5 year loss evaluation period
- Cap of xmod variation in any one year +/- 0.10
- Credibility: maximum of 75%
- Any one loss capped at $100,000
- Minimum/Maximum xmod values: 0.50/1.50

This will impact some members who have had more losses with up to a 0.10 factor applied to their allocation of self-insured layer funding. Conversely, some members will see up to a 0.10 credit if they have had fewer or no losses.

The actuarial analysis in the agenda packet includes district-by-district information for your consideration.

Fiscal impact: None overall, however individual member contributions will change. These changes will be mitigated by the limiting of any annual increase/decrease in GL xmod to +/- 0.10 in any given year.

Timeline: Effective for the 2021-2022 program year

Strategic Plan: Strategic Goal 5: Member Education Resources, Initiative 5.3 Liability Programs - Specific

Recommendation: Approve Finance Subcommittee recommendation to implement a General Liability experience modification beginning with the 2021-2022 Property/Liability program year

Bickmore Actuarial

Actuarial Review of the Self-Insured Liability Program

Experience Modification Factors
Program Year 2021-22

Presented to

Schools Insurance Group

March 10, 2021 - DRAFT

DRAFT

Wednesday, March 10, 2021

Ms. Cindy Wilkerson
Executive Director
Schools Insurance Group
550 High Street, Suite 201
Auburn, CA 95603-4712

Re: Cost Allocation for the Self-Insured Liability Program

Dear Ms. Wilkerson:

As requested, we have prepared a cost allocation for the self-insured liability program for Schools Insurance Group (the Pool) for the 2021-22 program year. The factors and amounts included in this report are derived based upon data provided by the Pool, including historical average daily attendance (ADA) and incurred losses valued as of December 31, 2020, as well as the most recent actuarial report for the program.

The cost allocation in this report involves the calculation of an experience modification factor for each member. The experience modification factor (x-mod) for each member represents the relationship between the experience of the member and the experience of the Pool as a whole. Generally, a factor greater than 1.00 indicates that the member's expected loss rate is worse (higher) than the Pool average. Conversely, a factor less than 1.00 indicates that the member's expected loss rate is better (lower) than the Pool average.

Losses are capped at $100,000 per claim. Capping losses reduces the impact of single large fortuitous losses, and makes the plan more sensitive to the frequency of claims, a measure that is typically easier for the member to control. Increasing the cap introduces more volatility in the factors from year to year, but encourages the members to contain losses to the extent possible.

The calculation of the x-mod is based upon recent incurred loss experience using a 5-year experience period. The experience period ADA and capped losses are summed by member. Then the losses are divided by ADA to calculate a raw loss rate by member.

A weight is assigned to each member's raw loss rate. The largest member receives a weight of 75%, while all other members receive a scaled weight no greater than that weight. We assign the remaining weight to the Pool loss rate and calculate an initial x-mod. Then we balance the plan with an off-balance factor to ensure that the plan is revenue neutral.

It is assumed that the total claim costs allocated to member district is $2,662,000, which is the indicated discounted 75% confidence level funding amount for 2021-22 from the most recent actuarial report, including loss & allocated loss adjustment expenses and excluding all other expenses. The following table summarizes the resulting x-mods and loss premiums for each district, as well as a comparison with the loss premiums allocated without x-mods:

District	X-Mod Factor	Loss Allocation w/o x-mod	Loss Allocation w/ x-mod	Change in Allocation	2021-22 Loss Allocation
Ackerman	0.932	$19,988	$18,631	-$1,358	-6.8%
Alta Dutch Flat	1.032	3,371	3,477	106	3.2%
Auburn	1.100	63,302	69,632	6,330	10.0%
Black Oak Mine	1.100	41,190	45,309	4,119	10.0%
Chicago Park	1.019	6,034	6,148	114	1.9%
Clear Creek	1.023	5,393	5,516	123	2.3%
Colfax	0.980	12,337	12,088	-248	-2.0%
Dry Creek	0.900	228,804	205,922	-22,882	-10.0%
Eureka	0.900	114,200	102,779	-11,421	-10.0%
Foresthill	1.100	13,449	14,794	1,345	10.0%
Grass Valley S.D.	0.900	59,931	53,938	-5,993	-10.0%
Lake Tahoe	1.060	126,402	133,967	7,566	6.0%
Loomis	0.900	99,638	89,674	-9,964	-10.0%
Mid-Placer	1.057	0	0	0	0.0%
Nevada City S.D.	0.900	24,337	21,903	-2,434	-10.0%
Nev Co. Consort.	1.049	3,640	3,819	179	4.9%
Nevada County Schools Central	1.057	0	0	0	0.0%
Nev Co Supt of Schools	1.073	7,887	8,460	572	7.3%
Nevada Joint Union S.D.	1.000	0	0	0	0.0%
Newcastle	0.938	15,438	14,480	-958	-6.2%
Penn Valley Uesd	0.930	19,415	18,059	-1,357	-7.0%
Penryn	1.057	0	0	0	0.0%
Placer County Office Of Ed	1.100	60,673	66,740	6,067	10.0%
Placer Hills	0.900	25,483	22,934	-2,548	-10.0%
Placer Union HS	1.100	139,143	153,056	13,913	10.0%
Pleasant Ridge	0.900	39,404	35,463	-3,941	-10.0%
Rocklin Unified S.D.	1.100	408,024	448,824	40,800	10.0%
Roseville City	0.963	384,868	370,738	-14,129	-3.7%
Roseville JT.	1.100	344,958	379,452	34,494	10.0%
Schools Ins Group	1.057	0	0	0	0.0%
Tahoe-Truckee	0.900	129,402	116,461	-12,941	-10.0%
Twin Ridges	1.034	3,168	3,275	106	3.4%
Union Hill	0.922	23,696	21,855	-1,841	-7.8%
Western Placer USD	0.900	238,174	214,356	-23,819	-10.0%
Pool Total	1.000	$2,661,748	$2,661,748	$0	0.0%

Note that the maximum annual change in the x-mod is +/-10%.

Calculations for all members are detailed in the exhibits that follow.

DRAFT

It has been a pleasure working with you on this project. Please feel free to call Mike Harrington at (916) 244-1162, Greg Beaulieu at (916) 290-4632 or James Kim at (916) 290-4644 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial

DRAFT

Greg Beaulieu, FCAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial

Schools Insurance Group
Liability
2021-22 X-Mod Calculation Options

Uncapped X-Mod based on 5 Years' ADA, Incurred Losses, $100,000 Loss Cap, 75% Max Weight	5
Capped X-Mod	6
Capped Premium	7
ADA Summary	8
Loss Summary	9

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Exhibit 1

Schools Insurance Group

Fiscal Year 2021-22 Funding Allocation by Member

Liability

5 Year Experience Period, $100,000 Loss Cap, 75% Maximum Experience Weight

Calculation of 2021-22 Experience Modification Factors

Member	2015-16 to 2019-20 ADA (A)	Weighting (B)	2015-16 to 2019-20 Incurred Losses (C)	2015-16 to 2019-20 Incurred Ltd to $100K (D)	2015-16 to 2019-20 Inc $100K Loss Ratio (E)	2021-22 Experience Modification Factor (F)	2021-22 Balanced Experience Modification Factor (G)	Estimated Premium (H)
Ackerman	2,855	12.8%	$0	$0	0.000	0.872	0.851	$17,002
Alta Dutch Flat	508	2.6%	0	0	0.000	0.974	0.950	3,202
Auburn	10,189	34.5%	205,177	205,177	20.137	1.345	1.312	83,049
Black Oak Mine	6,535	25.2%	93,473	93,473	14.303	1.106	1.079	44,437
Chicago Park	881	4.3%	925	925	1.050	0.961	0.937	5,656
Clear Creek	768	3.8%	678	678	0.883	0.965	0.941	5,077
Colfax	1,664	7.9%	0	0	0.000	0.921	0.898	11,083
Dry Creek	34,258	63.9%	118,567	118,567	3.461	0.581	0.567	129,669
Eureka	17,015	46.7%	97,572	97,572	5.734	0.799	0.779	89,004
Foresthill	1,963	9.2%	41,078	41,078	20.926	1.099	1.072	14,417
Grass Valley S.D.	8,556	30.6%	10,434	10,434	1.219	0.731	0.713	42,733
Lake Tahoe	19,070	49.6%	192,963	192,963	10.119	1.003	0.978	123,666
Loomis	14,230	42.3%	346	346	0.024	0.578	0.564	56,176
Mid-Placer	0	0.0%	87,303	87,303	0.000	1.000	0.975	0
Nevada City S.D.	4,296	18.1%	0	0	0.000	0.819	0.799	19,442
Nev Co. Consort.	158	0.8%	0	0	0.000	0.992	0.968	3,523
Nevada County Schools Central	0	0.0%	0	0	0.000	1.000	0.975	0
Nev Co Supt of Schools	452	2.3%	7,828	7,828	17.318	1.016	0.991	7,817
Nevada Joint Union S.D.	0	0.0%	0	0	0.000	1.000	1.000	0
Newcastle	2,894	13.0%	1,850	1,850	0.639	0.878	0.856	13,221
Penn Valley Uesd	3,271	14.4%	3,172	3,172	0.970	0.870	0.849	16,476
Penryn	0	0.0%	0	0	0.000	1.000	0.975	0
Placer County Office Of Ed	8,093	29.5%	220,657	157,989	19.522	1.277	1.246	75,575
Placer Hills	3,837	16.5%	0	0	0.000	0.835	0.814	20,755
Placer Union HS	24,777	56.1%	2,224,090	569,095	22.969	1.720	1.678	233,445
Pleasant Ridge	6,001	23.6%	1,816	1,816	0.303	0.771	0.752	29,634
Rocklin Unified S.D.	58,156	75.0%	1,909,455	1,074,148	18.470	1.627	1.587	647,545
Roseville City	51,997	72.8%	929,487	453,899	8.729	0.904	0.882	339,372
Roseville JT.	51,301	72.6%	906,566	603,566	11.765	1.123	1.095	377,870
Schools Ins Group	0	0.0%	0	0	0.000	1.000	0.975	0
Tahoe-Truckee	18,596	49.0%	60,746	60,746	3.267	0.669	0.653	84,443
Twin Ridges	470	2.4%	0	0	0.000	0.976	0.952	3,016
Union Hill	3,205	14.2%	884	884	0.276	0.862	0.841	19,924
Western Placer USD	33,977	63.7%	138,649	138,649	4.081	0.622	0.607	144,504
Total	389,973	95.3%	$7,253,715	$3,922,157	10.058	1.000	1.000	$2,661,733

Notes:

(A):	From Exhibit 3.	Minimum	0.564
(B):	(A)/[(A)+Maximum (A)/3]	Maximum	1.678
(C), (D):	From Exhibit 4.		
(E):	(D)/(A) .		
(F):	[(B) x (E) + ((1-(B)) x (E)] / (E)		
(G):	(E) x an off-balance factor of 0.975.		
(H):	Allocated based on (G).		

