



REPORT TO THE BOARD OF DIRECTORS

DATE: September 19, 2022

FROM: Nancy Edwards, Chief Financial Officer

RE: August – September 2022 Status Report

FINANCIAL STATEMENT

The Budget Variance report for the month of August 2022 are included in the board packets. The general fund cash balance for the end of August was \$2,552,226. The cash balance for the same time last fiscal year was \$2,266,021. The budget variance for the end of August shows 91% yet to expend. The benchmark for August is 83%.

2022-2023 BUDGET DOCUMENT

The budget document will be submitted to GFOA later this week. The deadline for submission is 90 days past the day of budget adoption which was on June 30th. We should be notified early next year if we have received the Distinguished Budget Presentation Award. This will be the 21st year in a row we have been presented with this award.

2021-2022 AUDIT

Our final audit for fiscal year ending June 30, 2022 will start the week of October 24th and will be done virtually. I am not sure how long it will take since we did not have an interim audit this year. We should receive the final report by the December 2022 meeting.

WORKERS' COMPENSATION

We were recently notified that SDAO/SDIS is in talks with SAIF to create a group workers' compensation program through SAIF. SAIF is a not-for-profit company that provides workers' compensation insurance in the State of Oregon. Currently, SDIS provides us our workers' compensation insurance coverage but legislation enacted during the last decade to provide cancer and PTSD presumption benefits for first responders has put a significant financial strain on SDIS's ability to maintain sustainable rates. I have included an email that I received that provides further information and a potential timeline for implementation.

Nancy Edwards

From: eNews@sdao.com
Sent: Tuesday, September 13, 2022 1:07 PM
To: Nancy Edwards
Subject: Proposed Partnering Between SDAO, SDIS and SAIF

If this e-mail does not display properly or if you have difficulty opening any links, click here to open the [online version](#).



Proposed Partnering Between SDAO, SDIS and SAIF

We are pleased to announce that we are in talks with SAIF to create a group workers' compensation program through SAIF. The reason we are exploring this working together is because of SAIF's strong financial position and ability to continue providing affordable workers' compensation rates for SDAO/SDIS members.

Legislation enacted during the last decade to provide cancer and PTSD presumption benefits for first responders has put a significant strain on SDIS's ability to maintain sustainable rates comparable to market leaders. For SAIF, premium collected and claims paid for firefighters is a smaller percentage of its overall exposure because of the broad market it serves. For SDIS, firefighters account for nearly 50% of our total exposure. In addition, SDIS's excess insurance costs for continuing to provide coverage for first responders are expected to more than double next year. As a result, to stay financially healthy, SDIS would need to raise rates across the board to nearly double the rates larger insurers are able to charge currently. Therefore, the SDIS Board of Trustees has recognized that for the financial benefit of our members, exploring a partnering with SAIF is in the best interest of all parties.

While we are still evaluating a possible partnering, I wanted to give you an idea of what such a collaboration could look like and a potential timeline of key dates.

All SDAO members currently insured with SDIS or SAIF would be able to participate in the services portion of the program.

SDAO would continue to provide risk management, including safety services, for members in the group and our other SDIS insurance programs. This would provide a one-stop for members for risk management. Except for workers' compensation insurance, SDIS will continue to offer members with all the coverages it currently provides. These include liability, property, crime, equipment breakdown, cyber, health, dental and disability benefits. These programs are very well funded.

SAIF would provide workers' compensation coverage, as well as claims management, return-to-work services, industrial hygiene, billing, underwriting, and all other aspects related to coverage. SDIS would no longer offer coverage after July 1, 2023.

In a potential partnering, SDIS would maintain the necessary funds to pay for the tail of claims and administration. Funds would not be transferred to SAIF.

SAIF and SDAO/SDIS working together would be an exciting melding of strengths.

SDIS was created in 1985 during the height of a nationwide insurance crises. Since that time, it has been extremely successful in offering affordable coverage and risk management services while also expanding coverage nearly every year. Partnering with SAIF will allow SDIS to continue focusing on our mission of enhancing worker safety while maintaining affordability of coverage for our members

SAIF is known for their long history of excellent customer service, history of paying dividends to policyholders, and financial stability. They also have a strong team of experts that can provide additional risk management resources, including in-house industrial hygiene services.

Members may also have the potential for an additional discount through the Oregon Group Supplemental Experience Rating Program (OGSERP). They would need to meet underwriting criteria and be a member of SDAO. More information on this will follow in the next couple of months.

Most agents are already appointed with SAIF, but in a potential partnering, non-appointed agents will be allowed to place their current SDIS members with SAIF. Agents would receive SAIF's commission schedule based on appointment type.

Potential Timeline:

- **November 2022 through April 2023:** Joint presentations to SDIS agents and policyholders and FAQ materials developed
- **April 1, 2023:** Submissions begin from agents for July 1 policies
- **July 1, 2023:** Start of service agreement

We will keep you informed of developments as we know more. If you have any questions in the meantime, please contact:

- Insurance Agents: underwriting@sdao.com
- Members: sdao@sdao.com

To ensure you receive emails from us, please add the domain @sdao.com to your white list.

SDAO PO Box Salem, OR 97309-0613 800-285-5461 Contact SDAO
12613

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