MEMBER BENEFIT REVIEW

2017-2018

WASHINGTON SCHOOLS RISK MANAGEMENT POOL

Executive Summary

Dear Member,

Data-Driven Decision Management (DDDM) is an approach that values decisions that can be backed up with verifiable data. The success of the data-driven approach is reliant upon the quality of the data gathered and the effectiveness of its analysis and interpretation. Organizations of all sizes, and across all industries, have recognized that data-driven decisions far outweigh decisions based solely upon intuition. The benefits of implementing a data-driven decision making model allows us to discover patterns, practices and relationships that can be maintained or improved, allows us to focus on the right things, and illustrates our strengths, challenges and opportunities. By using a data-driven decision making process, organizations can close the gap between where they are and where they want to be. In essence, it enables organizations to take action in a positive way. Further, data-driven decision making fully supports the Enterprise Risk Management model enabling organizations to maximize their strategic objectives.

Washington Schools Risk Management Pool (WSRMP) is implementing a data-driven decision making risk management model that will allow WSRMP to better identify, analyze, treat, and monitor loss trends. By implementing a data-driven decision making risk management plan, WSRMP and member districts will benefit tremendously in several ways. Each district will be presented with a Member Benefit Review that provides the member information on overall loss trends for the Pool, a comparison of district loss trends with those of similarly-sized districts, and loss ratios by coverage. The Member Benefit Review will include loss trends for Auto Liability, Auto Physical Damage, Employment Practices Liability, Errors & Omissions Coverage, General Liability, and Property Coverage. For each coverage, the district will be able to see their individualized loss frequency, loss severity and loss ratios on a five-year rolling basis. By segmenting the data by coverage, member districts will be able to see their unique trends related to each coverage.

The Member Benefit Review will also include an Action Plan for districts that have a loss ratio(s) above 60%, or a Self-Directed Risk Management Plan for those districts that either have no losses, or have a loss ratio that is consistently below 60%. Both plans will be fully supported by WSRMP with the Risk Consultants providing resources, support, guidance and recommendations that enable member districts to maximize their efforts in meeting the plan objectives.

WSRMP staff look forward to partnering with our members in implementing the data-driven decision making program that will ultimately reduce losses, improve the loss ratio for the district, and improve the overall results of the Pool. Improved results for WSRMP translates to rate stability for members. Everyone wins!

Sincerely,

Gerald Martens

Gerald Martens, MBA, ARM-P/E, AINS
Director of Risk Management
Washington Schools Risk Management Pool

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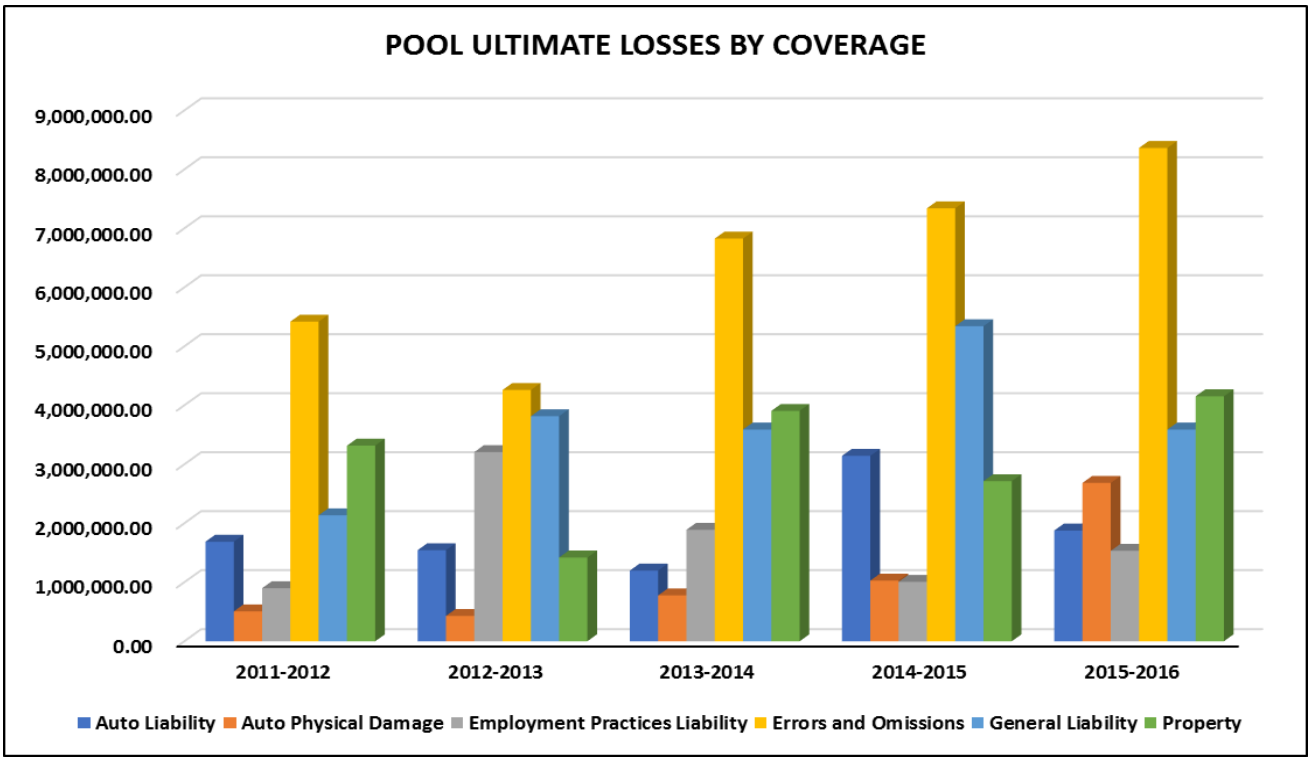
Pool Ultimate Loss Trends
(2011 - 2016)



COVERAGE	TOTAL PAID
AUTO LIABILITY	$9,450,152
AUTO PHYSICAL DAMAGE	$5,427,108
EMPLOYMENT PRACTICES LIABILITY	$8,537,397
ERRORS AND OMISSIONS	$32,212,504
GENERAL LIABILITY	$18,473,088
PROPERTY	$15,511,576
TOTAL	$89,611,825

Total Paid = Total amount paid + loss reserves + IBNR (incurred but not reported) over the 5-year period.

