CALIFORNIA SCHOOLS
RISK MANAGEMENT

VIDEO-CONFERENCING MEETING LOCATIONS: Individual site locations are listed for participating committee members.	ZOOM LOG-IN LINK: Copy and paste onto your browser: https://sbcss-net.zoom.us/j/93753311314	Public Record Inspection Location 1950 S. Sunwest Lane, Suite 100, San Bernardino, CA 92408

CSRM CLAIMS COMMITTEE AGENDA
THURSDAY, OCTOBER 2, 2025 – 2:00 p.m.

MEMBERS:	**VIDEO-CONFERENCING MTG LOCATIONS:**
Monica Esqueda, Chair	Riverside CCD, 3801 Market St. Riverside, CA 92501
Melanie Olson-Zavala	Adelanto Elem. SD, 11824 Air Expressway, Adelanto, CA 92301
Deidre Long	Barstow USD, 551 South Ave. H, Barstow, CA 92311
Shauna Warnock	Hesperia USD, 15576 Main Street, Hesperia, CA 92345
Jeff Haynes	San Bernardino City USD, 777 N F Street, San Bernardino, CA 92410
Rhonda Massaro	SBCSS, 760 E. Brier Dr., San Bernadino, CA 92408
Jennifer Sharp	Victor Elementary SD, 12219 2nd Ave. Victorville, CA 29395

OTHERS:	**VIDEO-CONFERENCING MTG LOCATION:**
Sandy Avina	California Schools JPA, 1950 S. Sunwest Lane, Suite 100, San Bernardino, CA 92408
Ed Lee	
Sherri Williams	
Jennifer Collins	
Lucia Garcia	
Teresa Saenz	
Yolanda Comer	
Jamie Adkins	

CALIFORNIA SCHOOLS
RISK MANAGEMENT

1.0 CALL TO ORDER

1.1 APPROVE AGENDA FOR THE OCTOBER 2, 2025, CLAIMS COMMITTEE MEETING

Please note that the Claims Committee cannot act on any items not on the agenda with certain exceptions as outlined in the Brown Act or pursuant to an addition or correction to the agenda. Matters brought before the Claims Committee, which are not on the agenda, may also, at the Claims Committee's discretion, be referred to staff or placed on the next agenda for the Claims Committee's discretion.

2.0 PUBLIC COMMENTS

At this time, public members may address the Claims Committee regarding any item within the subject matter jurisdiction of the Claims Committee, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes per person and twenty minutes for all comments unless different time limits are proposed by the Chairperson and approved by the Claims Committee.

3.0 CONSENT CALENDAR

3.1 APPROVAL OF THE JUNE 16, 2025, CLAIMS COMMITTEE MEETING MINUTES

4.0 INFORMATION/DISCUSSION

4.1 ACTUARIAL CLAIMS DATA AND BENCHMARKING

4.2 INDUSTRIAL MEDICINE PROVIDER UPDATE

5.0 DISCUSSION/ACTION ITEMS

6.0 FUTURE AGENDA ITEMS

6.1 RISK MANAGEMENT PARTNERSHIP WITH SELPAS

7.0 ADJOURNMENT

THE NEXT SCHEDULED MEETING OF THE **CSRM CLAIMS COMMITTEE** IS JANUARY 29, 2026 AT 2:00 P.M. VIA ZOOM VIRTUAL MEETING.

THIS FACILITY IS WHEELCHAIR ACCESSIBLE

The California Schools Risk Management (CSRM) conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990. A request for disability-related modification or accommodation to participate in a public meeting of CSRM shall be made to Javier Gonzales, Chief Executive Officer, California Schools JPA, 1950 South Sunwest Lane, Suite 100, San Bernardino, California 92408. Requests for such modifications or accommodations shall be made at least two full business days of this meeting.

VIDEO-CONFERENCING MEETING LOCATIONS: Individual site locations are listed for participating committee members.	ZOOM LOG-IN LINK: Copy and paste onto your browser: https://sbcss-net.zoom.us/j/91065592514	Public Record Inspection Location 1950 S. Sunwest Lane, Suite 100, San Bernardino, CA 92408

CSRM CLAIMS COMMITTEE MINUTES
MONDAY, JUNE 16, 2025 – 10:00 a.m.

MEMBERS PRESENT:	**VIDEO-CONFERENCING MTG LOCATIONS:**
Monica Esqueda, Chair	Riverside CCD, 3801 Market St. Riverside, CA 92501
Melanie Olson Zavala	Adelanto Elem. SD, 11824 Air Expressway, Adelanto, CA 92301
Deidre Long	Barstow USD, 551 South Ave. H, Barstow, CA 92311
Shauna Warnock	Hesperia USD, 15576 Main Street, Hesperia, CA 92345
Jeff Haynes	San Bernardino City USD, 777 N F Street, San Bernardino, CA 92410
Rhonda Massaro	SBCSS, 760 E. Brier Dr., San Bernardino, CA 92408
MEMBERS ABSENT:	
Jennifer Sharp	Victor Elementary SD, 12219 2nd Ave. Victorville, CA 29395
OTHERS PRESENT:	VIDEO-CONFERENCING MTG LOCATION:
Sandy Avina	California Schools JPA, 1950 S. Sunwest Lane, Suite 100, San Bernardino, CA 92408
Sherri Williams	
Teresa Saenz	
Yolanda Comer	

1.0 CALL TO ORDER

Committee Chair Monica Esqueda called the meeting to order at 10:04 a.m.

1.1 APPROVE AGENDA FOR THE JUNE 16, 2025, CLAIMS COMMITTEE MEETING

Chair Esqueda called for a motion to approve the June 16, 2025, Claims agenda.
Motion: Shauna Warnock – Second: Jeff Haynes
Ayes: Melanie Olson-Zavala, Deidre Long, Shauna Warnock, Jeff Haynes, Rhonda Massaro.
Nays: None
Absentions: None
Motion Carried.

2.0 PUBLIC COMMENTS

Chair Esqueda asked if there were any public comments. There were none.

3.0 CONSENT CALENDAR

3.1 APPROVAL OF THE JANUARY 28, 2025, CLAIMS COMMITTEE MEETING MINUTES

Chair Esqueda called for a motion to approve the January 28, 2025, meeting minutes.
Motion: Melanie Olson-Zavala – Second: Jeff Haynes
Ayes: Melanie Olson-Zavala, Deidre Long, Shauna Warnock, Jeff Haynes, Rhonda Massaro.
Nays: None
Absentions: None
Motion Carried.

4.0 INFORMATION/DISCUSSION

4.1 BARSTOW USD TPA TRANSITION

Sandy Avina presented information on the Barstow Unified School District's TPA transition. Barstow asked to have its claims moved from Sedgwick to Athens Administrators effective July 1, 2025. The request comes from significant turnover in adjusters in the last 12 months. Barstow also experienced turnover in medical-only adjusters. Athens adjusters don't have the capacity for another district, so they must recruit a new adjuster to handle both Barstow and the newest member district, Upland USD.

Members of the committee shared experiences with adjusters leaving, transitioning, and learning specific Ed Code related to workers' compensation.

4.2 OCCUPATIONAL CLINIC MANAGEMENT

Sandy Avina discussed the importance of proactive management in occupational clinics, particularly concerning return-to-work programs. Improving communication with clinics regarding the employer's goals for keeping employees engaged is essential, mainly by providing detailed work duty modifications and restrictions. Additionally, reinforcing claims handling protocols with clinical staff and TPA adjusters remains critical. There are ongoing concerns regarding claims categorized as psychological work-related stress restrictions, highlighting the need for more straightforward guidelines for these types of claims.

Lucia Garcia at the JPA is focused on maintaining updated preferred clinic management and building strong relationships with clinic staff. She conducts clinic visits to address outstanding issues, foster connections with clinic managers, and reinforce expectations.

Challenges persist in accessing care in remote regions, as specialists are often not located in a single area and are typically reluctant to participate in clinic tours and meetings. Members are encouraged to contact Lucia if they have any new clinics they would like the JPA to consider adding to the list of approved facilities, particularly in the high desert region. There was also a brief discussion about utilizing telehealth services for individuals in remote locations. The Claims team is actively researching ways to expand relationships with specialists.

4.3 CASE MANAGEMENT RFP UPDATE

Sandy Avina discussed the challenges of maintaining documents for general liability and Title IX cases and presented proposed pilot programs for file management and document retention. The CSRM Executive Committee approved creating a Request for Proposals (RFP). This process involved two board members, Shauna Warncok from Hesperia USD and Jennifer Sharp from Victor Elementary School District, who will evaluate potential vendors. Both districts will pilot the selected program.

Sandy shared a list of the vendors that responded to the RFP, including the four that progressed to the interview round, a price comparison of these vendors, and the scoring weights used in the RFP process. Cypher/Telecon was selected as the vendor for this pilot program, which will run for one fiscal year, from July 1, 2025, through June 30, 2026. The Executive Committee will reassess the program to determine its appropriateness.

JPA counsel Robert Feldhake is reviewing the contract and negotiating pricing and scalability, as this is only a pilot program. He is also working to simplify some of the language in the contract.

4.4 CSRM WORKERS' COMP SYMPOSIUM

Sandy Avina shares that the JPA understands there's been lots of turnover at the district level and has created a one-day symposium in response. The first Workers' Compensation Symposium will occur on July 12, 2025, from 9:00 a.m. to 3:00 p.m. at the California Schools JPA conference center. The event is free and exclusive to CSRM members. Alliant Risk Services will provide lunch. She shared what topics will be reviewed, the vendor program, and outlined various CSRM services that will also be presented. Members can contact the JPA workers' compensation staff to register for the event.

Lastly, Sandy shared a newly developed microlearning series of short 2-5 minute videos on various claims topics. These videos are ideal for onboarding new employees who are charged with claims oversight but may be unfamiliar with a specific topic. The videos will be available on demand on csjpa.org. Members are welcome to reach out to any workers' compensation team member and give suggestions for videos they would like to see offered. (Sandy shared a short video with the committee.)