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Exhibit 2
Pg 1

Schools Insurance Group
Fiscal Year 2021-22 Funding Allocation by Member
Liability
5 Year Experience Period, $100,000 Loss Cap, 75% Maximum Experience Weight
2021-22 Capped Experience Modification Factors

Member	2020-21 Experience Modification Factor (A)	2021-22 Balanced Experience Modification Factor (B)	Capped 2021-22 Experience Modification Factor (C)	2021-22 Experience Rated ADA (D)	2021-22 ADA (E)
Ackerman	1.000	0.851	0.932	553	593
Alta Dutch Flat	1.000	0.950	1.032	103	100
Auburn	1.000	1.312	1.100	2,066	1,878
Black Oak Mine	1.000	1.079	1.100	1,344	1,222
Chicago Park	1.000	0.937	1.019	182	179
Clear Creek	1.000	0.941	1.023	164	160
Colfax	1.000	0.898	0.980	359	366
Dry Creek	1.000	0.567	0.900	6,109	6,788
Eureka	1.000	0.779	0.900	3,049	3,388
Foresthill	1.000	1.072	1.100	439	399
Grass Valley S.D.	1.000	0.713	0.900	1,600	1,778
Lake Tahoe	1.000	0.978	1.060	3,974	3,750
Loomis	1.000	0.564	0.900	2,660	2,956
Mid-Placer	1.000	0.975	1.057	0	0
Nevada City S.D.	1.000	0.799	0.900	650	722
Nev Co. Consort.	1.000	0.968	1.049	113	108
Nevada County Schools Cei	1.000	0.975	1.057	0	0
Nev Co Supt of Schools	1.000	0.991	1.073	251	234
Nevada Joint Union S.D.	1.000	1.000	1.000	0	0
Newcastle	1.000	0.856	0.938	430	458
Penn Valley Uesd	1.000	0.849	0.930	536	576
Penryn	1.000	0.975	1.057	0	0
Placer County Office Of Ed	1.000	1.246	1.100	1,980	1,800
Placer Hills	1.000	0.814	0.900	680	756
Placer Union HS	1.000	1.678	1.100	4,541	4,128
Pleasant Ridge	1.000	0.752	0.900	1,052	1,169
Rocklin Unified S.D.	1.000	1.587	1.100	13,316	12,105
Roseville City	1.000	0.882	0.963	10,999	11,418
Roseville JT.	1.000	1.095	1.100	11,257	10,234
Schools Ins Group	1.000	0.975	1.057	0	0
Tahoe-Truckee	1.000	0.653	0.900	3,455	3,839
Twin Ridges	1.000	0.952	1.034	97	94
Union Hill	1.000	0.841	0.922	648	703
Western Placer USD	1.000	0.607	0.900	6,359	7,066
Total	1.000	1.000	1.000	78,967	78,967

Notes: Min=0.900
(A): From prior study. Max=1.100
(B): From Exhibit 1.
(C): (B) subject to a maximum change of +/-10%.
(D): (C) x (E).
(E): Provided by Schools Insurance Group.

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Exhibit 2
Pg 2

Schools Insurance Group
Fiscal Year 2021-22 Funding Allocation by Member
Liability
5 Year Experience Period, $100,000 Loss Cap, 75% Maximum Experience Weight
2021-22 Capped Premium

Member	2021-22 Selected Loss Rate Per ADA (A)	Capped 2021-22 Experience Modification Factor (B)	2021-22 ADA (C)	2021-22 Capped Premium (D)
Ackerman	$33.707	0.932	$593	$18,631
Alta Dutch Flat	33.707	1.032	100	3,477
Auburn	33.707	1.100	1,878	69,632
Black Oak Mine	33.707	1.100	1,222	45,309
Chicago Park	33.707	1.019	179	6,148
Clear Creek	33.707	1.023	160	5,516
Colfax	33.707	0.980	366	12,088
Dry Creek	33.707	0.900	6,788	205,922
Eureka	33.707	0.900	3,388	102,779
Foresthill	33.707	1.100	399	14,794
Grass Valley S.D.	33.707	0.900	1,778	53,938
Lake Tahoe	33.707	1.060	3,750	133,967
Loomis	33.707	0.900	2,956	89,674
Mid-Placer	33.707	1.057	0	0
Nevada City S.D.	33.707	0.900	722	21,903
Nev Co. Consort.	33.707	1.049	108	3,819
Nevada County Schools Central	33.707	1.057	0	0
Nev Co Supt of Schools	33.707	1.073	234	8,460
Nevada Joint Union S.D.	33.707	1.000	0	0
Newcastle	33.707	0.938	458	14,480
Penn Valley Uesd	33.707	0.930	576	18,059
Penryn	33.707	1.057	0	0
Placer County Office Of Ed	33.707	1.100	1,800	66,740
Placer Hills	33.707	0.900	756	22,934
Placer Union HS	33.707	1.100	4,128	153,056
Pleasant Ridge	33.707	0.900	1,169	35,463
Rocklin Unified S.D.	33.707	1.100	12,105	448,824
Roseville City	33.707	0.963	11,418	370,738
Roseville JT.	33.707	1.100	10,234	379,452
Schools Ins Group	33.707	1.057	0	0
Tahoe-Truckee	33.707	0.900	3,839	116,461
Twin Ridges	33.707	1.034	94	3,275
Union Hill	33.707	0.922	703	21,855
Western Placer USD	33.707	0.900	7,066	214,356
Total	$33.707	1.000	$78,967	$2,661,748

Notes:
(A): From actuarial study.
(B): From Exhibit 2.
(C): Provided by Schools Insurance Group.
(D): (A) x (B) x (C) .

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Exhibit 3

Schools Insurance Group

Fiscal Year 2021-22 Funding Allocation by Member

Liability

5 Year Experience Period, $100,000 Loss Cap, 75% Maximum Experience Weight

Summary of ADA

		ADA				
	Member	2015-16	2016-17	2017-18	2018-19	2019-20
1	Ackerman	546	551	561	589	608
2	Alta Dutch Flat	98	102	96	105	107
3	Auburn	2,082	2,053	2,038	2,048	1,968
4	Black Oak Mine	1,440	1,330	1,293	1,243	1,229
5	Chicago Park	163	173	180	180	185
6	Clear Creek	163	148	149	146	162
7	Colfax	351	318	327	318	350
8	Dry Creek	6,888	6,811	6,794	6,837	6,928
9	Eureka	3,476	3,375	3,345	3,429	3,390
10	Foresthill	396	396	391	394	386
11	Grass Valley S.D.	1,681	1,715	1,718	1,731	1,711
12	Lake Tahoe	3,857	3,769	3,869	3,820	3,755
13	Loomis	2,710	2,778	2,835	2,923	2,984
14	Mid-Placer	0	0	0	0	0
15	Nevada City S.D.	899	870	869	846	812
16	Nev Co. Consort.	35	33	30	30	30
17	Nevada County Schools Central	0	0	0	0	0
18	Nev Co Supt of Schools	93	91	84	92	92
19	Nevada Joint Union S.D.	0	0	0	0	0
20	Newcastle	740	810	426	450	468
21	Penn Valley Uesd	737	710	669	598	557
22	Penryn	0	0	0	0	0
23	Placer County Office Of Ed	1,745	1,758	1,751	1,470	1,369
24	Placer Hills	810	795	769	734	729
25	Placer Union HS	5,152	5,141	5,095	4,762	4,627
26	Pleasant Ridge	1,316	1,194	1,190	1,171	1,130
27	Rocklin Unified S.D.	12,015	11,202	11,417	11,608	11,914
28	Roseville City	10,219	9,968	10,212	10,655	10,943
29	Roseville JT.	10,551	10,165	10,177	10,218	10,190
30	Schools Ins Group	0	0	0	0	0
31	Tahoe-Truckee	3,645	3,647	3,727	3,817	3,760
32	Twin Ridges	99	95	100	87	89
33	Union Hill	607	616	622	661	699
34	Western Placer USD	6,741	6,648	6,769	6,850	6,969
	Total	79,255	77,262	77,503	77,812	78,141

Notes: Provided by Schools Insurance Group.