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Member Benefit Review

District:	Happy Valley School District
Size:	Large

Large Members

Auburn	Clover Park	Edmonds
Everett	Federal Way	Franklin Pierce
Issaquah	Lake Stevens	Lake Washington
Marysville	Monroe	Mukilteo
Northshore	Pasco	Peninsula
Puyallup	Seattle	Shoreline
South Kitsap	Spokane	Sumner
Tacoma	Tahoma	Walla Walla

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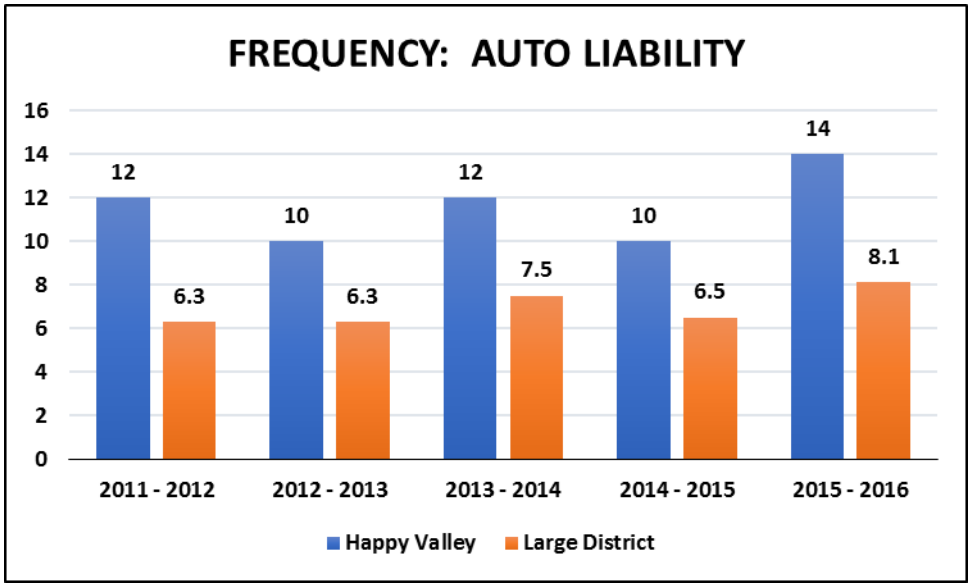
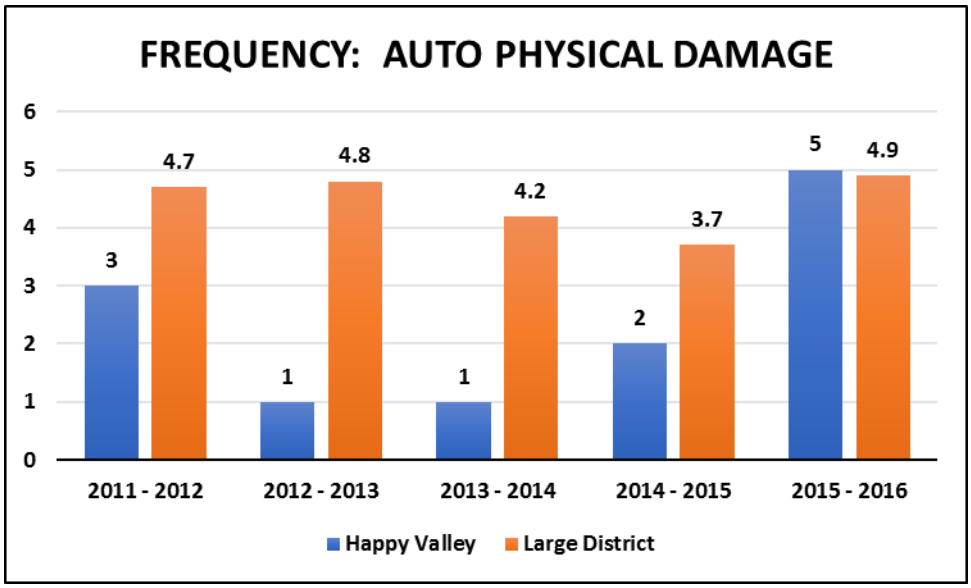
Happy Valley vs. Other Large Districts (2011 – 2016)



Auto liability coverage applies to district owned or hired buses and automobiles and provides coverage for bodily injury and property damage to others that the district is liable for.



Auto Physical Damage covers loss or damage to district owned automobiles and non-owned automobiles hired by the district for which the District has a written obligation to provide insurance.

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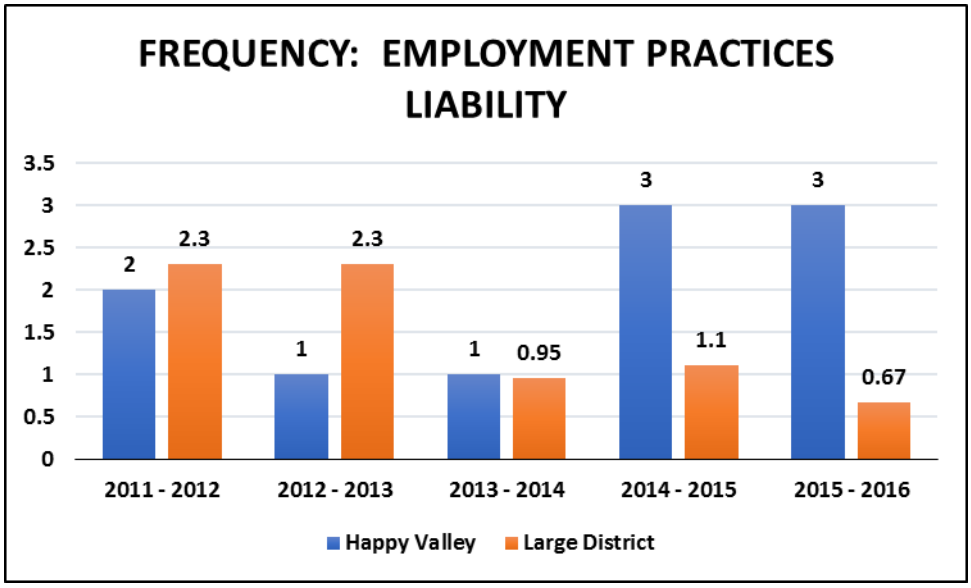
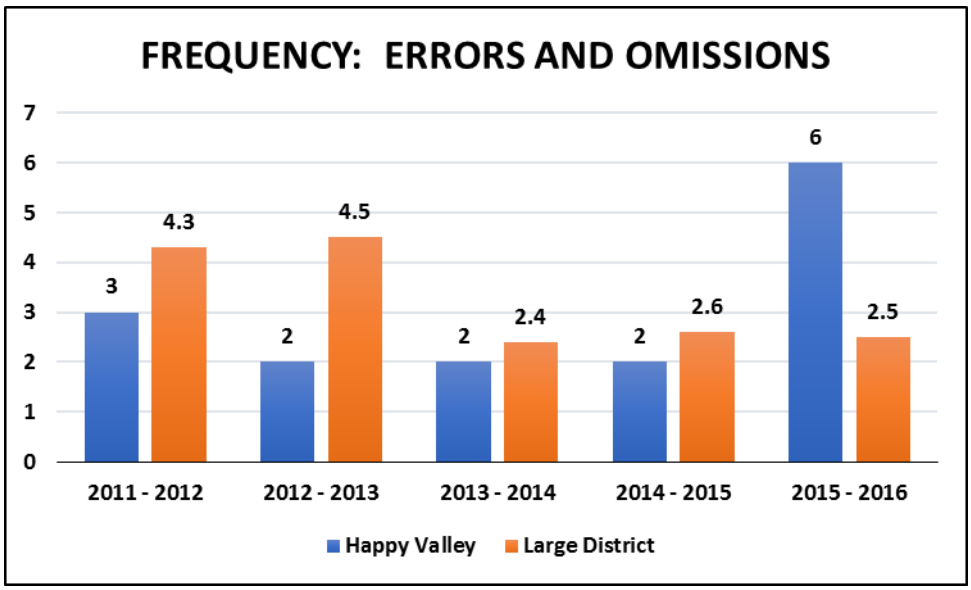
Happy Valley vs. Other Large Districts (2011 – 2016)