5.0 DISCUSSION/ACTION ITEMS

6.0 FUTURE AGENDA ITEMS

6.1 ACTUARIAL CLAIMS DATA AND BENCHMARKING

Chair Esquesa reviewed future agenda items and asked if there was anything the committee would like to see in the future. If so, contact Sandy Avina.

7.0 ADJOURNMENT

Chair Esqueda called for a motion to adjourn the meeting at 10:49 a.m.
Motion: Melanie Olson-Zavala – Second: Shauna Warnock
Ayes: Melanie Olson-Zavala, Deidre Long, Shauna Warnock, Jeff Haynes, Rhonda Massaro.
Nays: None
Absentions: None
Motion Carried.

CALIFORNIA SCHOOLS
RISK MANAGEMENT

Item 4.1 Actuarial Claims Data and Benchmarking

Strategic Goal Initiatives

☒ **Financial Performance & Foresight**	Sustain healthy position while proactively anticipating the longer-term for stable programming, capacity, flexibility, and agility.
☐ **Product Excellence**	Provide comprehensive, innovative, relevant, and effective programs and services that meet member needs.
☐ **Resilient Foundation**	Sustain a resilient foundation based on a flexible business-like approach and foundation of collaborative governance, trust, transparency, and deep relationships with and within our members.
☐ **Robust Operations & Staffing**	Deliver operational excellence in all areas of our organization supported by consistent resources that will carry us into the future.
☐ **Strategic & Sustainable Growth**	Growth is a given, defined first, as member retention. Second, deepening relationships, engagement, and participation. Third, through new members in a way that builds on current geographic strengths.

Background

Benchmarking is a cornerstone of effective claims management. By comparing CSRM's claims experience against a broad peer group of California schools, we gain a clearer understanding of both our strengths and areas of vulnerability. While CSRM currently utilizes benchmarking dashboards provided by PRISM, the data is limited to PRISM membership, which is predominantly in Northern California. Since AON performs our annual actuarial study, we have asked them to provide a benchmarking report for CSRM. This report covers the period 6/30/2023-1/31/2025.

Issues and Key Findings

General Liability Program
The AON benchmark is based on 17,000 occurrences across all of California, corresponding to 710,000 ADA.

- **Frequency Advantage:** CSRM's liability claim frequency is 29% lower than peers (0.39 vs. 0.55 per ADA), suggesting effective loss prevention and reporting practices.
- **Severity Concern:** Average severity is 45% higher than peers ($113k vs. $78k). This indicates that while fewer claims occur, those that do are more severe, possibly due to litigation intensity or exposure concentration.
- **Loss Rate Stability:** Despite higher severity, CSRM's overall loss rate is only 4% higher than peers, showing balance between lower claim counts and higher per-claim costs.

- **Litigation Impact:** 37% of CSRM's claims are litigated (vs. 28% peers), and these account for 94% of total losses. Employment Practice Liability (EPL) and Sexual Abuse/Molestation (SAM) are especially high-cost drivers.
- **Large Claims:** Just 6% of CSRM's claims exceed $100k, but they account for 86% of incurred costs, underscoring the need for strong defense and early resolution strategies.
- **SAM Exposure:** SAM claims are highly litigious and expensive (99% of losses from litigated claims). Legislative changes like AB218 continue to amplify risk.
-

Workers' Compensation (WC) Program
The AON Benchmark is based on 310,000 claims, corresponding to payroll of $12B.

- **Positive Metrics Across the Board:**
  - **Frequency:** 17% lower than peers (0.69 vs. 0.82 per $1M payroll).
  - **Severity:** 6% lower than peers ($18.5k vs. $19.6k per claim).
  - **Loss Rate:** 21% lower than peers ($1.27 vs. $1.61 per $100 payroll).
- **Claim Size Profile:** Only 45% of CSRM's losses come from claims >$100k, compared to 55% for peers. This suggests better containment of large claims.
- **Incident-Only Claims:** CSRM reports twice as many incident-only claims (13% vs. 6%), indicating robust reporting culture, but also potentially more admin load without financial impact.
- **Body Part Severity:** Multi-part injuries (13% of claims, 26% of losses) and hip injuries are cost drivers. These should be targeted with ergonomic and early-return-to-work programs.
- **Large Claims:** CSRM's large WC claims average 7–12% higher in cost than peers, signaling an opportunity to tighten catastrophic case management.

Attached is item 4.1a, which includes information on Actuarial Claims Data and Benchmarking
Attached is item 4.1b, which includes the AON LI Benchmark Study
Attached is item 4.1c, which includes the AON WC Benchmark Study

Fiscal Impact

☒ **None**
☐ **Indirect**
☐ **Direct**

Staff Recommendation

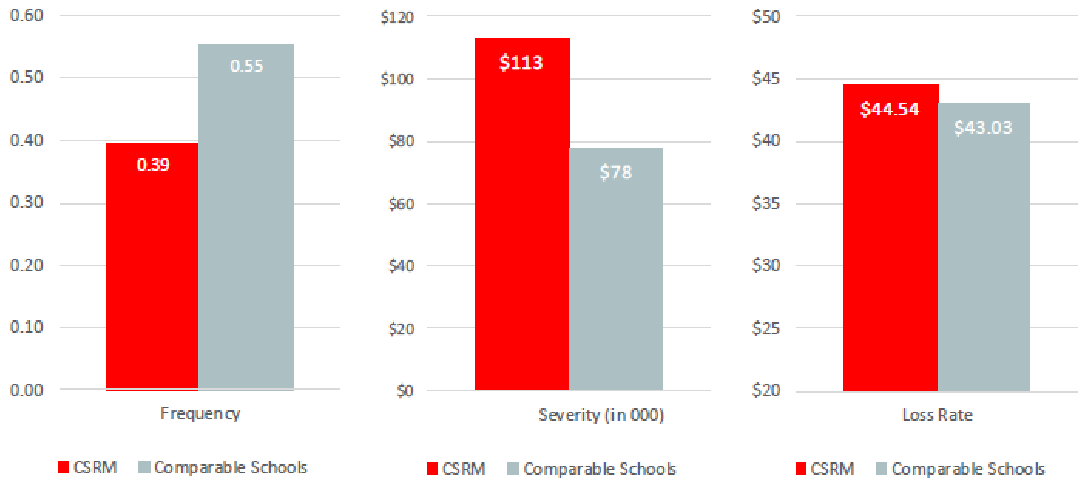
☒ **Information Only**
☐ **Action Item**
☐ **Claims Committee Approved:**
Date

Actuarial Claims Data and Benchmarking

GL Benchmarking based on 17,000 occurrences throughout CA

- CSRM's liability claim frequency is 29% lower than peers (0.39 vs. 0.55 per ADA), suggesting effective loss prevention and reporting practices.
- Average severity is 45% higher than peers ($113k vs. $78k). This indicates that while fewer claims occur, those that do are more severe
- Despite higher severity, CSRM's overall loss rate is 4% higher than peers, showing the balance between lower claim counts and higher per-claim costs

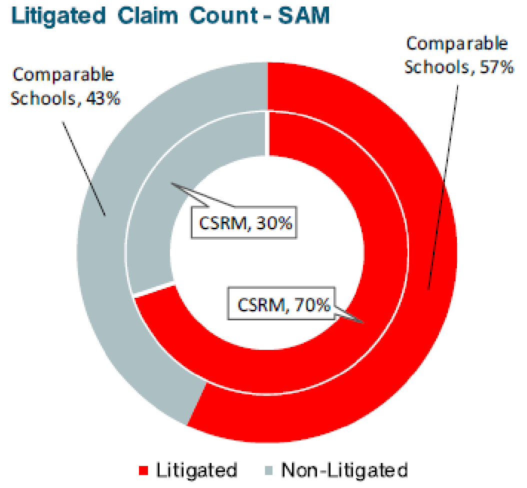
Metric	CSRM	Comparable Schools	Difference
Frequency	0.39	0.55	-29%
Severity	$112,822	$77,801	45%
Loss Rate	$44.54	$43.03	4%

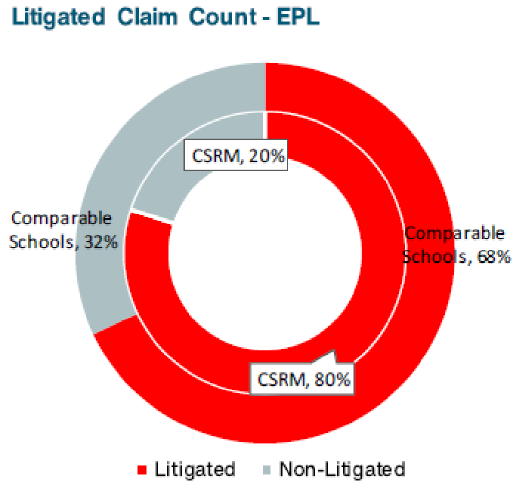


Actuarial Claims Data and Benchmarking

Higher Litigation Rate for SAM and EPL

- Severity driven by sexual assault/molestation claims as well as employment practices liability claims
- In addition, legislation which removes SOL for SAM claims exposes districts to more liability





CALIFORNIA SCHOOLS
RISK MANAGEMENT

Actuarial Claims Data and Benchmarking

Solutions:

- Youth Protection Focus Group – Next Meeting 12/3/25 at 10am

Registration link:
https://sbcss.k12oms.org/1191-270761

- Utilization of jury focus groups and mock trials

- ADA Office Hours - Support for the accommodation process – Next Meeting 11/13/25 at 10am

Registration link:
https://sbcss.k12oms.org/1191-272084

- Sentinel return to work services

Actuarial Claims Data and Benchmarking

Challenges in GL Claims:

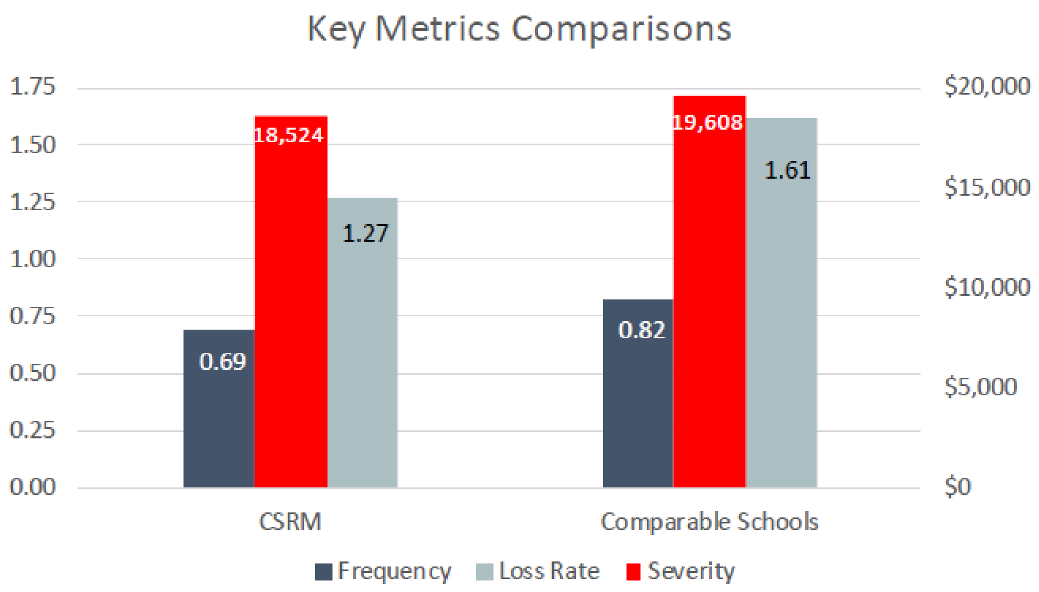
- The plaintiff attorney bar is highly organized and funded
- Coordinated lobbyists and the ability to donate to campaigns
- Any advancements made by the defense are responded to with immediate lobbying efforts
  - AB218, AB452
- Early resolution is typically more cost-effective than trial

Actuarial Claims Data and Benchmarking

WC Benchmarking based on 310,000 claims in Southern California

- Frequency and severity are both lower than comparable schools
- In the month of August, we have had a significant increase in claims, primarily driven by student behavior

Metric	CSRM	Comparable Schools	Difference
Frequency	0.69	0.82	-17%
Severity	$18,524	$19,608	-6%
Loss Rate	$1.27	$1.61	-21%



CALIFORNIA SCHOOLS RISK MANAGEMENT

Actuarial Claims Data and Benchmarking

- The table below shows the increase in injuries caused by student behavior in August alone.
- For comparison, the fall, slip, trip category (usually the most common) has remained fairly consistent.

Reported Claims	August 2024	August 2025
Total Claims reported	119	207
Cause Code: Fellow worker; patient not in the act of a crime	13	60
Fall, Slip, Trip	26	31

Total Incurred	August 2024	August 2025
Cause Code: Fellow worker; patient not in the act of a crime	$46,653.06	$93,505

Actuarial Claims Data and Benchmarking

Challenges in WC Frequency:

- There are several causes of escalating student behavior, many of which are outside the control of the district.
- Discuss frequency trends with principals. Is the challenge lack of training? Adequate staffing?
- Numerous restrictions on discipline for student behavior. (SB291 – Pupil Recess Rights)

2025 California Public Schools Benchmark Report

Liability Program

Issue Date – September 24, 2025

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Introduction

This benchmark report is designed to provide **California Schools Risk Management (CSRM)** a comprehensive analysis of its liability program (LI) relative to a broader benchmark of selected California public schools (the "Comparable Schools"). The study aims to facilitate informed risk management decisions by enabling CSRM to assess its performance against its peers, identify areas for improvement, and optimize its risk mitigation strategies.

The underlying database for this analysis consists of more than 17,000 occurrences (about 13,000 non-zero dollar), sourced from Comparable Schools. This dataset represents approximately $782 million in incurred losses and corresponds to over 710,000 annual average daily attendance (ADA). Unless otherwise noted, the results presented in this report are based on a per occurrence limit of $1,000,000.

To maintain confidentiality, all results are aggregated and anonymized. The benchmark statistics are organized by fiscal year (July 1 to June 30), based on the incident date that triggered the claim.

The benchmark statistics in this study are grouped on an accident year basis, based on the date of the incident that led to the claim. This report offers a multifaceted analysis and projections for Comparable Schools' liability programs from varying perspectives, including:

- Key risk metrics (frequency, severity, and loss rate)
- Increased Limit Factors (ILFs) ranging from $250,000 to $5,000,000, and
- Detailed statistics on claim characteristics such as claim size distribution, loss/expense, litigation status, claim type analysis, etc.

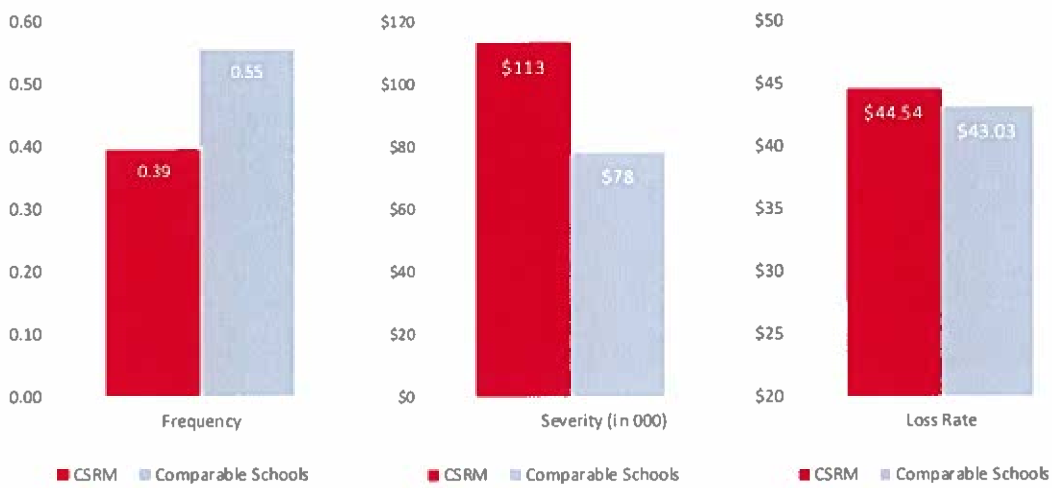
By providing these insights, this study supports data-driven decision-making and risk management practices among Comparable Schools.

Benchmark Statistics

Key Metrics

Our statistical analysis of CSRM and the aggregated data for the Comparable Schools yields the following key metrics.

Metric	CSRM	Comparable Schools	Difference
Frequency	0.39	0.55	-29%
Severity	$112,822	$77,801	45%
Loss Rate	$44.54	$43.03	4%



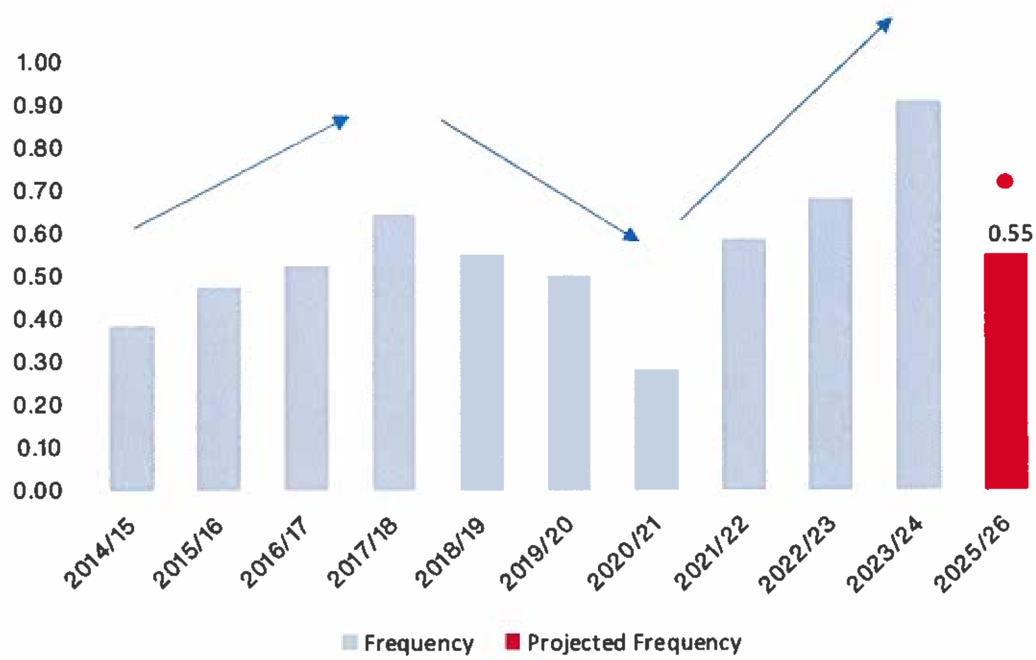
Frequency

Frequency refers to the number of occurrences per unit of risk exposure, typically expressed as number of claims per ADA for public schools' liability programs. This study excluded all $0 occurrences.

The forecasted 2025/26 frequency for Comparable Schools is 0.55 occurrences per ADA or equivalently, one occurrence per 1.8 ADA. The corresponding metric for CSRM is 0.39 claims per ADA (or one claim per 2.5 ADA), which is 29% lower than that of the Comparable Schools.

The historical and projected frequencies by year for the Comparable Schools are shown in the following graph.