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Exhibit 4

Schools Insurance Group

Fiscal Year 2021-22 Funding Allocation by Member

Liability

5 Year Experience Period, $100,000 Loss Cap, 75% Maximum Experience Weight

Summary of Loss Data

	Incurred Losses					Incurred Losses Capped at $100K				
Member	2015-16	2016-17	2017-18	2018-19	2019-20	2015-16	2016-17	2017-18	2018-19	2019-20
Ackerman	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Alta Dutch Flat	0	0	0	0	0	0	0	0	0	0
Auburn	120	74,991	0	129,643	423	120	74,991	0	129,643	423
Black Oak Mine	0	0	1,828	2,586	89,058	0	0	1,828	2,586	89,058
Chicago Park	644	281	0	0	0	644	281	0	0	0
Clear Creek	0	0	678	0	0	0	0	678	0	0
Colfax	0	0	0	0	0	0	0	0	0	0
Dry Creek	85,003	4,987	28,236	340	0	85,003	4,987	28,236	340	0
Eureka	13,232	58,409	10,964	6,967	8,000	13,232	58,409	10,964	6,967	8,000
Foresthill	39,232	500	641	706	0	39,232	500	641	706	0
Grass Valley S.D.	7,267	2,581	246	340	0	7,267	2,581	246	340	0
Lake Tahoe	1,684	6,121	81,677	52,782	50,699	1,684	6,121	81,677	52,782	50,699
Loomis	0	0	346	0	0	0	0	346	0	0
Mid-Placer	375	374	9,975	66,849	9,730	375	374	9,975	66,849	9,730
Nevada City S.D.	0	0	0	0	0	0	0	0	0	0
Nev Co. Consort.	0	0	0	0	0	0	0	0	0	0
Nevada County Schools Centra	0	0	0	0	0	0	0	0	0	0
Nev Co Supt of Schools	5,606	0	1,462	0	760	5,606	0	1,462	0	760
Nevada Joint Union S.D.	0	0	0	0	0	0	0	0	0	0
Newcastle	1,850	0	0	0	0	1,850	0	0	0	0
Penn Valley Uesd	740	0	2,432	0	0	740	0	2,432	0	0
Penryn	0	0	0	0	0	0	0	0	0	0
Placer County Office Of Ed	46,860	0	173,797	0	0	46,860	0	111,129	0	0
Placer Hills	0	0	0	0	0	0	0	0	0	0
Placer Union HS	7,324	361,155	55,087	1,462,775	337,750	7,324	110,794	55,087	290,140	105,750
Pleasant Ridge	0	0	0	1,816	0	0	0	0	1,816	0
Rocklin Unified S.D.	393,174	424,324	112,576	218,022	761,358	102,653	350,539	112,576	168,022	340,358
Roseville City	1,443	459,838	80,370	233,378	154,458	1,443	100,250	80,370	117,378	154,458
Roseville JT.	22,358	7,699	326,400	514,876	35,233	22,358	7,699	223,400	314,876	35,233
Schools Ins Group	0	0	0	0	0	0	0	0	0	0
Tahoe-Truckee	13,599	9,458	1,125	32,897	3,666	13,599	9,458	1,125	32,897	3,666
Twin Ridges	0	0	0	0	0	0	0	0	0	0
Union Hill	490	0	395	0	0	490	0	395	0	0
Western Placer USD	17,653	60,832	2,374	29,388	28,403	17,653	60,832	2,374	29,388	28,403
Total	658,655	1,471,550	890,608	2,753,363	1,479,540	368,133	787,816	724,939	1,214,728	826,540

Notes:

Provided by Schools Insurance Group.

C. ACTION ITEMS

C.3. Finance Subcommittee Recommendations: Employee Benefits

Attachment: Survey results for office visit copay increase to $25 for HMO plans offered by Kaiser, Sutter Health Plus, and Western Health Advantage

Employee Benefits Rates:

- Increase office copay to $25 per employee survey results for HMO plans offered by Kaiser, Sutter Health Plus and Western Health Advantage. This increase in office copay will not apply to Blue Shield due to the lack of meaningful change in rate.
- Offset increases with a matched buy-down of rates across all carriers: SIG -0.5% and carrier -0.5%. Program reserves are adequate to cover this expenditure.

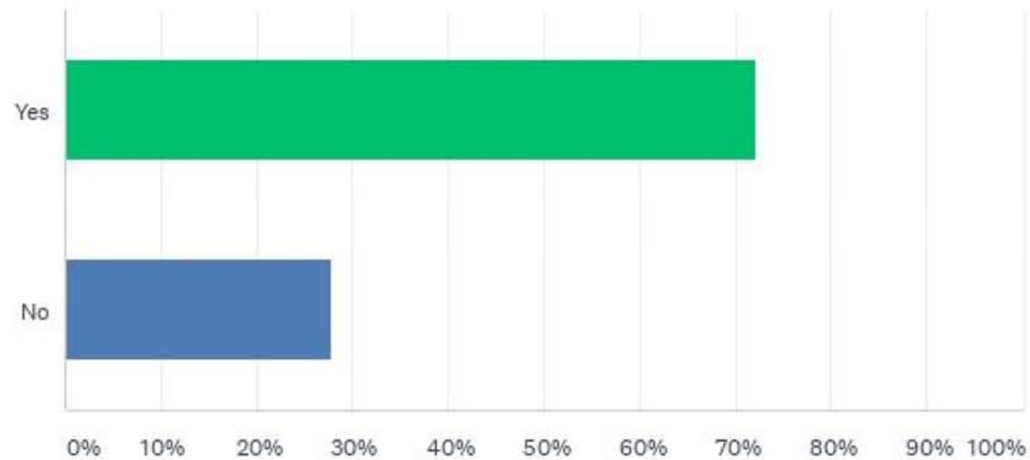
Fiscal impact: HMO copay increases will have no impact to SIG, although rates per member per month will see increases reduced approximately 1%. Rate buy-down: Reduction of program reserves by approximately $305,000. In light of this reduction in overall reserves, the EB Program is projected to experience a decrease in net position resulting in an ending balance of ($208,803) for the 2021-2022 program year

Timeline: Effective for the 2021-2022 program year

Strategic Plan: Strategic Goal 5: Member Education Resources, Initiative 5. Benefits Programs - Specific

Recommendation: Approve Finance Subcommittee recommendation for a HMO medical plan office visit copay increase to $25 per visit for Kaiser, Sutter Health Plus and Western Health Advantage, and a matched rate buy-down across all carrier plans to be implemented for the 2021-2022 program year

Q1 Would you be in favor of raising your office visit copay by $5 per visit to $25 to reduce increases of your premium between $4 per month for an employee-only plan up to $16 per month for a family plan?



C. ACTION ITEMS

C.4. Finance Subcommittee Recommendations: Workers Compensation

Attachment: None

Workers Compensation rate: Provide a one-time rate credit of 0.25 for each member prior to the experience modification being applied, which is the same factor applied for the current program year. The goal again is to break even for the Workers Compensation program fund for the 2021-2022 program year. The base rate for 2021-2022 would be $1.34 with this reduction.

Fiscal impact: - $2,061,624 savings to members from the 70% confidence level base rate.

Timeline: Effective for the 2021-2022 program year

Strategic Plan: Strategic Goal 5: Member Education Resources, Initiative 5.5 Workers Compensation Programs – Specific

Recommendation: Approve Finance Subcommittee recommendation for a Workers Compensation one-time rate credit of 0.25 for each member for the 2021-2022 Workers Compensation program year

C. ACTION ITEMS

C.5. Medical Plan Renewal Rates for 2021-2022
Blue Shield
Kaiser/Kaiser Senior Advantage HMO
Sutter Health Plus
Western Health Advantage
Handout: Final Medical Rates 2021-2022

All Plans except the Kaiser Senior Advantage Plan reflect a 0.5% matched rate buy-down using SIG Employee Benefit Program Reserves for a total reduction to increases of 1.0%. Plan changes are in red. Please note: These are the rates that will be provided to SIG member agencies. SIG's payments to carriers will be 0.5% higher (pending Joint Powers Board approval of Finance Subcommittee recommendations).

A. Blue Shield: Actives and Early Retirees
+ 4.60% Trio HMO
+ 4.60% HDHP PPO 2800
+ 4.60% HDHP PPO 4000

B. Kaiser: Actives and Early Retirees/OOS Retirees

+ 8.01% $20 HMO Chiro ($25 office/specialist visit copay)
+ 8.01% $20 HMO Chiro/Optical ($25 office/specialist visit copay)
+ 9.20% HDHP HSA 2000
Kaiser: Senior Advantage HMO (Retirees 65+) *(no rate buy-down)*

-16% $20 HMO Chiro ($25 office/specialist visit copay)
-16% $20 HMO Chiro/Optical ($25 office/specialist visit copay)
-16% HDHP HSA 2000

C. Sutter Health Plus: Actives and Early Retirees
+ 1.80% HMO ($25 office/specialist visit copay)
+ 2.30% HDHP HSA 1500
+ 2.30% HDHP HSA 2500

D. Western Health Advantage: Actives and Early Retirees
-1.50% HMO ($25 office/specialist visit copay)
-1.00% HDHP HSA 1800
-1.00% HDHP 2800B

Fiscal impact: SIG's Employee Benefit Program is expected to be in a deficit spending position of approximately $208,803 due to the 0.5% additional paid from the rate charged to SIG member agencies. Reserves are adequate to cover.