Employment Practices Liability coverage pays for damages that the district is obligated to pay as a result of sexual harrassment; discrimination; wrongful employment termination; invasion of privacy; libel and slander arising out of a wrongful employment practice.



Errors and Omissions coverage pays for damages that the District is obligated to pay resulting from wrongful acts such as sexual abuse, special education and discrimination, etc.

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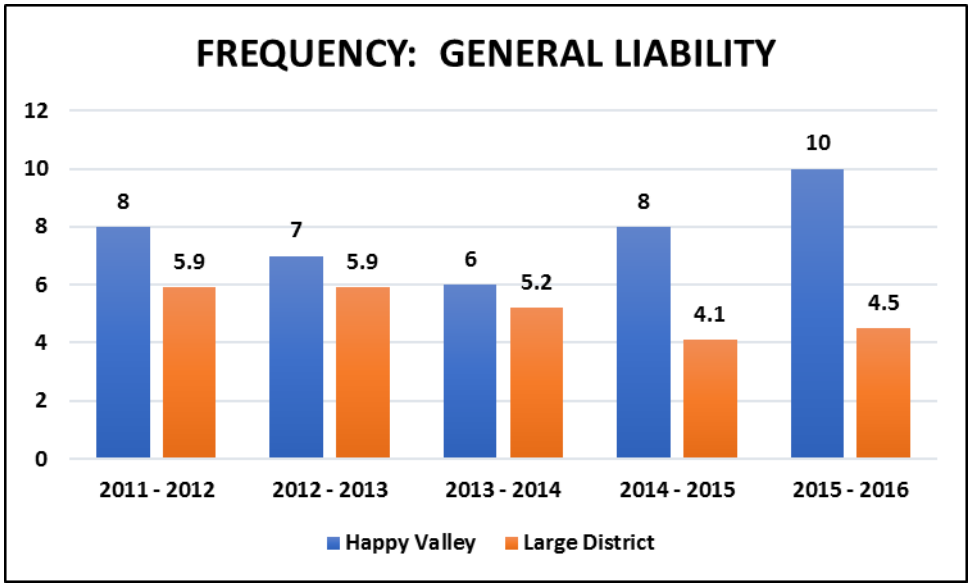
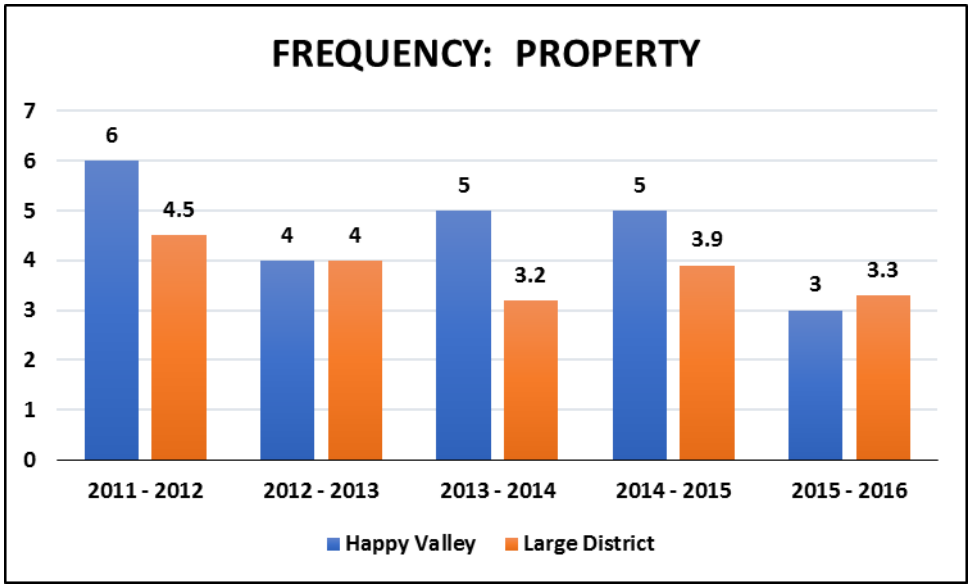
Happy Valley vs. Other Large Districts (2011 – 2016)



General Liability coverage pays those sums the District is legally obligated to pay as a result of bodily injury, property damage, and personal injury.



Property coverage covers unforseen, unexpected and unintended risks of direct physical loss or damage to any property of the District.

