



Schools
Excess
Liability
Fund

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For Immediate Release

SELF Board Increases Funding Levels Sets Rates for 2018/2019 Program Year

To ensure sustainability for the long term, the SELF Board voted Friday to increase funding levels in the Excess Liability Program.

Following a lengthy discussion in which the likelihood of another impending recession, the nature of the claims activity California is seeing, and the uncertainty the future holds were taken into consideration; the Board adopted rates for 2018/2019 that will result in an increase of \$2.65 per ADA for K-12 members and an increase of \$0.91 per FTES for community college members attaching at \$5 million.

While the Board understands that an increase in rate is never popular, that factor is outweighed by the need to plan effectively for a future that could be fraught with unforeseen and unknown risks and properly prepare our funding reserves to meet any and all obligations. To put that in perspective, since inception, SELF has paid out more than \$320 million in claims for its members.

Several years ago, there was a significant shift in the liability climate in California. Severity – that ultimate catastrophic loss that SELF was designed to manage – became paired with frequency – a factor more commonly experienced by primary coverage providers.

These two factors combined, resulted in nearly \$19 million in payments and reserves during the 2015/2016 fiscal year alone. At the time, the Board debated whether this unprecedented frequency and severity, after many years of stable loss development was a harbinger of things to come, or simply a bad year. In the end, the Board chose to act conservatively and honor its moral and fiduciary duty to the membership by responsibly funding the program as if this trend would continue.

As we prepare to enter into the 2018/2019 program year, we now understand that this is the new normal for the liability world we live in. A world where the #MeToo and #TimesUp anti-sexual harassment movements are on the tip of everyone's tongue. A world where legislative efforts to

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Page 2

completely eliminate the statute of limitations for third party liability in sexual abuse cases continue to surface; and now the ability of local agencies to set deadlines for filing these claims against them is also under attack.

The possibility that the future may take an unfavorable turn for schools and public entities is high. The Board must take that into consideration when setting rate and planning for the funding of future losses, which is a very important part of pooling. This is what distinguishes and separates SELF from a commercial insurance company. SELF was here yesterday; is here today; and will be here tomorrow for its members.

State budget allocations to our schools, the current economy and fiscal experts' best determination as to whether it is likely to improve or continue to negatively impact our members' budgets are issues that the Board gives substantial weight to when making rate decisions.

While the pool is financially strong – there is still more than \$30 million available to meet our obligations – the Board knows that it must continue to responsibly fund to ensure the sustainability of the Excess Liability Program. The decisions made by the Board in setting the rates for 2018/2019 were not made lightly and are based on the best information available. The Board is committed to providing a stable, financial foundation that will yield, over time, the financial security that SELF members have come to expect when they have a catastrophic event.

The adopted rates for 2018/2019 are as follows:

Excess Liability Program

Coverage	K-12	Community Colleges	Non-ADA	Minimum
\$5M X \$1M	\$23.01/ADA	On Request	On Request	\$3,190
\$50M X \$5M	\$8.60/ADA	\$5.12/FTES	\$5,800	\$1,045

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