Timeline: 2021-2022 Employee Benefits Program Year

Strategic Plan: Initiative 5.4: Benefits Programs - Specific

Recommendation: Review and accept the proposed Medical Plan Rates for 2021-2022

C. ACTION ITEMS

C.6. Dental and Vision Self-Insured Program Rates for 2021-2022

Handout: Final Dental, Vision, & Life Rates 2021-2022

Prior to the 2018-19 program year, the self-funded dental and vision plans were underfunded. For the 2018-19 program year, rates were raised slightly. These rate increases have resulted in consistent funding and positive results.

Market research was conducted to compare the Dental Plans through SIG with market options. The decision was made to maintain the plans as is for the 2021-2022 program year.

Options were also considered for the Vision Plans through SIG, with the recommendation to maintain the plans as is for the 2021-2022 program year.

Rates will be provided by handout.

Fiscal impact: None

Timeline: 2021-2022 Program Year

Strategic Plan: Initiative 5.4: Benefits Programs - Specific

Recommendation: Review and accept the proposed Dental and Vision Self-Insured Program Rates for 2021-2022

C. ACTION ITEMS

C.7. Life Insurance and AD&D Rates for 2021-2022

Handout: Final Dental, Vision, & Life Rates 2021-2022

The SIG Life and Accidental Death and Dismemberment program is underwritten by Hartford Life and Accident Insurance Company.

There is no change from the existing program. The rate will remain $0.14 per $1,000 of coverage.

Fiscal impact: None

Timeline: 2021-2022 Program Year

Strategic Plan: Initiative 5.4: Benefits Programs – Specific

Recommendation: Review and accept the proposed Life Insurance and AD&D Program Rates for 2021-2022

C. ACTION ITEMS

C.8. Workers Compensation Rates for 2021-2022

Handout: 2021-2022 WC with Revised Xmod

The Workers Compensation Program is fully funded, with reserves in excess of the Targeted Equity Policy. Program improvement is continuing, with an anticipated slight reduction of in the actuary's recommended base rate from $1.64 to $1.59.

For the 2021-2022 program year, the subcommittee has again considered interventions and has recommended that there be a $0.25 one-time rate credit applied to the base rates, to bring the adjusted base rate to $1.34.

The Subcommittee was very careful and thorough in evaluating options, with many possibilities discussed. They discussed that the one-time rate reduction will result in funding below the level recommended by the actuary, however with current funding in excess of the Targeted Equity, the Subcommittee felt that members should receive the benefit of lower rates while the option was available.

The goal of the Finance Subcommittee in making recommendations is for the WC Program fund to break even for the program year. Claims experience has been favorable through the COVID-19 pandemic, although there is still much uncertainty about ultimate impact from related claims. A dividend of $2,572,000 was declared in June, 2020, to distribute the apparent increase in reserves due to the reduced claims trends.

At this time, the WC Program Fund is projected to have a surplus for the 2020-2021 program year end of approximately $1,579,196. The 2021-2022 funding is projected to be closer to break-even.

Fiscal impact: - $2,061,624 from the 70% confidence level base rate

Timeline: 2021-2022 Program Year

Strategic Plan: Initiative 5.5: Workers Compensation Programs - Specific

Recommendation: Review and accept the proposed Workers Compensation rate for 2021-2022

C. ACTION ITEMS

C.9. Excess General Liability/Excess Auto Liability/Cyber Liability and Breach Response/Crime Rates

Attachment: SIG Program XS Liability, WC, Cyber Program 2021-2022

Coverage provided under SIG's Property/Liability Program includes

- Property/Auto Physical Damage
- Liability/Auto Liability
- Cyber/Excess Cyber Liability and Breach Response
- Crime

There are three layers used to develop overall rates for SIG's P/L Program:

- Self-Insured
- Excess/Commercial Insurance
- Administration

For the 2021-2022 program year self-insured layer, SIG's actuary has recommended a small increase for both Property and General/Auto Liability at the 75% confidence level, which was highlighted in prior Action Item C.1.

The Excess/Commercial Insurance layer continues to be impacted by the excess marketplace and the potential impact of factors such as COVID-19, legislation, adverse claims development, and increased values of awards for litigated claims. Woodruff Sawyer and AMWINS/Carol Wells have provided a quote for Excess General/Auto Liability and Crime, with quotes for Cyber Liability pending. This information is attached, and will be presented during the meeting.

SIG's excess partner, Schools Excess Liability Fund (SELF) has been particularly impacted by increased liabilities associated with AB218 and Childhood Sexual Assault (CSA) claims, since SELF at one point provided coverage for almost all California school districts (the exception being LA Unified). For the 2021-2022 program year, SELF will be amending coverage to a claims made form for CSA claims, with the rest of SELF's coverage remaining on an occurrence basis. Once the form is adopted, SIG's legal counsel will provide an analysis of any modifications or action needed by SIG to adapt, and this information will be communicated at the June Joint Powers Board meeting. SELF will present additional information later in the meeting.

SIG's Excess Property coverage is provided through the Schools Program Alliance (SPA). The Property insurance marketplace continues to be impacted by wildfires, freezes, and windstorm losses globally, with California wildfire exposure specifically impacting SIG's costs. Through SPA, SIG has access to enhanced resources that are helping to score SIG's wildfire risk more accurately as well as to provide a way to target mitigation resources. Nevada City School District is the first pilot project, with inspections taking place Friday, March 19. Because of the ongoing loss prevention and the state of the marketplace, renewal rates for Excess Property will take longer to finalize. These rates will be presented at the June Joint Powers Board meeting.

SIG's overall Administrative costs will be reduced by approximately $400,000 primarily due to the difference between the cost of Woodruff Sawyer's contract and the new broker and claims administration contracts, including adding two additional staff positions to SIG to continue to support SIG's members locally.

Because SIG's rate development formula was consistently resulting in underfunding the P/L program, the formula used to develop rates was changed last year and will continue to be used for the 2021-2022 program year. The goal is to fully fund the self-insured, excess, and administrative components of the program. The rates will be incorporated into the 2021-2022 P/L Renewal Spreadsheet once the excess/commercial insurance quotes are finalized. This spreadsheet will be presented at the June Joint Powers Board meeting.

For the 2021-2022 program year, participating districts will again have the option to select higher deductibles for property and liability in exchange for self-insured rate credit, as determined by SIG's actuary. SIG staff will review possibilities with each member to facilitate the deductible option that will fit each member best.

The attachment also indicates a continuation of SIG's current Excess Workers Compensation policy, which was included in the Workers Compensation rates presented in Action Item C.8.

Approving these rates and costs will establish a cost not to exceed for the Excess General/Auto and Crime coverages for the 2021-2022 P/L Program.

Fiscal impact: Increase in General/Auto Excess Liability of $114,126; Increase in Crime coverage cost of $29; Cyber impact TBD

Timeline: 2021-2022 Program year

Strategic Plan: Initiative 5.3: Liability Programs – Specific

Recommendation: Review and approve the Excess General/Auto Liability and Crime quotes as costs not to exceed for the 2021-2022 Program year

WOODRUFF SAWYER

AMWINS™

Schools Risk & Insurance Management Group
Est. Program Costs-Workers' Comp & Liability Program*
2021/2022

	Current	2021/2022	Variance	Comments
Excess Workers' Compensation $1,000,000 Self-Insured Retention STAT Limits and $1M EL	$621,125	$684,831	No Rate Change Payroll change of: $79,931,659 which is +10.26% **Premium variance of: $63,706 which equals +10.26%**	Last year of multi-year rate commitment.
Liability **Limits of $4M xs 1M Each Occurrence**	$757,350 Rate $9.4362 per ADA Based on ADA of 80,260	$871,476 Rate of $11.7372 per ADA, Based on ADA of 74,249	ADA reduction due to the withdrawal of Nevada Jt. UHSD effective 7/1/2021. No changes in coverage terms, limits, retention or conditions of MOC, Coverage Document	Premium increase of $**114,126**, with a rate increase of **+24.38%**. **SIG to receive $30K (COVID)**
Cyber Liability Primary: Per member limit of $5M with a $10M Agg and Retention $50,000 with a follow form excess $5M xs $5M limit.	Primary: $77,400 Excess: $48,000 (Total of $125,400)	$Pending	Both primary and excess proposals are pending.	
Crime $500,000 per loss coverage, subject to a $100,000 deductible	$14,086	$14,115	No changes in coverage, No change in limits, No change in deductible, **Price change of $29.00**	
Non-Owned Aviation $5,000,000 limit	$6,214	$0	Indication of a non-renewal on SIG's part.	
Total	***$1,524,175***	***$1,570,422***	***+$46,247***	

***Property, B&M and APD Coverages are not included as part of current coverage contractual placement obligations.**

ASCS | an AmWINS Company
9437 Cross Fox Way
Elk Grove, Ca 95758
CA Licenses: 0C97705 & 0I48802
www.amwins.com

C. ACTION ITEMS

C.10. 2021-2022 Preliminary Budget
Attachment: 2021-2022 Preliminary Budgets by Program

The preliminary budgets for the four funds in SIG for the 2021-2022 fiscal year were reviewed by the Finance Committee on March 2, 2021. Enclosed are the preliminary 2021-2022 SIG fiscal year budgets reflecting the following Finance Subcommittee's recommendations that were approved by the Executive Committee on March 17, 2021:

<u>Employee Benefits:</u>
- Continue 1% offset of rate increases (SIG absorbing administrative fee)
- Offset increases with a matched buy-down of rates across all carriers: SIG -0.5% and carrier -0.5%

<u>Workers Compensation:</u>
- Continue the temporary reduction to the Base Rate of $0.25

<u>Property/Liability:</u>
- Revise the method of calculating the experience modification applied to a member's rate to a formula that reacts appropriately to losses to create accountability and incentive for improvement, and promotes stability over time (no overall fiscal impact)

In addition to the above Finance Committee recommendations, the budget also reflects the Executive Committee's approval of the addition of two positions: Administrative Assistant and Risk/Safety Coordinator due to restructuring of the P/L program. Incorporating the above recommendations along with noted program details resulted in the following increases (decreases) to program net positions for 2021-22:

Employee Benefits Trust Fund: $(208,803)
Workers Compensation Fund: $457,916
Property Liability Fund: $54,731
Building Fund: $1,357

Fiscal impact: None

Timeline: 2021-2022 Fiscal Year

Strategic Plan: Strategic Goal 2: Financial Strength and Stability

Recommendation: Approve the SIG Budgets (Employee Benefit Trust Fund; Workers Compensation Fund; Property Casualty Fund; and the Building Fund) for 2021-2022

Schools Insurance Group
Employee Benefit Trust
2021-22 Prelim. Budget

Contributions:

The budget is structured like a business income statement. SIG's primary revenues are district contributions.