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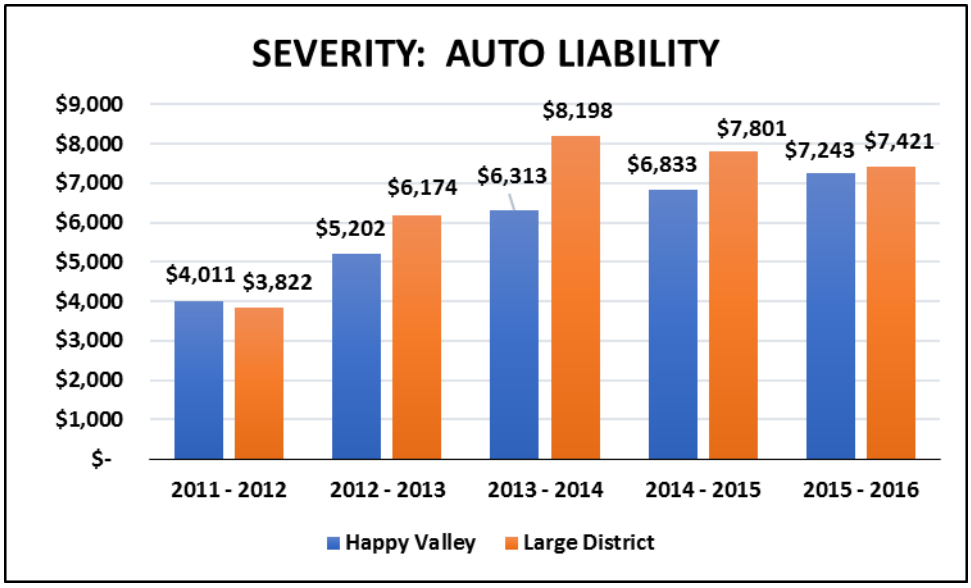
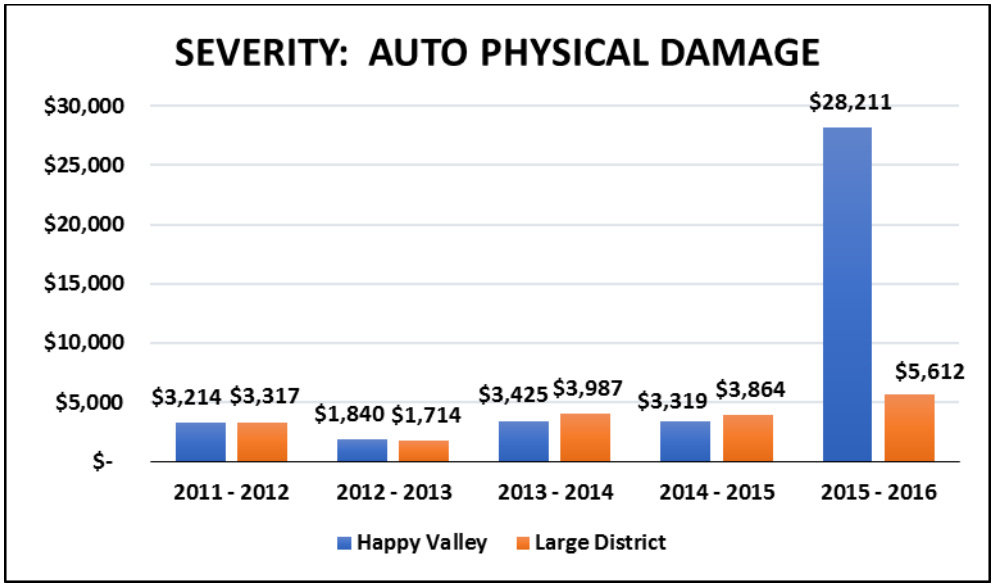
Dollars by Coverage
(2011 - 2016)



The auto liability severity trend of Happy Valley School District continues to increase similarly to that of the large district group. Happy Valley's severity trend, except for the 2011-2012 coverage year, is slightly better than the large district group.



Happy Valley's auto physical damage severity trend tends to be better than the large districts as a whole. The 2015-2016 coverage year suffered a shock loss attributed to the loss of 28 buses in a fire.

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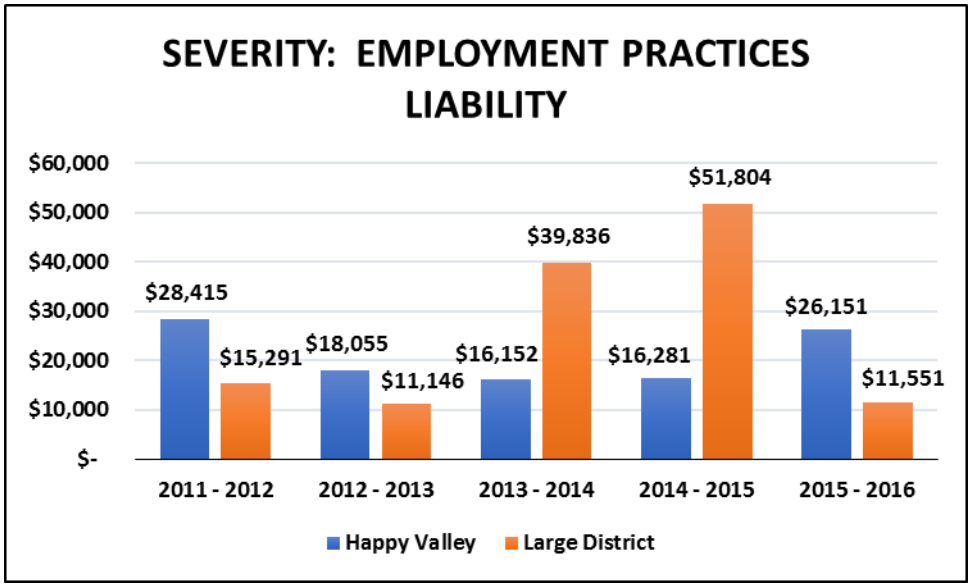
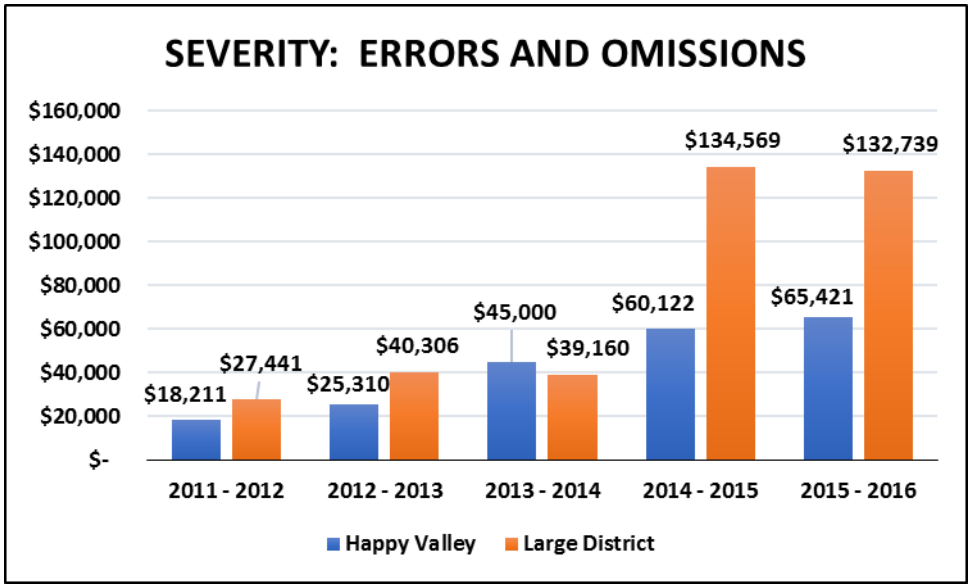
Dollars by Coverage (2011 - 2016)



Happy Valley School District's employment practices severity trend has shown less volitility than that of the large districts.