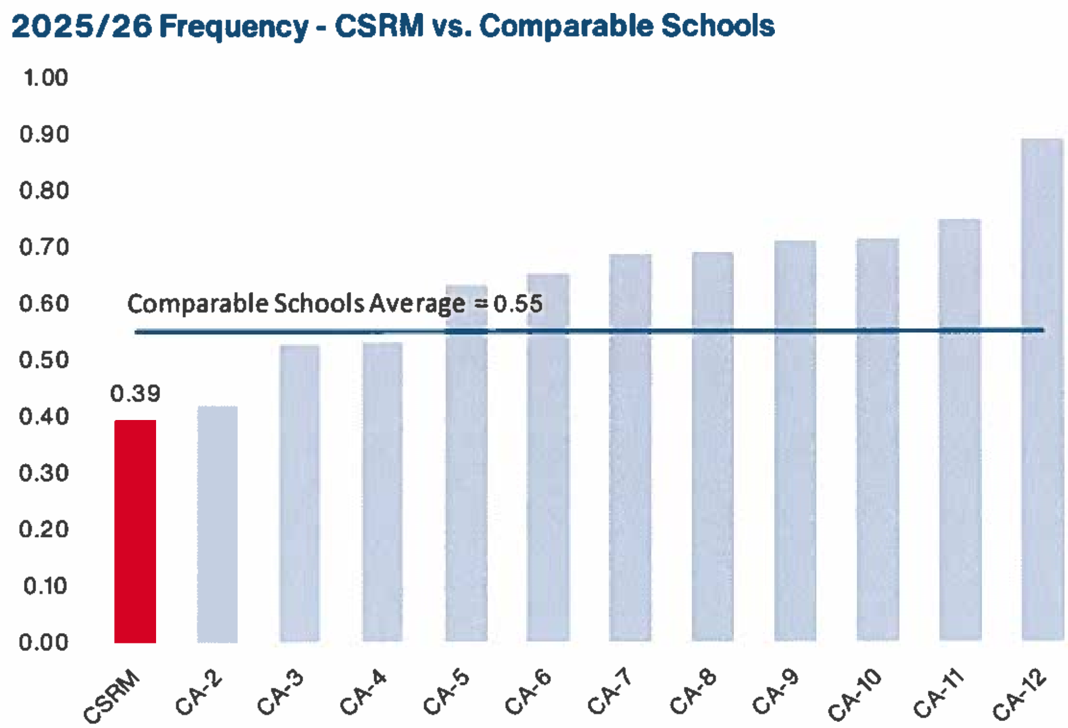
Frequency - Comparable Schools



Notes: The unit of frequency is number of claims per ADA.
The historical numbers above are developed but not trended.

The frequency chart for liability claims in Comparable Schools reveals a fluctuating pattern over the past decade. Initially, frequency increased from 2014/15 to 2017/18, followed by a decline from 2017/18 to 2020/21. The pandemic had a significant impact on claim frequency in 2020/21, resulting in a historically low year. Subsequently, frequency began to rise again from 2020/21 to 2023/24. The most recent fiscal year's frequency is the highest in the past 10 years. It's worth noting that the projected frequency for the 2025 fiscal year, as calculated above, excludes the extreme low and high years to provide a more stable estimate. Alternatively, if we base the projection solely on the most recent three years' experience, the projected frequency would be 0.73 claims per 1,000 ADA.

CSRM's projected 2025/26 frequency is compared to the Comparable Schools by entity below.



As shown in the chart above, CSRM has the lowest frequency among all entities in the study. Its frequency, 0.39 per ADA, is 29% lower than the average of the Comparable Schools average. This suggests that CSRM has a relatively favorable claim frequency experience compared to its peers.

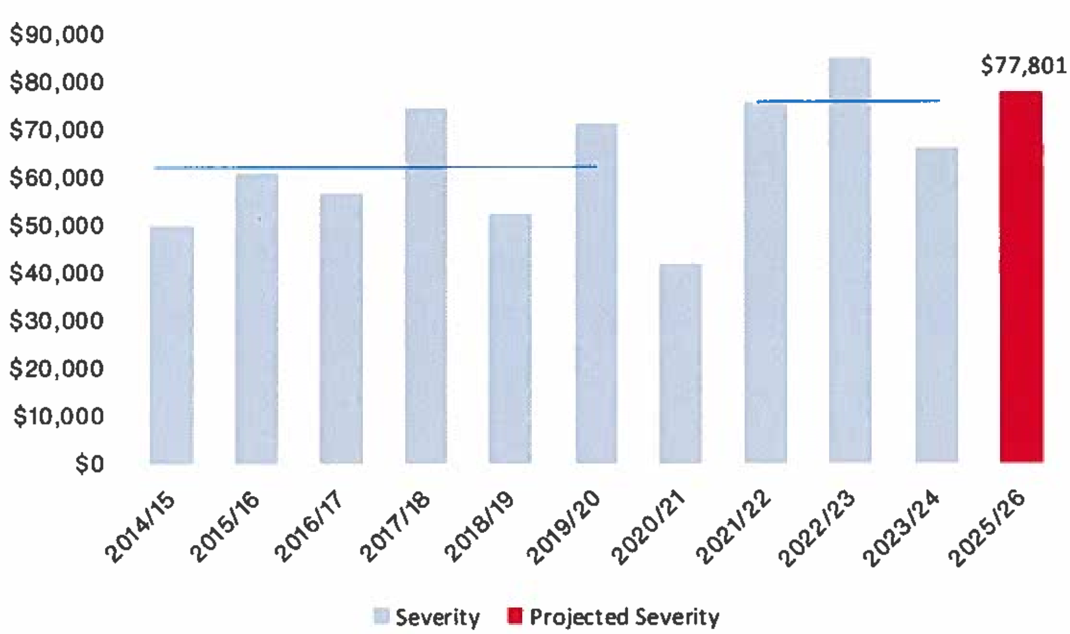
Severity

Severity represents the average loss per occurrence, where the loss includes both indemnity and allocated loss adjustment expense (ALAE).

The 2025/26 projected severity for Comparable Schools is $77,801 per occurrence. The corresponding metric for CSRM is $112,822, which is 45% higher than that of the Comparable Schools.

The historical and projected severities by year for the Comparable Schools are shown in the following graph.

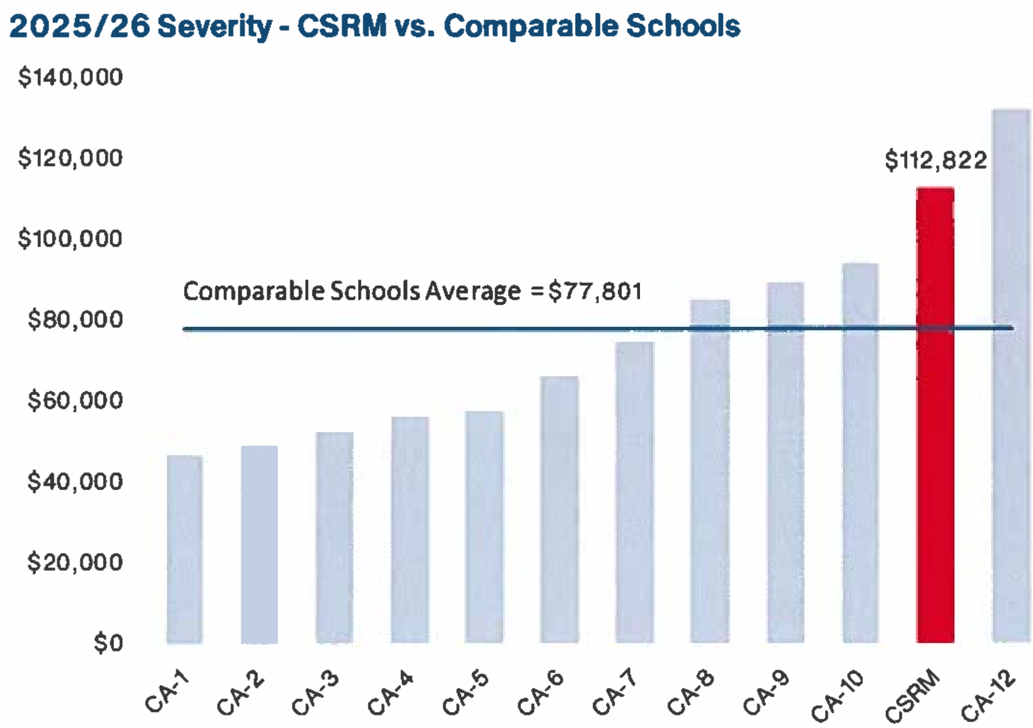
Severity - Comparable Schools



Notes: The unit of severity is amount of money per occurrence.
The historical numbers above are developed but not trended.

The historical severity data for liability claims in Comparable Schools exhibits a general increasing trend over the past decade, with most years' severity falling within the range of $60,000 to $80,000. The COVID-19 pandemic had a notable impact on claim severity in 2020/21, resulting in a lower-than-usual severity for that year. When comparing pre-COVID and post-COVID averages ($61,000 vs. $76,000), a 24% increase in claim severity is observed. This increase can be attributed to various factors, including inflation, social inflation, changes in the legal environment, and other external influences that may be contributing to rising claim costs.

CSRM's projected 2025/26 severity is compared to the Comparable Schools by entity below.



CSRM's projected 2025/26 claim severity of $112,822 is 45% higher than the Comparable Schools average of $77,801 and is 11th out of 12 entities in the study. The higher severity experience for CSRM is partially due to its low frequency, which likely caused a higher average claim cost.