Notes	Contributions	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Kaiser Medical	35,894,206	38,936,601	8.48%
2	Blue Shield	3,224,797	3,372,974	4.59%
3	Sutter Health Plus	17,613,991	17,981,690	2.09%
4	Western Health Advantage	3,551,151	3,505,931	-1.27%
	Hartford Supplement/UHC M/C Adv	1,166,025	1,166,025	0.00%
5	Medical Waivers	2,139,750	2,139,750	0.00%
6	Dental	7,694,783	7,694,783	0.00%
7	Vision	990,745	990,745	0.00%
	AD&D--Voluntary	3,555	3,555	0.00%
8	Life Ins--Add'l	317,127	317,127	0.00%
	Total Contributions	**$72,596,130**	**$76,109,181**	4.84%

Notes:

All medical plans reflect SIG not charging an administrative fee (historically 1%)

1 Kaiser contributions reflect the renegotiated rates including the matched 0.5% buy down (amounts billed to districts are 0.5% less than amounts billed to SIG).

2 Blue Shield contributions reflect the renegotiated rates including the matched 0.5% buy down (amounts billed to districts are 0.5% less than amounts billed to SIG).

3 Sutter Health Plus contributions reflect the renegotiated rates including the matched 0.5% buy down (amounts billed to districts are 0.5% less than amounts billed to SIG).

4 Western Health Advantage contributions reflect the renegotiated rates including the matched 0.5% buy down (amounts billed to districts are 0.5% less than amounts billed to SIG).

5 Medical Waivers are projected to remain flat. Waiver dollars are used to offset EBT administrative costs, fund the wellness program, Grokker, EAP, and to help cover any dental program deficits.

6 Dental contributions are projected to remain flat for the budget year.

Schools Insurance Group
Employee Benefit Trust
2021-22 Prelim. Budget

7 Vision contributions are projected to remain flat for the budget year.

8 Life Insurance rates are projected to remain flat at $0.14 per $1,000 of coverage.

9 The Overall Contributions for medical benefits are projected to increase 4.84% from $72,596,130 to $76,109,181.

Schools Insurance Group

Employee Benefit Trust

2021-22 Prelim. Budget

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income.

Notes	Expenses	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
	Claims			
1	Dental	7,391,939	7,539,778	2.0%
	Vision	890,248	908,053	2.0%
2	Admin-Third Party	882,951	891,780	1.0%
3	Risk Management Services	441,400	441,400	0.0%
	Premiums:			
4	Kaiser	35,894,206	39,116,751	9.0%
	Blue Shield	3,224,797	3,389,921	5.1%
	Sutter Health Plus	17,613,991	18,072,051	2.6%
	Western Health Advantage	3,551,151	3,523,551	-0.8%
	Hartford Supplement/UHC M/C Adv	1,166,025	1,166,025	0.0%
5	Life Insurance	317,127	317,127	0.0%
	Other	3,555	3,555	0.0%
	Reserves/IBNR	(29,536)	(29,536)	
	Total Expenses	**71,347,854**	**75,340,456**	5.6%
	Gross Margin:	**1,248,276**	**768,725**	-38.4%
6	General Admin (salaries, etc.)	1,010,603	1,032,069	2.1%
	Other Income			
7	Interest, withdrawal fees, etc.	54,541	54,541	0.0%
	Net Increase	**292,214**	**(208,803)**	-171.5%
	Beginning Net Position	**17,442,518**		
	Ending Net Position	**$17,734,732**		

Notes:

1 Dental and vision claims are budgeted to increase by 2% over 2020-21 claims based on previous experience. Dental and vision claims have normalized over past year experience utilization reductions due to COVID.

Schools Insurance Group
Employee Benefit Trust
2021-22 Prelim. Budget

2 Admin-Third Party expenses include the administration costs for the dental program (Delta Dental) and vision program (VSP), broker fees for the health program (Gallagher), and Optum HSA fees and are projected to increase slightly for 2021-22.

3 Risk Management Services represent the wellness program. SIG covers the full cost of Grokker and EAP for member districts

4 Medical Premiums for Kaiser, Blue Shield, SHP, and WHA reflect SIG paying a 0.5% buy down to reduce rates billed to districts by 0.5%.

5 Life insurance premiums are projected to remain flat for the 2021-22 year.

6 The expenses shown in this line item are typically described as indirect or overhead costs. They represent SIG-wide expenses that do not tie back to any one program. A detail of these expenditures is shown on a separate schedule. For the budget year, these expenses will be 1.36% of contributions.

7 Interest income is budgeted at the same level for 2021-22.

Analysis

The Employee Benefit Trust Fund preliminary budget is projecting a decrease to net position of approximately $208,803.

Schools Insurance Group
Workers Compensation
2021-22 Prelim. Budget

Contributions:

The budget is structured like a business income statement. SIG's primary revenues are district contributions.

Notes	Income	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	W/C Contributions	$10,831,735	$11,132,777	2.8%
	Total Contributions	**$10,831,735**	**$11,132,777**	2.8%

Notes:

1 Contributions for the budget year are based on a 3.1% increase in payrolls over 2019-20 actual payroll (rates are set in Spring for the budget year prior to the current year-end close).   Projected payroll for the 2021-22 budget year is $822 million. Contributions reflect funding the program at the 70% Confidence Level as per our actuary, and continuing the $0.25 temporary reduction to the Base Rate. This results in an overall savings/reduction to member districts of $2,061,624 from not funding the full Base Rate.

Schools Insurance Group
Workers Compensation
2021-22 Prelim. Budget

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income.

Notes	Expenses	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Claims	$5,368,651	$6,680,233	24.4%
2	Admin-Third Party	898,634	780,000	-13.2%
3	Risk Mgmt. Services	543,000	596,000	9.8%
4	W/C Fraud Assess Fees	195,990	225,389	15.0%
	Premiums:			
5	Excess Insurance	621,125	684,831	10.3%
6	Reserves/ Claims-IBNR	1,473,826	1,473,826	0.0%
	Dividends Expense	0	0	
	Total Program Expenses	**9,101,227**	**10,440,279**	14.7%
	Gross Margin	1,730,508	692,499	-60.0%
7	General Admin (salaries, etc.)	623,279	697,725	11.9%
	Other Income			
8	Interest & Investments gains/losses	463,143	463,143	0.0%
	Net Increase (Decrease)	**1,570,372**	**457,916**	-70.8%
	Beginning Net Position	**37,820,189**		
	Ending Net Position	**39,390,561**		

Notes:

1 Paid claims are projected to increase for the 2021-22 fiscal year due to an increase in the severity of claims in recent years. SIG is projecting an increase over prior year based on a 5-year average.

2 Administrative costs are based on actual TPA contract costs and are expected to decrease significantly in the budget year.

Schools Insurance Group
Workers Compensation
2021-22 Prelim. Budget

3 Included in Risk Mgmt. Services are the Safety Credit Program, pre-employment physicals, cost of the actuarial study (performed annually), ESM Claims Management Services, and SIG continuing to fund the cost of PublicSchoolWORKS for Member Districts (cost split between Workers Compensation and Property/Liability). The budget also includes the cost to pilot the RTW/OUR program to additional districts.

4 Assessment fees are paid to the State for being self-insured. These fees are a percentage of claims. Currently, employers pay 100% of the State's Division of W/C budget. This cost is expected to increase approximately 15% for the budget year.

5 SIG self-insures workers compensation claims up to $1,000,000. Safety National Insurance Company is our excess insurance carrier with a $1,000,000 SIR (self-insured retention - comparable to an insurance deductible). While the rate is remaining flat due to a 2-year agreement, the premium is expected to increase by approximately 10% for the budget year due to growth in payrolls.

6 The Reserve/IBNR account is the actuary's calculation for workers comp reserve levels. The budget year reflects the same level increase as the current year pending the next actuary study.

7 General administrative is typically indirect or overhead costs. It represents SIG-wide operations that do not tie back to any one program. A detail of these expenditures is shown on a separate schedule.

8 Interest rates are anticipated to remain very low in our portfolio. Most of these investments are being held for 3 to 5 years. Current yields in our portfolio are very low - way below 1% and are budgeted to remain low in the budget year.

Analysis

The Workers Compensation Fund is projecting an increase to net position of $1,570,372 in the 2020-21 fiscal year. The preliminary budget is projecting a net increase of $457,916. This is primarily due to the continuation of the $0.25 reduction in the base rate which equates to a reduction to contributions of $2,061,624 that is a savings passed on to our districts in this very well-funded program. Also impacting the budget are claims and IBNR reserves that fluctuate from year to year and will depend on actual claims and actuary adjustments to reserve levels. Fluctuations in gains/losses in investments held in our portfolio due to market conditions additionally impact the budget.