There has been a significant increase in severity during the previous five years for both Happy Valley School District and large districts. The increase in severity is directly attributed to the increase in sex abuse claims. Although Happy Valley's E&O severity has increased, it is significantly lower than the large districts.

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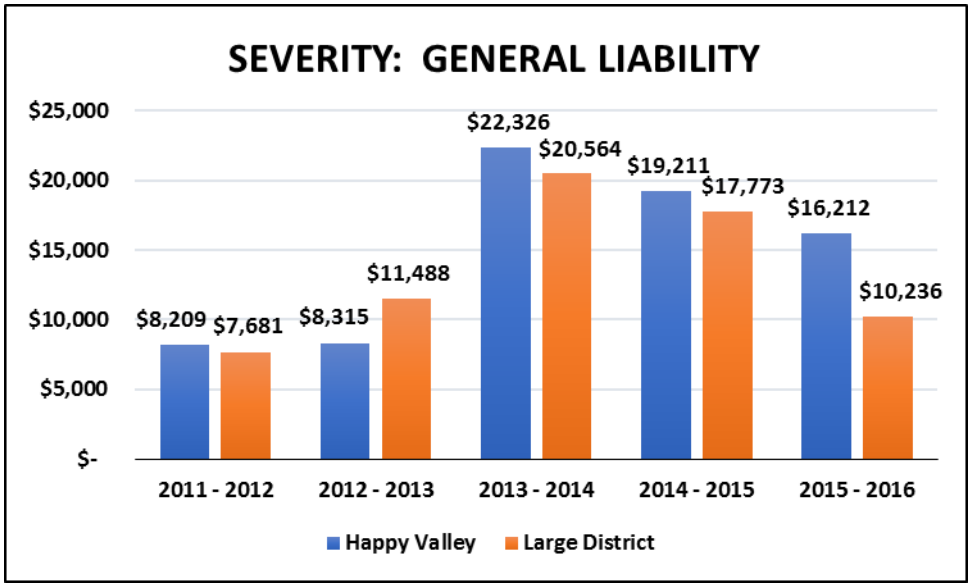
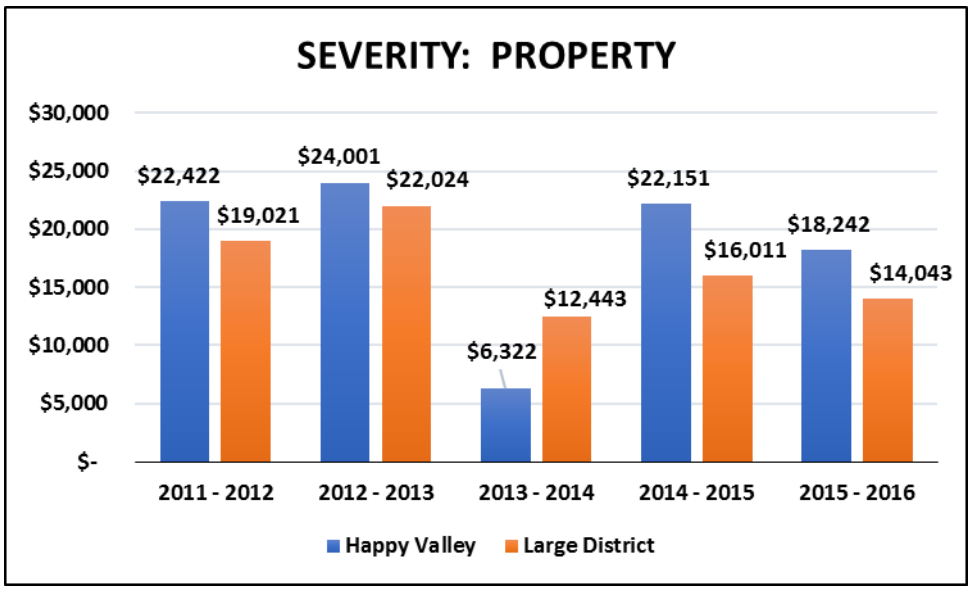
Dollars by Coverage
(2011 - 2016)



Happy Valley's general liability loss trend appears to follow that of it's peers with their severity slightly higher. The 2013-2014 coverage year had a significant increase in severity compared to the previous two years. There has been an improvement in severity trending for the 2014-2015 and 2015-2016 coverage years.



With the exception of the 2013-2014 policy year, Happy Valley School District's average property losses have been higher than the average for the large district group.