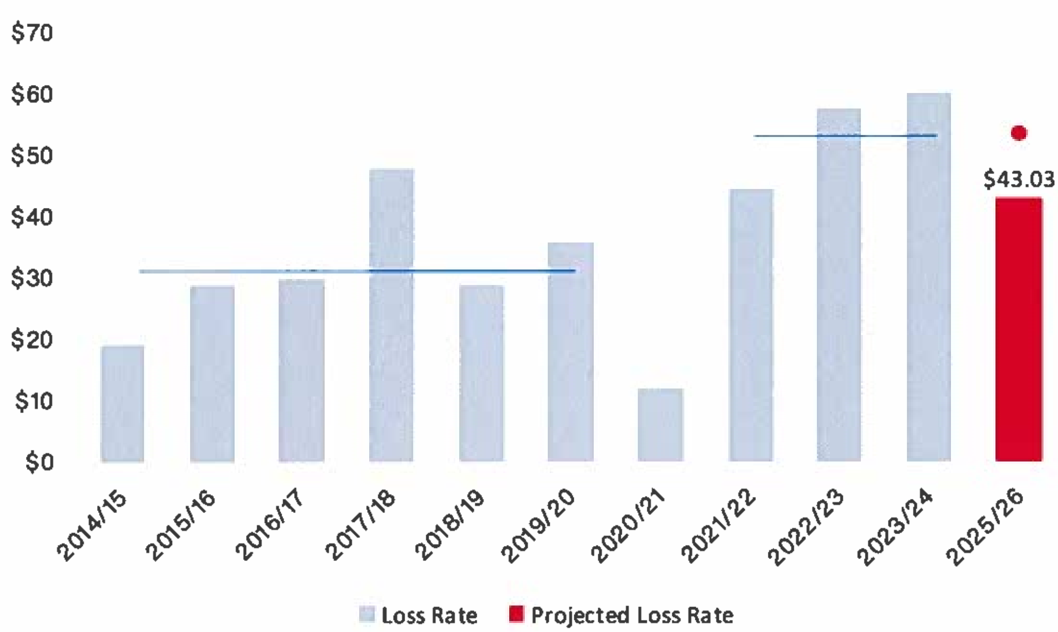
Loss Rate

Loss rate is defined as incurred loss dollars per unit of exposure, typically expressed as dollars of loss per ADA for public schools' liability programs.

The 2025/26 projected loss rate for the Comparable Schools is $43.03 per ADA. The corresponding metric for CSRM is $44.54, which is 4% higher than that for the Comparable Schools.

The historical and projected loss rates by year for the Comparable Schools are shown in the following graph.

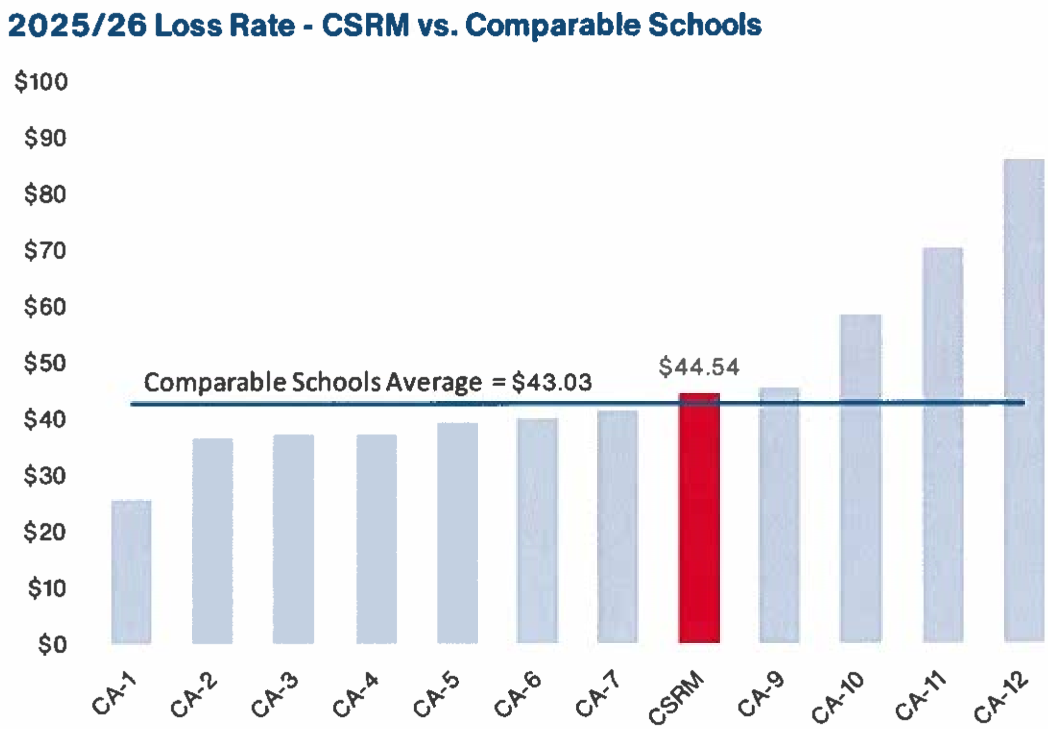
Loss Rate - Comparable Schools



Notes: The unit of loss rate is amount of money per ADA.
The historical numbers above are developed but not trended.

The loss rate of liability claims for Comparable Schools has exhibited an increasing trend over the past decade. The 2020/21 year stands out as an anomaly, with a significantly lower loss rate due to the impact of COVID-19, which resulted in both lower frequency and lower severity of claims. In contrast, the 2022/23 and 2023/24 years experienced higher loss rates, driven by higher frequency and severity, respectively. Similar to the severity chart discussed previously, the post-COVID average loss rate ($54 per ADA) is significantly higher than the pre-COVID average ($32 per ADA). To provide a more stable estimate, the projected loss rate is based on the 10-year experience, excluding the two extreme years (2020/21 and 2023/24). This approach helps to smooth out the fluctuations and provide a more reliable forecast. Alternatively, if we base the projection solely on the most recent three years' experience, the projected loss rate would be $54 per ADA.

CSRM's projected 2025/26 loss rate is compared to the Comparable Schools by entity below.



CSRM's loss rate is approximately 4% higher than the Comparable Schools' average, ranking 8th out of 12 entities in the study. Notably, CSRM's lower frequency is offset by its higher severity, as discussed in the previous sections, resulting in a loss rate that is roughly in line with the peer average.

AON

Claim Size Distribution

The distribution of claims by size is similar for the Comparable Schools and CSRM. Based on the Comparable Schools database, claims over $100,000 account for only about 7% of the total claim count but contributed 86% of the total unlimited incurred losses.

	Comparable Schools		CSRM	
Claim Size	% of Total Incurred	% of Claim Count	% of Total Incurred	% of Claim Count
$0 to $5,000	1.1%	63.4%	1.1%	68.8%
$5,000 to $10,000	0.9%	8.0%	0.8%	6.2%
$10,000 to $50,000	6.3%	16.5%	6.3%	14.3%
$50,000 to $100,000	5.5%	4.7%	5.8%	4.4%
$100,000 to $250,000	10.7%	4.2%	10.4%	3.6%
$250,000 to $500,000	8.5%	1.5%	8.6%	1.3%
$500,000 to $1,000,000	9.4%	0.8%	8.1%	0.6%
$1,000,000 to $2,000,000	10.7%	0.5%	10.6%	0.4%
$2,000,000 to $5,000,000	11.8%	0.2%	12.1%	0.2%
Greater than $5,000,000	34.9%	0.2%	36.3%	0.1%
Total > $100,000	**86.1%**	**7.4%**	**86.0%**	**6.4%**

As shown in the table, most occurrences fall into the lowest category, consisting of claims with total incurred costs of less than $5,000. Despite representing approximately 63% of the total claim count, this category accounts for only 1.1% of the total incurred amount. In contrast, the claims with total incurred costs over $1,000,000 comprise only 0.86% of the total claim count but nearly 57% of the total incurred amount.

Increased Limit Factors

The increased limit factors (ILFs) for CSRM and Comparable Schools are comparable across all limits, with CSRM's factors slightly lower at higher limits.

ILFs are factors that are used to determine what would happen to an entity's loss rate should they decide to increase or decrease their retention or limit. The following table lists the ILFs relative to a base of $1,000,000 per occurrence for Liability claims based on the entire database and based on CSRM data only.

Limits	Comparable Schools	CSRM
$100,000	0.425	0.464
$250,000	0.637	0.671
$500,000	0.818	0.839
$750,000	0.923	0.933
$1,000,000	1.000	1.000
$2,000,000	1.158	1.152
$3,000,000	1.262	1.248
$5,000,000	1.404	1.377

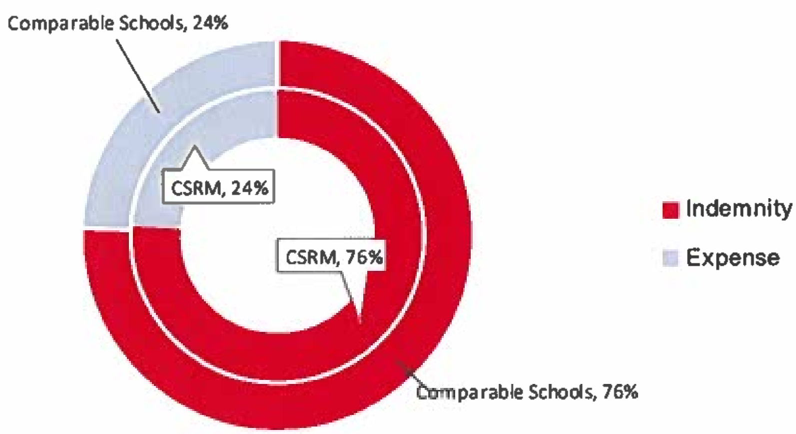
Indemnity vs Expense

The analysis of the indemnity-to-expense ratio across various claim types reveals a high degree of consistency between CSRM and Comparable Schools. The ratio averages approximately 3:1 for all liability claims combined. However, this ratio varies significantly across different claim types, indicating distinct cost profiles for each coverage.

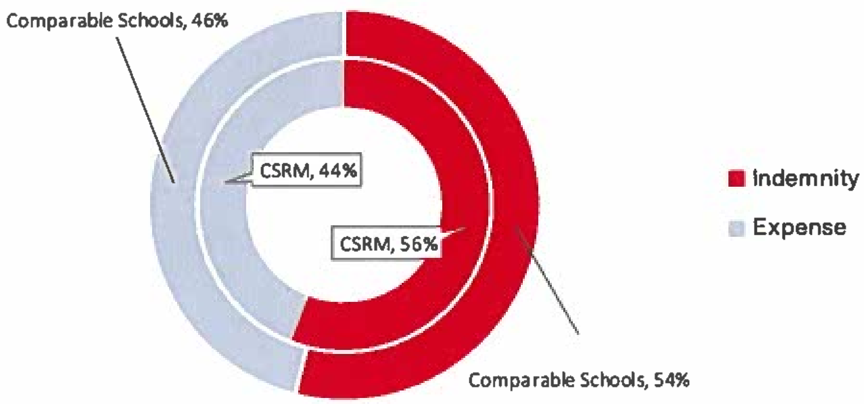
ALAE (expense) refers to the costs which are incurred in addition to the indemnity costs paid to claimants. Typically, these costs are comprised of legal fees paid by the entity in defending claims or fees paid in investigate claims. Entities that did not provide individual claim detail with ALAE payments and reserves separated from total losses are not included in this section of the analysis. Loss amounts used in this section are unlimited.