Schools Insurance Group
Property Liability Fund
2021-22 Prelim. Budget

Contributions:

The budget is structured like a business income statement. SIG's primary revenues are district contributions.

Notes	Contributions	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Self-Insured Program Layer	3,304,000	3,411,000	3.2%
2	Excess Program Layer	$5,333,395	$6,183,674	15.9%
3	SELF	1,356,000	1,443,000	6.4%
	Auxiliary Organizations	7,350	7,350	0.0%
4	**Total Contributions**	**$10,000,745**	**$11,045,024**	10.4%

Notes:

1 SIG is self-insured for property claims up to $250,000 and liability claims up to $1,000,000 (district responsibility is a $2,500/$5,000 deductible depending on ADA <1,500 or >1,499; district deductibles for automobile physical damage are $1,000 for comprehensive and $1,000 for collision. The self insured layer is funded at the actuary recommended minimum funding at the 75% confidence level. The rate for the 75% confidence level for property increased by 4.53%, and for liability increased by 4.27% over prior year. This layer has historically been funded below the recommended 75% confidence level for the property portion.

2 SIG purchases commercial property insurance (Excess) to cover property losses of $250,000 to replacement value and liability losses of $1M - $5M. Premiums for Excess Property coverage are projected to increase approximately 17% (10% for market, and 6.7% for inflation). Excess liability insurance is estimated to increase approximately 24% over prior year.

3 SIG is a member of a state-wide JPA excess liability pool called SELF to cover liability losses of $5M to $55M. SELF rates are projected to increase 10% for 2021-22.

4 The Total Contributions to be received from the districts are projected to increase approximately 10.4% for 2021-22.

Schools Insurance Group
Property Liability Fund
2021-22 Prelim. Budget

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income (interest, etc.).

Notes	Expenses	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Claims	$2,100,000	$2,310,000	10.0%
2	Admin-Third Party	636,407	233,000	-63.4%
3	Risk Mgmt Services	341,316	355,000	4.0%
	Premiums:			
4	Excess Premiums	4,189,483	5,200,646	24.1%
5	SELF	1,363,401	1,443,000	5.8%
6	Reserves/IBNR	345,000	1,234,000	257.7%
	Reserves/Investment	0	0	
	Total Expenses	**8,975,607**	**10,775,646**	20.1%
	Gross Margin:	**1,025,138**	**269,378**	-73.7%
7	General Admin (salaries, etc.)	314,213	326,189	3.8%
	Other Income			
8	Interest & Investment gain/loss	111,542	111,542	0.0%
	Net Increase (Decrease)	**822,467**	**54,731**	
	Beginning Net Position as Restated	**13,384,350**		
	Ending Net Position	**$14,206,817**		

Notes:

1 The Claims expense estimated for 2020-21 is projected to increase 10%. Claims expense continues to increase due to the increase in severity of claims.

2 The budget for Third Party Admin costs is projected to decrease significantly for the budget year based on the results of the RFP recently conducted and the reconfiguration of the program.

3 Risk management includes the Safety Credits Program, actuarial study, FEHA program through Eyres Law (hot-line), and PublicSchoolWORKS for Member Districts (cost split between Workers Compensation and Property/Liability), We Tip, and Stopit. Risk Management costs are budgeted to increase slightly for the budget year.

Schools Insurance Group
Property Liability Fund
2021-22 Prelim. Budget

4 SIG purchases commercial insurance (Excess) to cover property losses of $250,000 to replacement value and liability losses of $1M - $5M. Excess property is estimated to increase approximately 17% (10% for market and 6.7% for inflation) , Crime and Auto Physical Damage are estimated to increase 10% each, and Cyber is anticipated to increase by 20% over prior year. Excess Liability premiums are estimated to increase approximately 24% for the budget year.

5 SIG is a member of a state-wide JPA excess liability pool called SELF to cover liability losses of $5M to $55M. SELF rates are projected to increase approximately 10% for 2021-22. Overall, ADA has decreased due to NJUHSD withdrawing from the program.

6 The Reserve/IBNR account is the actuary's calculation for the property/liability reserve levels. The budget year is estimated to increase at the same level as the current year. Reserves/IBNR are budgeted conservatively in order to adequately fund unexpected consequences from legislation or other factors beyond our control.

7 General administrative is typically indirect or overhead costs. It represents SIG-wide operations that do not tie back to any one program. A detail of these expenditures is shown on a separate schedule.

8 Interest rates are anticipated to remain very low in our portfolio. Most of these investments are being held for 3 to 5 years. Current yields in our portfolio are very low - way below 1% and are budgeted to remain low in the budget year.

Analysis

The Property Liability Fund is reflecting a increase to net position of $822,467 in the 2020-21 fiscal year. The preliminary budget is projecting an increase of $54,731. The greatest impact to the budget are claims and IBNR reserves that fluctuate from year to year and will depend on actual claims for 2020-21 and actuary adjustments to reserve levels as well as fluctuations in gains/losses in investments held in our portfolio due to market conditions.

Schools Insurance Group
The Building Fund
2021-22 Preliminary Budget

Contributions

	Income	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Rental Income	$234,487	$234,487	0.0%
	Total Income	**$234,487**	**$234,487**	0.0%

Notes:

1 Rental income is budgeted to remain flat for the 2021-22 year.

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income (interest, etc.).

	Expenses	Estimated Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Operating Expenses	$139,268	$139,268	0.0%
	Professional Services			
	Total Expenses	**139,268**	**139,268**	0.0%
	Gross Margin:	**95,219**	**95,219**	0.0%
2	General Admin (depreciation)	96,742	96,742	0.0%
	Other Income			
3	Interest	2,880	2,880	0.0%
	Other Income			
	Net Increase (decrease)	**1,357**	**1,357**	0.0%
	Beginning Net Position	**1,892,195**		
	Ending Net Position	**$1,893,552**		

Notes:

1 Operating expenses for 2021-22 are projected to remain flat. We have fewer tenants however most operating expenses are fixed.

2 This account includes the depreciation on the building, building improvements, and tenant improvements.

3 Interest income is budgeted to remain flat.

Analysis

The Building Fund net position is projected to remain flat. Office leasing has been slow due to COVID. The building HVAC system will be addressed within the new few years as necessary. The building is presently at 62% occupancy as of March 2021.

Schools Insurance Group

Consolidated General Expenses

2021-22 Prelim. Budget

	Expenses	Est Actuals 6/30/2021	Prelim. Budget 2021-22	Percent of Change
1	Salaries	$864,250	$975,518	12.9%
2	Employee Benefits	282,704	314,231	11.2%
	Payroll Taxes (M/C, SUI)	12,501	14,633	17.1%
	Insurance (W/C)	5,839	8,086	38.5%
	Pension Expense (GASB 68)	109,745	109,745	0.0%
	Rent	61,675	61,675	0.0%
	Utilities	10,624	10,836	2.0%
	Office Supplies	18,500	18,870	2.0%
	Printing	1,200	1,224	2.0%
	Postage	6,200	6,324	2.0%
3	Professional Services	144,000	80,080	-44.4%
	Audit Fees	26,800	26,800	0.0%
	License & Permits	0	0	
	Software Licensing/Business Solver	352,694	356,221	1.0%
	Professional Development	2,174	2,217	2.0%
4	Travel and Conference	9,649	25,000	159.1%
5	SIG Meetings	2,500	7,250	190.0%
	Membership & Subscriptions	9,454	9,549	1.0%
	Depreciation	105,529	105,529	0.0%
	Bank Fees	13,770	13,908	1.0%
	Miscellaneous	113	115	1.0%
	Vehicle Expense	0	0	
	Copier Lease	4,915	4,915	0.0%
6	**Total G & A Expenses:**	**$2,044,837**	**$2,152,726**	5.3%

Notes:

1 2021-22 reflects step increases for 4 staff members plus the addition of 2 positions (Administrative Assistant and Risk/Safety Coordinator due to restructuring P/L program).

2 Employee Benefits include employer costs of PERS, health benefits, and disability insurance.

3 Professional Services include IT services, internet, phone, copier, legal, shredding and other administrative expenditures. 2020-21 includes an additional $90,000 to cover website upgrade/design (one-time)

4 Travel and Conferences costs are expected to increase due to lessening of COVID restrictions.

5 SIG Meetings for 2021-22 includes an additional $5,000 to cover strategic planning costs (one-time).

6 General and Administrative Expenses are estimated to be 2.2% of Total Revenues. The Executive Committee's policy goal is 2%.

C. ACTION ITEMS

C.11. New Policy: Policy #2081 - Wildfire Deductible Plan

Attachment: Policy #2081 – Wildfire Deductible Plan

For the 2020-2021 Property/Liability program year, SIG has added a $1,150,000 wildfire deductible that is effective for a wildfire that triggers the Federal Stafford Act and availability of federal or state disaster recovery resources. This was done to maintain costs as low as possible, considering the excess marketplace's reaction to SIG's wildfire exposure and recent high-value claims resulting from fires within California.

It is important to note that the wildfire deductible applies only to those wildfires as defined:

e. ***Wildfire***

As regards wildfires, firestorms, brush fires and any other fires or series of fires, irrespective of origin, which spread through trees, grassland or other vegetation (hereinafter "fire(s)"), all individual losses sustained by the Insured arising out of and directly occasioned by fire(s) which occur during any period of one hundred sixty eight (168) hours.