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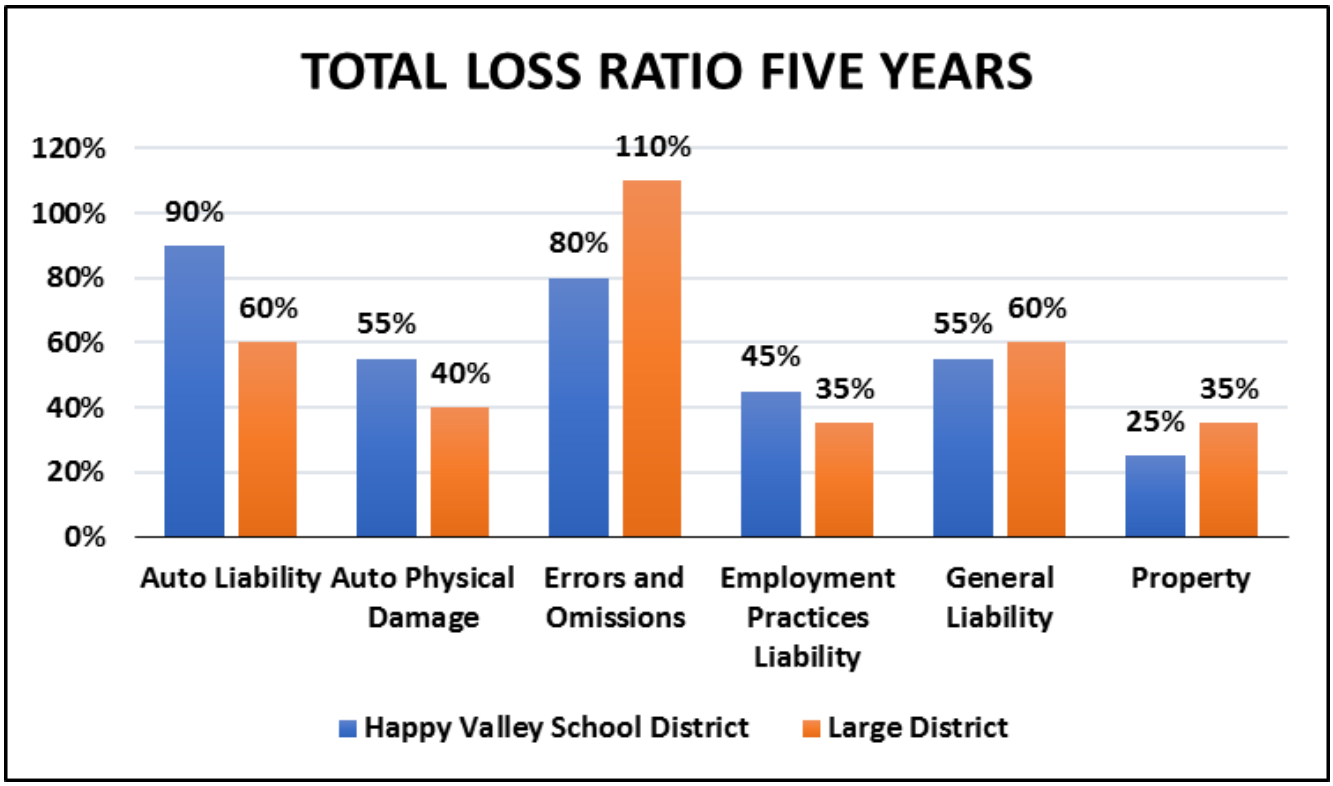
Loss Ratios
(2011 - 2016)



Loss Ratio

The loss ratio is the proportionate relationship of incurred losses to member contributions expressed as a percentage. WSRMP sets the loss ratio benchmark for member districts at 60% or less for all areas of coverage. Over the next few pages, your loss ratios by coverage, by year, are compared to similarly-sized districts.

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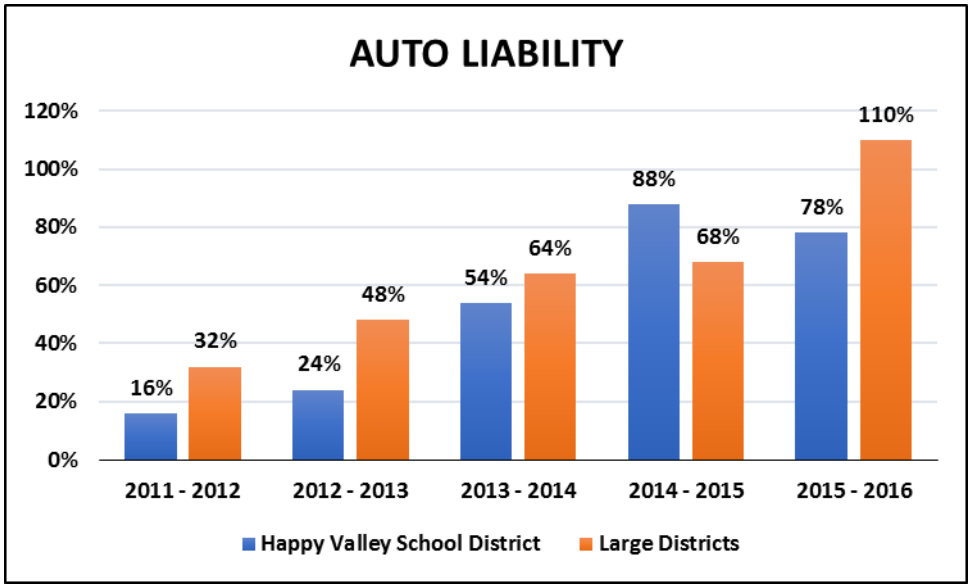
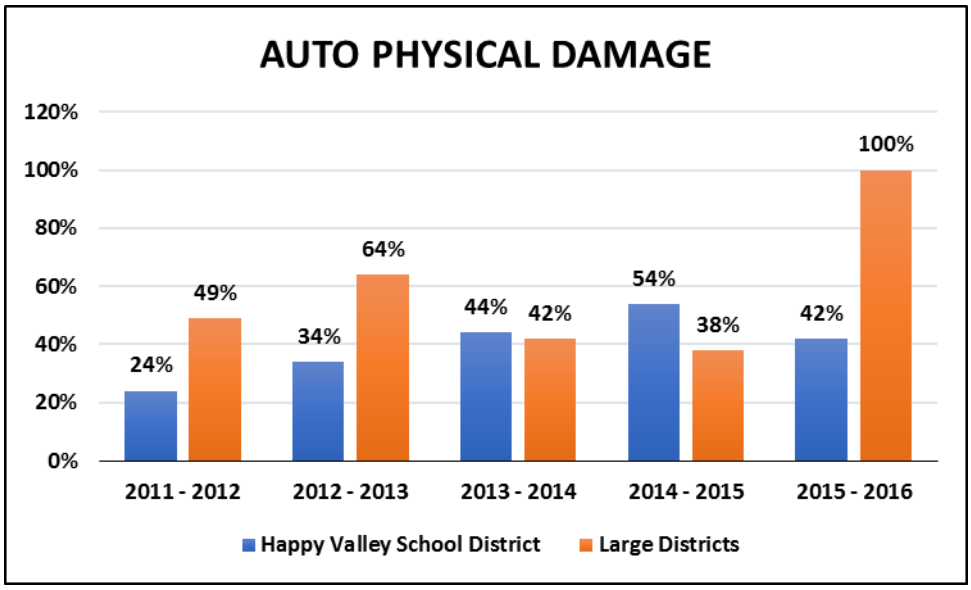
Loss Ratios
(2011 - 2016)