The following charts show the percent of total loss dollars incurred as indemnity versus expense for liability claims for the following categories: all liability claims combined, employment practice claims (EPL), sexual abuse and molestation claims (SAM), automobile liability claims (AL), and other general liability claims (other GL).

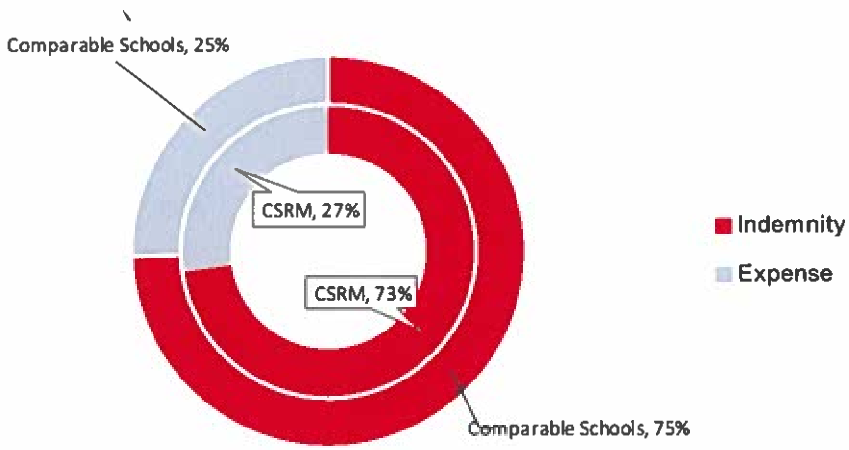
Indemnity vs Expense - All Liability Claims



Indemnity vs Expense - EPL Claims

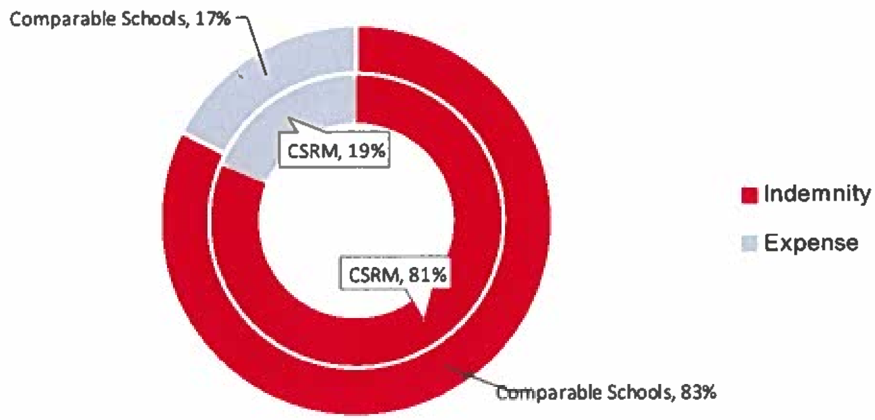


Indemnity vs Expense - SAM Claims

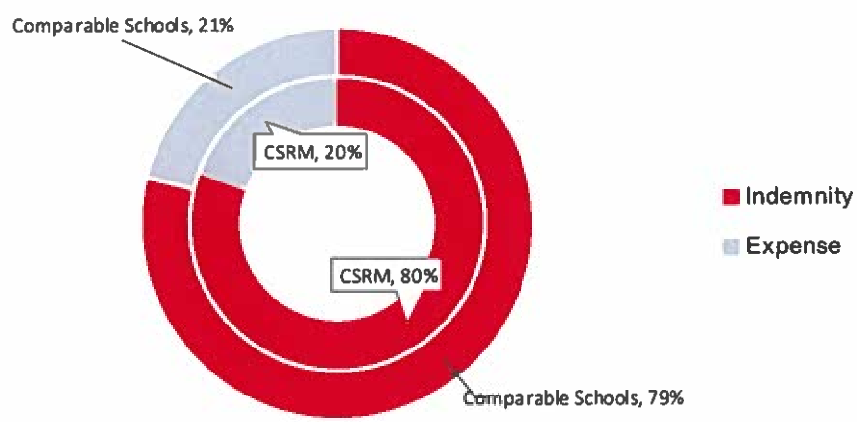


As illustrated, EPL claims have the highest expense proportion, with an indemnity-to-expense ratio nearing parity (1:1). This is likely driven by the higher litigation and/or special investigation costs associated with EPL claims, consistent with the observed higher litigation rate for these claims (further details are discussed in the "Litigated Claims" section). In contrast, SAM claims display an indemnity-to-expense ratio that is roughly in line with the overall average of 3:1.

Indemnity vs Expense - AL Claims



Indemnity vs Expense - Other GL Claims



AL and other GL claims exhibit a similar indemnity-to-expense ratio, approximately 4:1. Notably, AL claims have a lower expense proportion compared to the overall average, which is consistent with their lower litigation rate, as discussed in the "Litigated Claims" section.

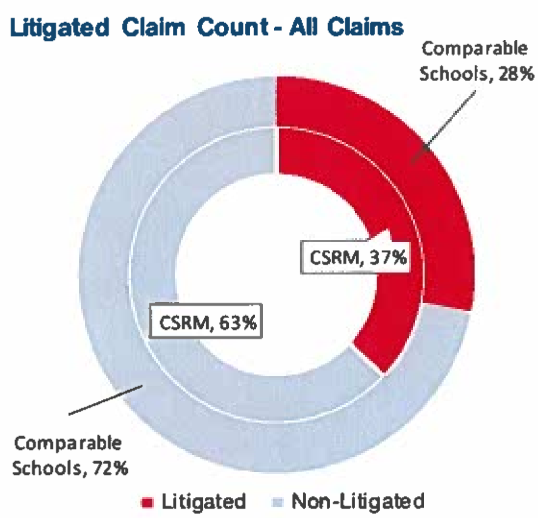
Litigated Claims

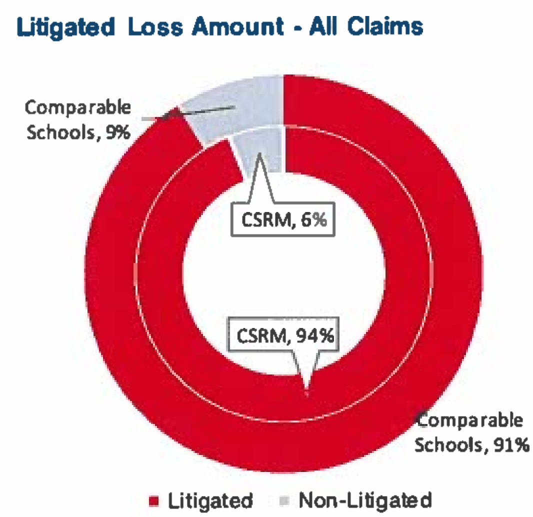
A relatively small proportion of claims were litigated, yet they accounted for a substantial majority of total losses among Comparable Schools. Notably, the average cost of litigated claims far exceeded that of non-litigated claims, underscoring the significant financial impact of litigation.

The litigation trend has been trending higher in recent years, driven in part by social inflation, characterized by increasingly large jury verdicts, often referred to as "nuclear verdicts." The growing prevalence of litigation funding has also played a significant role, as third-party financiers provide capital to claimants in exchange for a share of potential awards, making claimants more resistant to settlement and potentially prolonging the litigation process. Furthermore, the economic uncertainty and inflationary pressures during and after the COVID-19 pandemic have likely contributed to the increasing trend, as claimants and their attorneys seek larger awards to account for rising costs and economic instability. Changes in the legal environment, such as legislative developments like AB218 and AB452 in California, have also expanded the statute of limitations and created new avenues for claimants to pursue litigation. The combined effect of these factors has significant implications for public entities and risk pools, highlighting the need for effective risk management strategies and litigation mitigation techniques to navigate this increasingly complex and costly litigation landscape.

An analysis of the database reveals that, among claims with known litigation status, 28% were litigated, yet they accounted for a disproportionate 91% of total losses. Litigated claims incurred average costs that were substantially higher than non-litigated claims, being 24 times higher on an unlimited basis and 14 times higher on a limited basis ($1 million per occurrence).

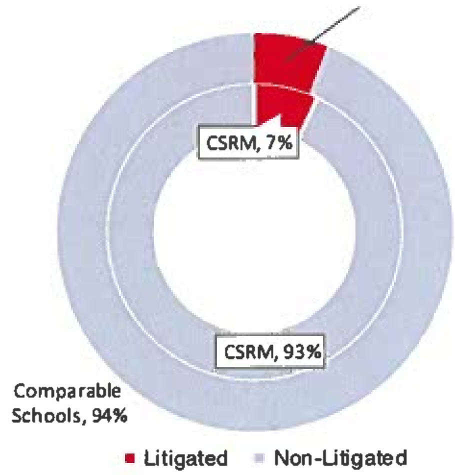
The accompanying charts provide a visual representation of this trend for the overall benchmark and by specific claim types, including AL, EPL, SAM, and other GL claims. All loss amounts in the charts below are on an unlimited basis.