The term wildfire is defined as: A wildfire is a fire at some time burning uncontained or uncontrolled on lands covered wholly or in part by timber, brush, grass, grain or other flammable vegetation but which also may consume structures or other human developments, ***and*** *is declared as a major disaster or emergency pursuant to the Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act).*

A "wildfire" as defined by SIG's property coverage document would be an event that may make a member eligible for Federal Emergency Management Agency ("FEMA") funding or other Federal or State resources. Such an event would also trigger the wildfire deductible, which may be applied to one or more SIG members depending on the characteristics of the wildfire event. All other fires would trigger only the regular SIG property deductible, and the member's individual district property deductible.

The Executive Subcommittee thoroughly vetted ways for SIG to support its members that may be impacted by a wildfire and the wildfire deductible. This mechanism is outlined in the attached new Policy #2081 – Wildfire Deductible Plan.

This policy accomplishes two things:

1) Provides for SIG to cover, according to the coverage available through SIG's property coverage program, expenses within the wildfire deductible for a member that is impacted by an event that triggers the deductible.
2) Establishes an allocation formula in the event more than one member is impacted by the same wildfire event.

SIG's actuary and auditors reviewed the current Property/Liability Program reserves as well as SIG's Targeted Equity Policy to ensure adequate reserves are available to cover this wildfire deductible in any given year.

Fiscal impact: Deductible of $1,150,000 to be incurred by SIG on behalf of a member impacted by a wildfire event as defined.

Timeline: Upon approval

Strategic Plan: Strategic Goal 2: Financial Strength and Stability

Recommendation: Discuss and approve new Policy #2081 – Wildfire Deductible Plan

Wildfire Deductible Plan

This policy provides direction for action related to a wildfire deductible that may be part of SIG's Property/Liability Program for some program years. In particular, this policy addresses:

- Treatment of the wildfire deductible for member(s) when victim of a wildfire as defined;
- Allocation of the deductible if more than one member is impacted by the same wildfire event that falls within the definition of a wildfire that triggers a wildfire deductible;

Due to the unique circumstances faced by each member, members should explore all potential legal or financial consequences of this policy with their legal counsel. Receipt of funds pursuant to policy may have ramifications that are beyond SIG's control, including but not limited to impacts on eligibility for other sources of government assistance or funding, legal parameters regarding issuance of debt, or other consequences.

1) Wildfire Deductible Funding

SIG's geographic wildfire exposure is substantial, with up to 60% of insured values in geographic areas that are considered to be at high risk for wildfires. Although there have been no wildfire losses in SIG's history, due to the significant potential of a wildfire impact, the cost of SIG's excess property coverage may come with a higher cost which may be paired with coverage restrictions or cost sharing requirements.

Wildfire is defined in SIG's Memorandum of Property Coverage (MOPC) document as follows:

e. Wildfire

> *As regards wildfires, firestorms, brush fires and any other fires or series of fires, irrespective of origin, which spread through trees, grassland or other vegetation (hereinafter "fire(s)"), all individual losses sustained by the Insured arising out of and directly occasioned by fire(s) which occur during any period of one hundred sixty eight (168) hours.*
>
> *The term wildfire is defined as: A wildfire is a fire at some time burning uncontained or uncontrolled on lands covered wholly or in part by timber, brush, grass, grain or other flammable vegetation but which also may consume structures or other human developments,* ***and*** *is declared as a major disaster or emergency pursuant to the Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act).*

A "wildfire" as defined by SIG's property coverage document would be an event that may make a member eligible for Federal Emergency Management Agency ("FEMA") funding or other Federal or State resources. Such an event would also trigger the wildfire deductible, which may be applied to one or more SIG members depending on the characteristics of the wildfire event. All other fires would trigger only the regular SIG property deductible, and the member's individual district property deductible.

It is SIG's goal to facilitate the maximization of funding and resources available to any member(s) if a wildfire deductible is triggered by an event pursuant to the Stafford Act. The intent of SIG is to assist members impacted by a wildfire. SIG will therefore cover the wildfire deductible amount on behalf of impacted member(s) according to coverage afforded through the SIG Memorandum of Property Coverage (MOPC). This wildfire deductible will be funded from SIG's Property and Liability Program equity reserves. Impacted member(s) will still be responsible for their regular property program deductible. Any expenses falling outside of the MOPC coverage will be the member's responsibility to recover from any available Federal or State disaster recovery resources

Wildfire Deductible Allocation

If more than one member is impacted by a singular wildfire event occurring during any period of 168 hours (7 days) which triggers the wildfire deductible, only one wildfire deductible amount will apply per wildfire event. The deductible amount will be allocated among affected members according to the prorata share of each member's loss as compared to the total loss.

(March 24, 2021, pending)

C. ACTION ITEMS

C.12. Member Withdrawal from Property/Liability Program: Nevada Joint Union High School District

Attachments: NJUHSD withdrawal letter and resolution

The SIG withdrawal policy applies separately for each program: Employee Benefits, Workers Compensation, and Property/Liability. SIG governing documents require a District Board resolution to be submitted to SIG prior to December 31 for a withdrawal to be effective for the next program year beginning July 1.

Nevada Joint Union High School District (NJUHSD) did provide the required documentation (enclosed) within the withdrawal notification window for a withdrawal from the SIG Property/Liability Program to be effective June 30, 2021.

NJUHSD will remain a member in the Workers Compensation Program.

Fiscal impact: Loss of Property/Liability contributions of $380,852; Reduction in claims an annual average amount of $25,000

Timeline: Effective July 1, 2021

Strategic Plan: n/a

Recommendation: Discuss and approve withdrawal from the Property/Liability Program of Nevada Joint Union High School District.

Nevada Joint Union High School District
Innovative Educational Communities

Bear River High School · Ghidotti Early College High School · Nevada Union High School · North Point Academy · NU Tech · Silver Springs High School

December 16, 2020

Cindy Wilkerson
Executive Director
Schools Insurance Group
550 High Street, Suite 201
Auburn, CA 95603

Re: Nevada Joint Union High School District Withdrawal from SIG

Dear Ms. ~~Wilkerson~~, CINDY –

Nevada Joint Union High School District is providing formal notice of our intent to withdraw from the Schools Insurance Group – Property & Liability program, effective July 1, 2021. **Pursuant to the SIG's JPA Agreement, a member must give written notice to SIG by the close of business on December 31 if a member wishes to withdraw from any of SIG's Programs.** Enclosed is a copy of the board resolution from our December 15, 2020 Board of Education meeting authorizing such withdrawal.

The District will be evaluating other options for coverage for the 2021/2022 program year.

Sincerely,

Brett McFadden
Superintendent, Nevada Joint Union High School District

11645 Ridge Road • Grass Valley, California 95945
ph 530.273.3351 • fax 530.273.3372 • web njuhsd.com

Nevada Joint Union High School District

Resolution #8 – 20/21

Withdrawal From Property and Liability Programs With School Risk and Insurance Management Group

WHEREAS, the Nevada Joint Union High School District (District) has been a participating agency of the School Risk and Insurance Management Group (SRIMG) Joint Powers Authority receiving services for workers compensation and property and liability insurance services; and

WHEREAS, Article V, Section A of the SRIMG bylaws state that a member agency may withdraw its membership, whole or in part, from SRIMG by providing written notice to the Joint Powers Board by December 31 with the termination effective as of the end of the fiscal year that said written notice is received, and

WHEREAS, The District hereby notifies the Joint Powers Board of SRIMG that it will terminate its membership in the JPA for the provision of property and liability insurance services effective June 30, 2021, and

WHEREAS, The District seeks to continue as a member of the SRIMG Joint Powers Agreement, and participate in the workers compensation services program.

NOW, THEREFORE, BE IT RESOLVED that the District's Board of Trustees hereby instructs the Superintendent to submit this notice of withdrawal from the SRIMG JPA for the provision of property and liability insurance services effective June 30, 2021.

PASSED AND ADOPTED by the Board of Trustees of the Nevada Joint Union High School District at its meeting held on **December 15, 2020.**

Ayes: All

Noes: None

Absent: None

Abstain: None

______________________ December 15, 2020

Brett W. McFadden, Superintendent

Jamie Reeves ______________________ December 15, 2020

Board President

C. ACTION ITEMS

C.13. Executive Committee Nomination Certification for 2021-2023 Executive Committee Positions

Attachments: Policy #0019-Nomination and Election of Executive Committee Members, Exec Com and Officers 2020-2021, Nomination Form 2021

SIG Policy #0019 grants to the Executive Committee the ability to nominate Executive Committee members to serve in two-year increments.

The Executive Committee members whose terms are expiring July 1, 2021, are as follows:

- Barbara Patterson, Rocklin Unified School District
- Brad Tooker, Dry Creek Joint Elementary School District
- Audrey Kilpatrick, Western Placer Unified School District
- Martin Fregoso, Placer County Office of Education

These nominations were made by the Executive Committee at the March 17, 2021, meeting. There were no other nominations received.

Fiscal impact: None

Timeline: Elections March 24, Term begins July 1

Strategic Plan: Strategic Goal 3: Governance, Initiative 3.4 – Board Member Orientation Program/Ongoing Education

Recommendation: Elect Executive Committee members to the Executive Committee

Nomination and Election of Executive Committee Members

This process is intended to provide for an open and orderly annual election as required by the Bylaws. The Executive Committee members shall be elected by and from the Jt. Powers Board at its spring meeting. Five (5) Executive Committee members shall be elected in even years, and four (4) Executive Committee members shall be elected in odd years. Upon election, each Executive Committee member shall serve a 2-year term beginning July 1 of the upcoming program year.

At the March meeting of the Executive Committee, the Executive Committee shall review any nominations received from the Jt. Powers Board. In addition, the Executive Committee shall nominate one individual for each Executive Committee position scheduled for election. To be eligible to have a representative serve on the Executive Committee, a District must be a current member of all three SRIMG coverage programs: Employee Benefits, Workers Compensation, and Property/Liability.