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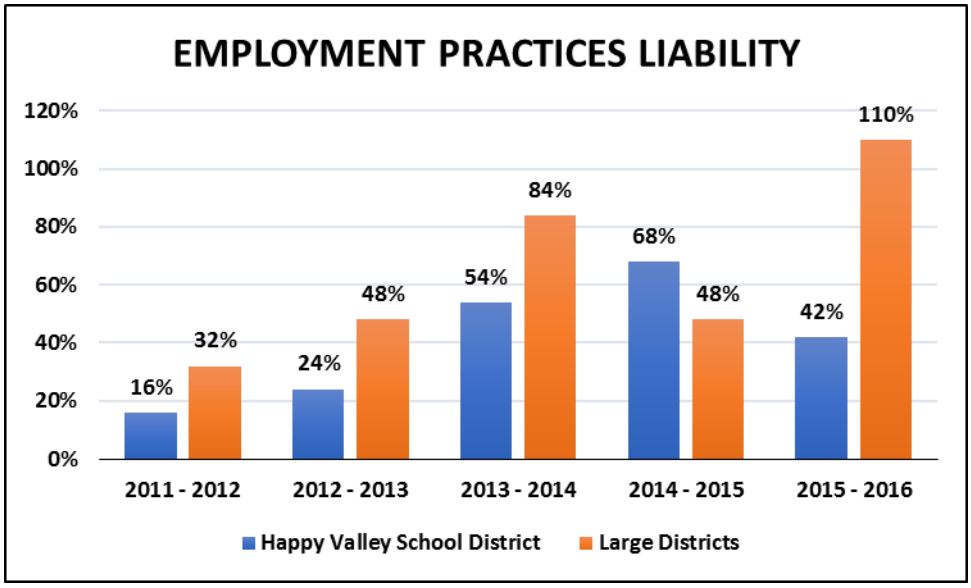
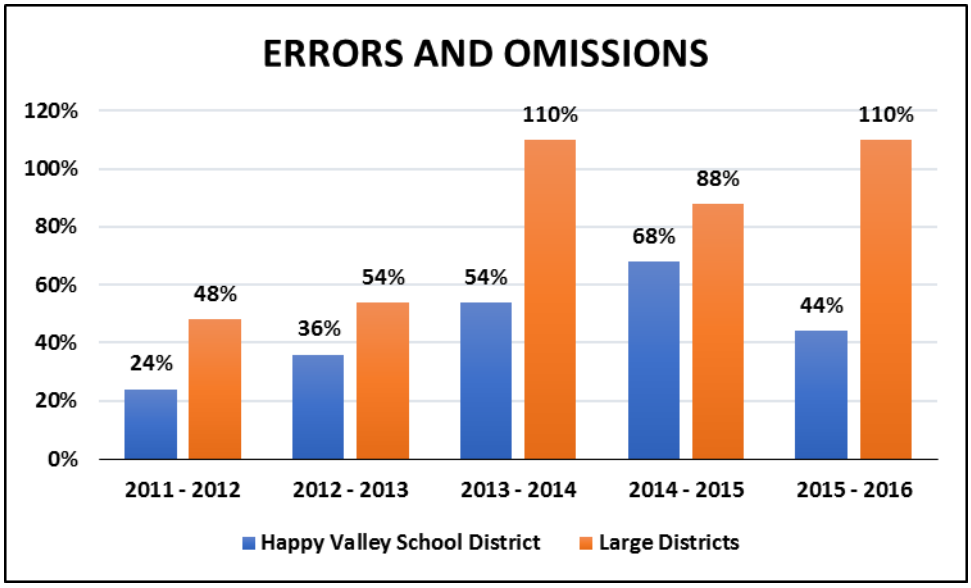
Loss Ratios
(2011 - 2016)





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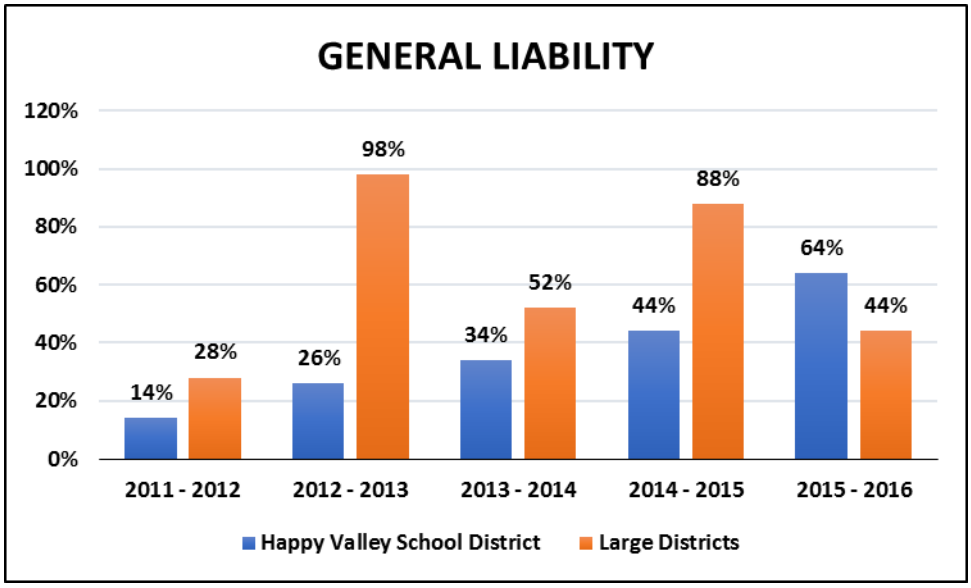
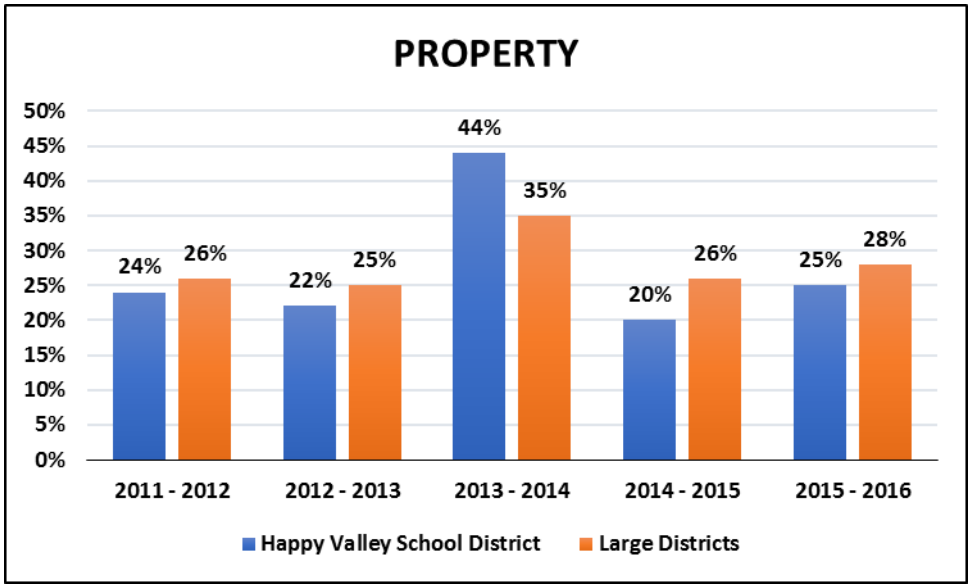
Loss Ratios
(2011 - 2016)