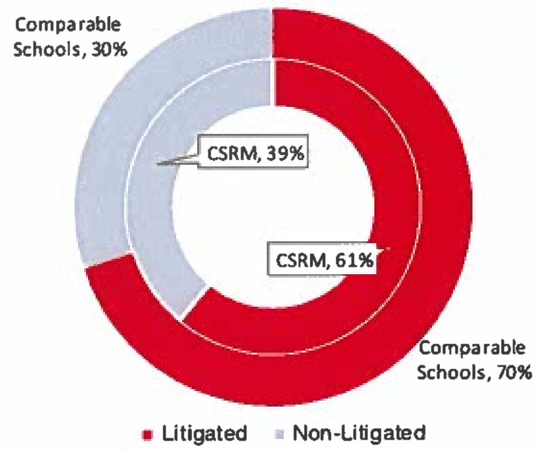


While CSRM's overall claim litigation rate exceeds that of the Comparable Schools, the proportion of total losses attributed to litigated claims is comparable between the two groups.

Litigated Claim Count - AL



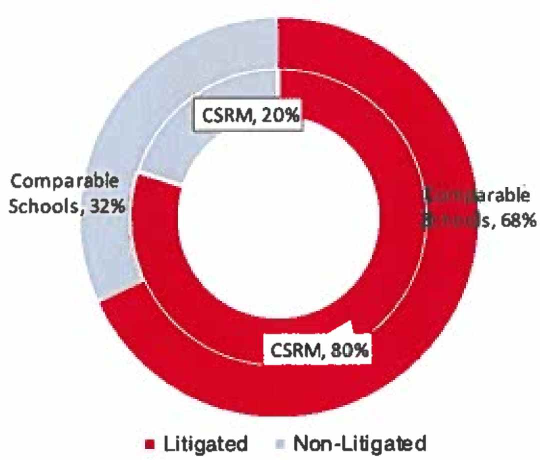
Litigated Loss Amount - AL



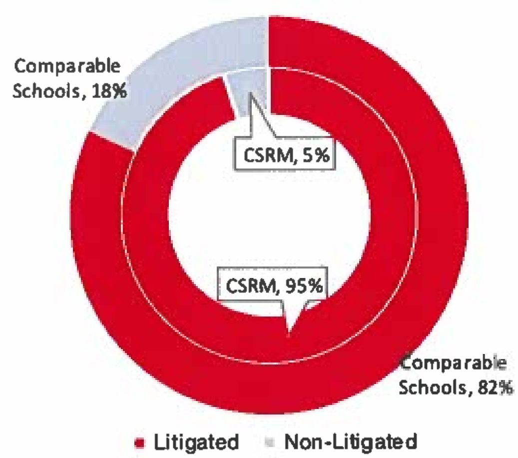
AL claims exhibited the lowest litigation rate among all claim types, yet litigated cases still accounted for 70% of total AL losses. This suggests that while AL claims are less frequently contested in court, those that escalate carry significant financial consequences.

Although CSRM's AL litigation rate is in line with that of the Comparable Schools, the share of total losses stemming from litigated AL claims is lower for CSRM, indicating a potentially more effective claims management or litigation strategy of CSRM.

Litigated Claim Count - EPL

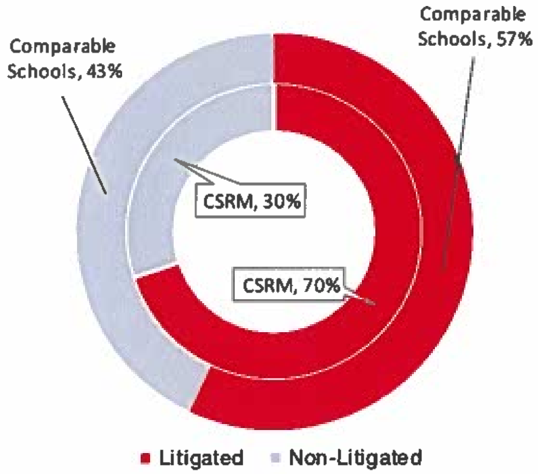


Litigated Loss Amount - EPL

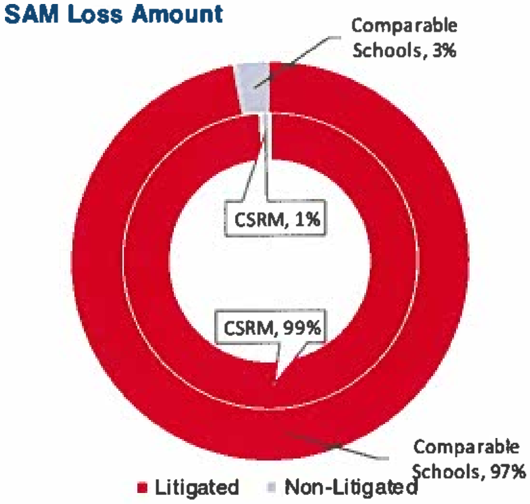


EPL claims have an exceptionally high litigation rate, with approximately 70% for Comparable Schools and even higher at 80% for CSRM. The high EPL litigation rate is likely driven by the complex and often contentious nature of these claims, which often involve allegations of wrongful termination, discrimination, or harassment. Additionally, the aggressive advertising strategies employed by plaintiff attorneys may also contribute to the high litigation rate. The share of total losses stemming from litigated EPL claims is also higher for CSRM than that for Comparable Schools.

Litigated Claim Count - SAM

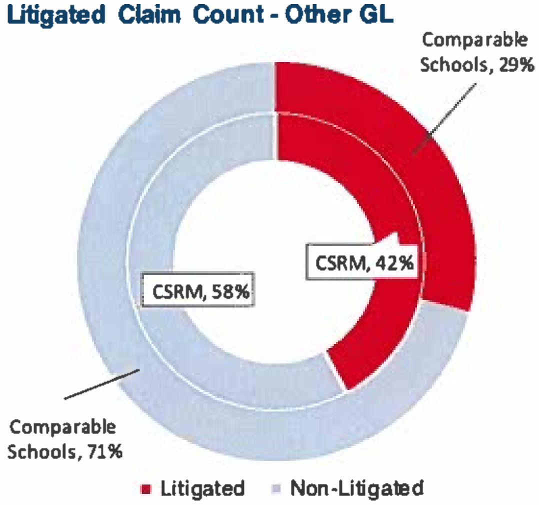


SAM Loss Amount

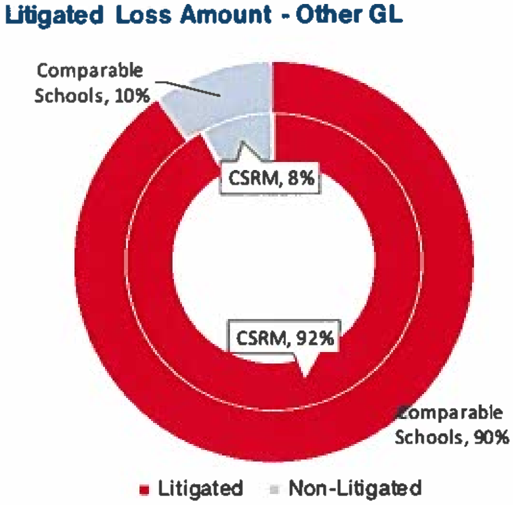


The analysis of SAM claims reveals a high litigation rate, with 57% of claims being litigated for Comparable Schools and 70% for CSRM. Moreover, litigated SAM claims account for a significant proportion of total incurred losses, at 97% for Comparable Schools and 99% for CSRM. The high litigation rate and associated costs are likely driven by the sensitive and complex nature of these claims. Recent California legislation, particularly AB218, has had a significant impact on SAM claims. By allowing a 3-year window to report claims and extending the statute of limitations from age 26 to 40, AB218 has led to a surge in SAM claims being reported, including those incurred in prior years. This has resulted in a substantial financial burden for California public schools and risk pools. Furthermore, the data suggests that there has been an increase in SAM claims incurred in recent years, potentially due to increased awareness and reporting of these incidents. The combination of these factors has significant implications for the financial sustainability of California public schools and risk pools, highlighting the need for effective risk management and mitigation strategies.

Litigated Claim Count - Other GL



Litigated Loss Amount - Other GL



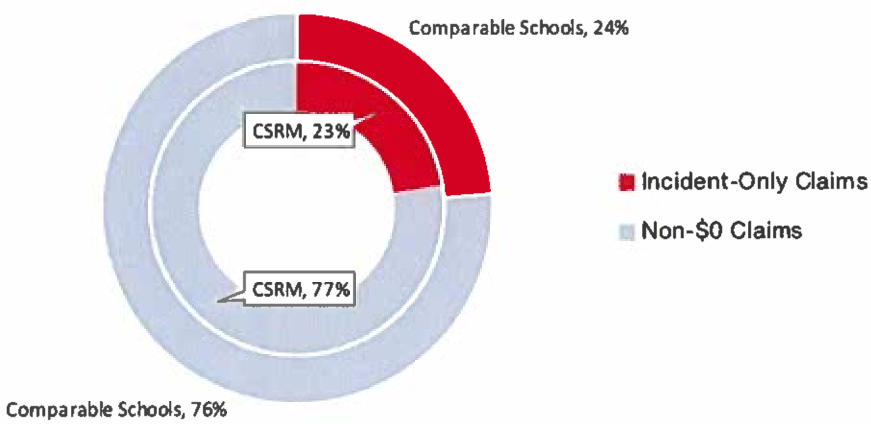
The litigation rate and contribution of Other GL claims are consistent with the overall trends observed across all claim types.

Incident-Only Claims

Incident-only claims (those with $0 value) are less numerous than occurrences with an associated dollar value of liability but nevertheless constitute a quarter of liability claims.

The following chart show this data in a graphical form.