The nomination and election timeline is as follows:

- Nomination form sent to all members no later than January 15
- Nominations shall be received no later than February 28 for consideration
- Nominations shall be reviewed by the Executive Committee at its March meeting to certify. These nominations, along with nominations made by the Executive Committee, will then be sent to the Jt. Powers Board for elections.

The nomination form will indicate the Executive Committee member positions to be elected, the incumbents seeking reelection, instructions for nominating candidates, and the timeline to submit nominations.

If more than one individual is nominated for any one Executive Committee position through the above process, an election shall be held at the Joint Powers Board meeting by roll call vote.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

Adopted 1/15/92, Revised: 4/27/16, 10/3/18, 10/9/19, 10/28/2020

SCHOOLS INSURANCE GROUP
Executive Committee and Staff Hire Dates
2020-2021

	Member	District	Sub Com	Term Expires	Appt Date	Seniority
	Patterson, Barbara	Rocklin	Finance	**2021**	9/04	1
	Tooker, Brad	Dry Creek	Admin	**2021**	5/06	2
	Lay, Scott	NCSOS	Admin	**2022**	9/07	3
VP	Kilpatrick, Audrey	Western Placer	Finance Admin	**2021**	7/15	4
	Clark, Rusty	Pleasant Ridge	Risk Mgmt	**2022**	7/16	5
President	Fregoso, Martin	PCOE	Finance Risk Mgmt	**2021**	7/16	6
Sec/Treas	Landon, Joe	Roseville Jt	Admin	**2022**	7/16	7
	Bentley, Scott	Auburn Union	Risk Mgmt	**2022**	11/16	8
	Cramer, Carolyn	Clear Creek	Risk Mgmt	**2022**	6/20	9

JPB Sub-Committee Reps:		
Raenel Toste	Newcastle	Admin
Dennis Snelling	Roseville City	Finance
Greg Motarjeme	Pleasant Ridge	Finance
Don Ogden	Folsom Cordova	Risk Mgmt

SIG Staff Hire Dates		
Melissa Gianopulos	October 1999	Benefits Administrator
Kelley Henry	June 2007	Accounting / Benefits Analyst
Jaxine Anderson	September 2011	Workers Compensation Program Manager
Amy Gonnella	September 2012	Member Services and Wellness Manager
Nancy Mosier	February 2015	Chief Fiscal Officer
Cindy Wilkerson	July 2017	Executive Director
Gabrielle Daniel	November 2018	Director, Claims and Loss Prevention Services
Tuesday Taylor	October 2019	Administrative Analyst

Nomination Form

It is not necessary to return this form unless you wish to make a nomination for an individual to serve on the Executive Committee or for an Executive Committee member to serve in an Officer position

Nominations MUST be returned to the SIG Office by Friday, February 28, 2021

Section 1: Executive Committee Elections—Four (4) Open Positions for Election

The terms of the following Executive Committee Members expire 6/30/2021.

Barbara Patterson, Rocklin Unified School District
Brad Tooker, Dry Creek Joint Elementary School District
Audrey Kilpatrick, Western Placer Unified School District
Martin Fregoso, PCOE

These incumbents may continue to serve on the Executive Committee if elected to a subsequent term.

I nominate the following additional individual(s) for the Executive Committee:

____________________________________ ____________________________________

Section 2: Joint Powers Board and Executive Committee Officer Elections

The Joint Powers Board shall elect a President, Vice President, and Secretary/Treasurer at the first spring meeting held in each fiscal year for a one-year term to begin July 1 of the following fiscal year. No Board member shall serve more than two consecutive years in the same office. Officers must be a current Executive Committee member.

The current Joint Powers Board Officers are:

Martin Fregoso, Placer County Office of Education, **President**
Audrey Kilpatrick, Western Placer Unified School District, **Vice President**
Joe Landon, Roseville Joint Union High School District, **Secretary/Treasurer**

Each officer position is open for nomination. Existing officers have held their position for one year and are eligible for re-election.

I nominate the following eligible individual(s) to serve:

President: __________________________________

Vice President: __________________________________

Secretary/Treasurer: __________________________________

Signature: ____________________________________ Date: ________________

District: ____________________________________

C. ACTION ITEMS

C.14. 2021-2022 Election of Officers: President
Attachments: Policy #0011-Nomination and Election of Officers, Exec Com and Officers 2020-2021, Nomination Form 2021

The Executive Committee has the opportunity to nominate Executive Committee members to fill the Officer roles. According to Policy #0011, these nominations are presented to the Joint Powers Board for the election process.

All officer positions are elected each year for an annual term. No officer may serve more than two consecutive annual terms. The current officers were elected in 2020, and are eligible for re-election for one more term. The current President is as follows:

- Martin Fregoso, President

The Executive Committee nominated Martin Fregoso to remain in the position of President for one more year at the March 17, 2021, meeting. There were no other nominations received.

Fiscal impact: None

Timeline: Elections March 24, Term begins July 1

Strategic Plan: Strategic Goal 3: Governance, Initiative 3.4 – Board Member Orientation Program/Ongoing Education

Recommendation: Elect Martin Fregoso as President to serve a one-year term from July 1, 2021-July 1, 2022.

Nomination and Election of Officers

This process is intended to provide for an open and orderly annual election as required by the Bylaws. The officers shall be elected by and from the Jt. Powers Board at its spring meeting for a term to begin July 1 of the following program year. The principal officers shall be the President, Vice President and Secretary/Treasurer.

School Risk and Insurance Management Group (SRIMG) will notify all Jt. Powers Board members of scheduled elections and SRIMG staff will provide nominating forms to all members. The nomination process will be determined by the Jt. Powers Board.

The nomination and election timeline is as follows:

- Nomination form sent to all members no later than January 15
- Nominations shall be received no later than February 28 for consideration
- Nominations shall be reviewed by the Executive Committee at its March meeting to certify and send to the Jt. Powers Board for elections.

The nomination form will indicate the officer roles to be elected, the incumbents seeking reelection, instructions for nominating candidates, and the timeline to submit nominations.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

If there is more than one candidate for a position, there shall be a roll call vote at the Joint Powers Board meeting.

Adopted 12/11/91, Revised 4/27/16, 10/9/19, 10/28/2020

C. ACTION ITEMS

C.15. 2021-2022 Election of Officers: Vice President
Attachments: Policy #0011-Nomination and Election of Officers, Exec Com and Officers 2020-2021, Nomination Form 2021

The Executive Committee has the opportunity to nominate Executive Committee members to fill the Officer roles. According to Policy #0011, these nominations are presented to the Joint Powers Board for the election process.

All officer positions are elected each year for an annual term. No officer may serve more than two consecutive annual terms. The current officers were elected in 2020, and are eligible for re-election for one more term. The current Vice President is as follows:

- Audrey Kilpatrick, Vice President

The Executive Committee nominated Audrey Kilpatrick to remain in the position of Vice President for one more year at the March 17, 2021, meeting. There were no other nominations received.

Fiscal impact: None

Timeline: Elections March 24, Term begins July 1

Strategic Plan: Strategic Goal 3: Governance, Initiative 3.4 – Board Member Orientation Program/Ongoing Education

Recommendation: Elect Audrey Kilpatrick as Vice President to serve a one-year term from July 1, 2021-July 1, 2022

C. ACTION ITEMS

C.16. 2021-2022 Election of Officers: Secretary/Treasurer
Attachments: Policy #0011-Nomination and Election of Officers, Exec Com and Officers 2020-2021, Nomination Form 2021

The Executive Committee has the opportunity to nominate Executive Committee members to fill the Officer roles. According to Policy #0011, these nominations are presented to the Joint Powers Board for the election process.

All officer positions are elected each year for an annual term. No officer may serve more than two consecutive annual terms. The current officers were elected in 2020, and are eligible for re-election for one more term. The current Secretary/Treasurer is as follows:

- Joe Landon, Secretary/Treasurer

The Executive Committee nominated Joe Landon to remain in the position of Secretary/Treasurer for one more year at the March 17, 2021, meeting. There were no other nominations received.

Fiscal impact: None

Timeline: Elections March 24, Term begins July 1

Strategic Plan: Strategic Goal 3: Governance, Initiative 3.4 – Board Member Orientation Program/Ongoing Education

Recommendation: Elect Joe Landon as Secretary/Treasurer to serve a one-year term from July 1, 2021-July 1, 2022

C. ACTION ITEMS

C.17. Property/Liability Claims Trust Account with Tri-Counties Bank - Authorized Signers

Attachment: None

SIG's Bylaws Article 3, Section B, requires Joint Powers Board approval to grant signature authority for SIG's bank accounts.

The transition from Woodruff Sawyer for claims handling necessitates a change in trust accounts used for Property/Liability claims adjustment expenses. In order to close the current trust account through Tri-Counties Bank, the authorized signers must be revised from Woodruff Sawyer personnel to SIG staff. In addition, this action must be authorized by the Joint Powers Board.

The proposed authorized signers to achieve the transition are Cindy Wilkerson, Executive Director, and Nancy Mosier, Chief Fiscal Officer.

Upon closure of this account, the funds will be transferred into the new trust account that will be established.

Fiscal impact: N/A

Timeline: The account will be closed no later than April 12, 2021, which is the termination date of the Woodruff Sawyer contract.

Strategic Plan: Strategic Goal 2: Financial Strength and Stability

Recommendation: Approve the authorized signers for SIG's Property/Liability Claims Trust Account with Tri-Counties Bank