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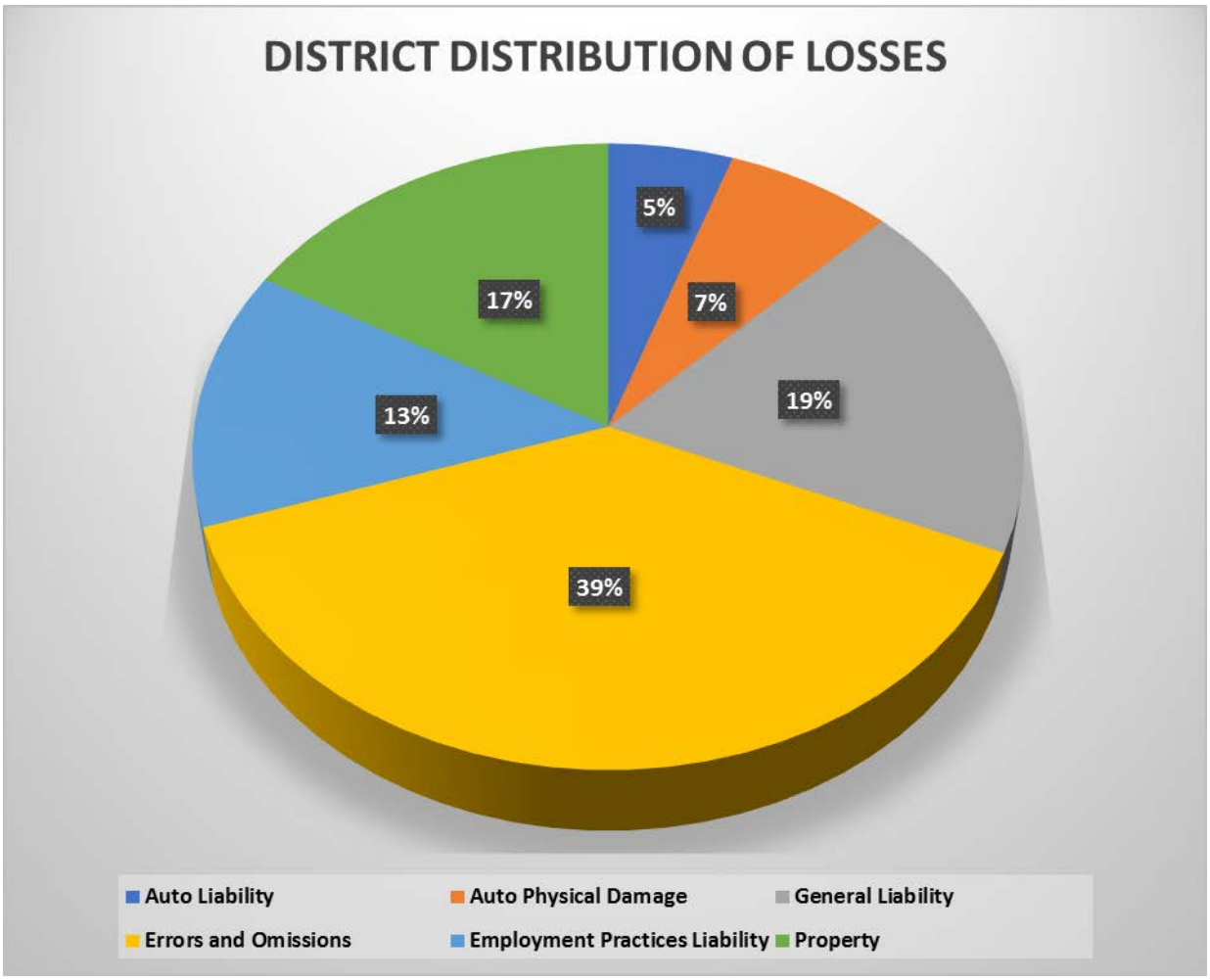

Analysis

Happy Valley School District would best benefit from an Action Plan to reduce the frequency and severity of Errors & Omissions (E&O) losses.

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Action Plan

For members that have loss ratios higher than the 60% benchmark, an Action Plan will be developed and implemented to assist the member in reducing their loss ratio to below the 60% threshold. If the member has multiple loss ratios higher than 60%, the Risk Services Consultant will select the area of concern that has the greatest impact to the member and WSRMP. WSRMP will provide members with resources, support, guidance and recommendations that will have the greatest effect in reducing the member's losses and ultimately their loss ratio. By reducing losses, the member will further benefit by improving their loss modification factor which in turn lowers premium contributions.

Self-Directed Risk Management Plan

Members that have no losses or loss ratios for all coverages consistently below 60% will be able to participate in a Self-Directed Risk Management Plan. The member may select any topic they deem appropriate to address, such as transportation, athletics, extra-curricular activities, etc. WSRMP will provide resources, support and guidance as needed by the member.

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Action Plan

WASHINGTON SCHOOLS RISK MANAGEMENT POOL

Member Benefit Review
Action Plan

School District: _____ Date: _____

Goals: 100% - 1 yr 80% - 2 yrs 60% - 3yrs

Coverage:_____

Topic(s)	Department	Responsible Individual/Party	Proposed Action Plan	Completion Date

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Self-Directed Risk Management Plan

WASHINGTON SCHOOLS RISK MANAGEMENT POOL

Member Benefit Review
Self-Directed Risk Management Plan

School District: _____ Date: _____

Goals: _____

Coverage: _____

Topic(s)	Department	Responsible Individual/Party	Self-Directed Risk Management Plan	Completion Date

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