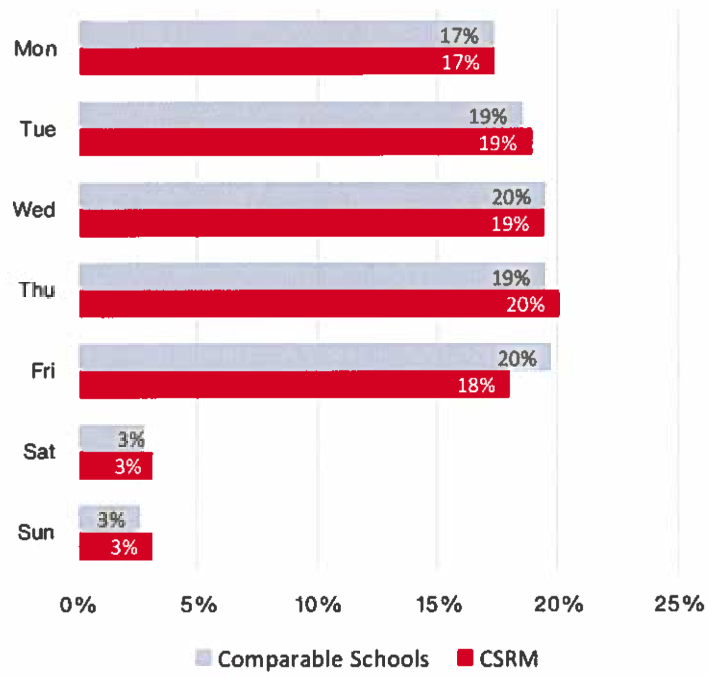
Incident Only Claims Ratio



Days of the Week

The distribution of claims by day of the week is similar between CSRM and Comparable Schools. Both experience a consistent distribution across weekdays, with a slight variation on Thursdays and Fridays.

Claim Count by Day of the Week

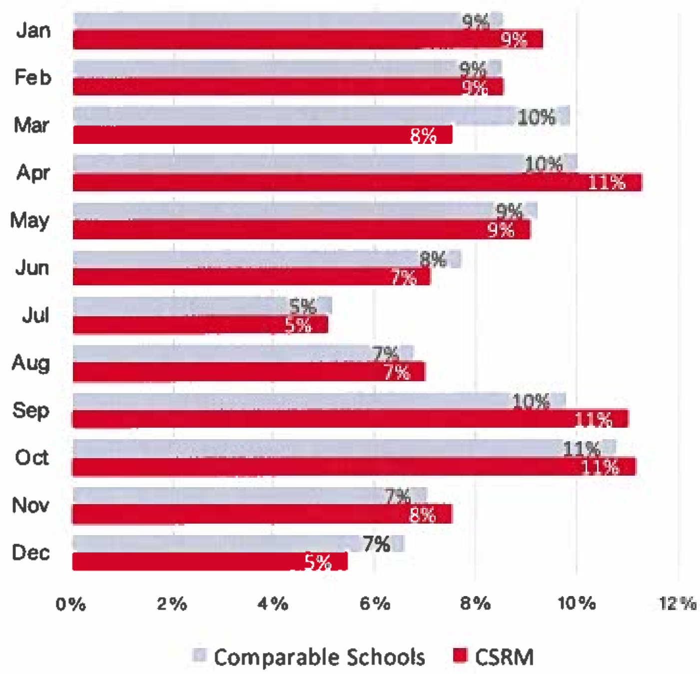


The data shows that CSRM has a slightly higher proportion of claims on Thursdays (20%) compared to Comparable Schools (19%), while CSRM has a slightly lower proportion of claims on Fridays (18%) compared to Comparable Schools (20%). The weekend days (Saturday and Sunday) have a relatively low proportion of claims for both, ranging from 2.6% to 3.1%. Overall, the similarity in claim distribution by day of the week between CSRM and Comparable Schools suggests that the underlying factors driving claim frequency are likely to be similar for both groups.

Month of the Year

The distribution of claims by month of the year is similar between CSRM and Comparable Schools. Claims frequency tends to be lower during summer breaks and higher during the back-to-school season, following the academic calendar.

Claim Count by Month

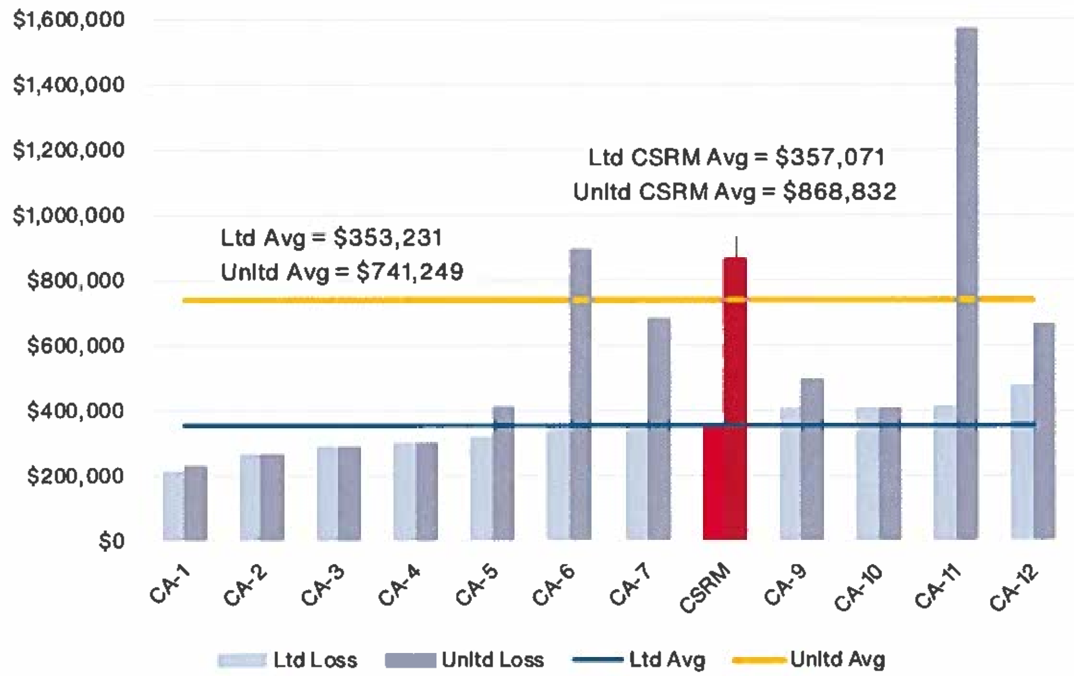


Large Claim Severity Comparison

CSRM's average cost per large claim (over $100,000) is slightly higher than the average of the Comparable Schools on a limited basis ($1 million per occurrence).

As outlined in 'Claim Size Distribution' section, costs for the liability programs are primarily driven by large claims, with the claims exceeding $100,000 representing only 7% of the total claim count but accounting for approximately 86% of total losses. This concentration of losses underscores the significance of large claim activity, particularly in terms of excess insurance. For entities, large claim activities are important in excess insurance renewal processes as the underwriter would evaluate the overall risk in order to determine whether the entity remains a desirable candidate to underwrite.

Severity - Claims Above $100,000

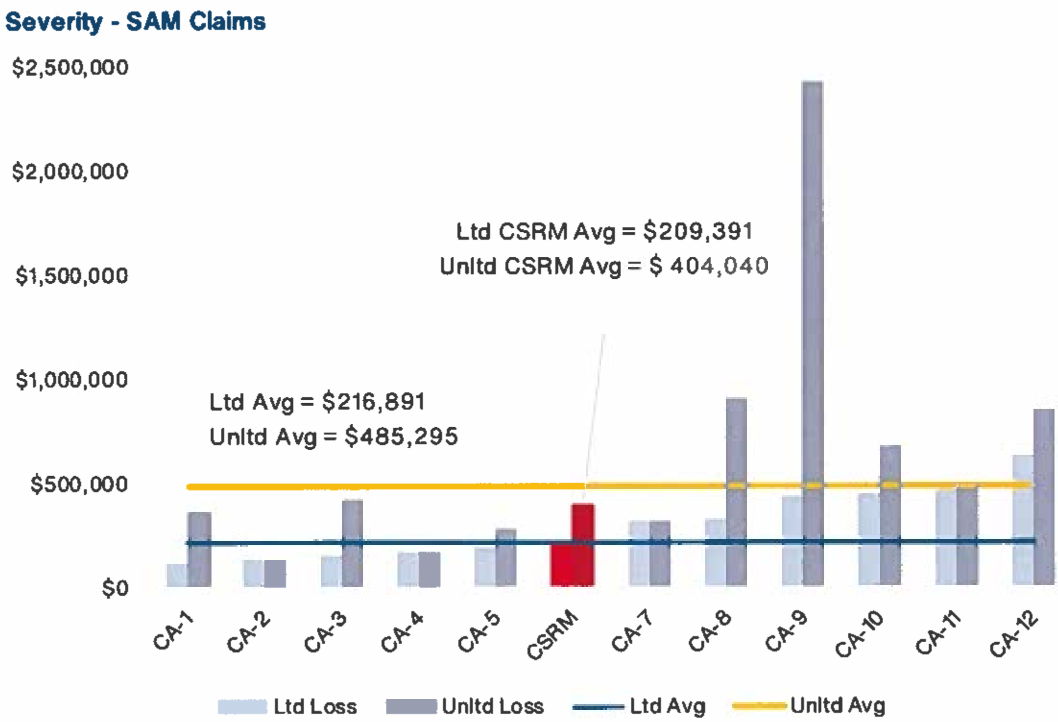


As shown in the chart, CSRM's average cost per large claim is similar to that of the Comparable Schools under a $1,000,000 limit per occurrence, with a difference of only 1%. However, when considering unlimited losses, CSRM's average cost per large claim is higher, exceeding the Comparable Schools' average by 17%.

Sexual Abuse and Molestation Analysis

CSRM's average cost per SAM claim is slightly lower than the average of the Comparable Schools on a limited basis ($1 million per occurrence).

SAM claims are a vital component of liability insurance for public schools. These claims arise when individuals allege harm due to sexual misconduct, very often resulting in lawsuits against the organization for negligence in preventing such incidents. Due to the legislative developments like AB218 and AB452 and litigious environment within California, the importance of accounting for these claims is even more prominent. The graph below illustrates the Comparable Schools SAM claim averages and provides a comparative analysis of CSRM and its peers in both limited and unlimited figures.



For both CSRM and Comparable Schools, the unlimited average cost per SAM claim is substantially higher than the limited average, indicating that a significant proportion of SAM claims exceed the $1 million per occurrence limit, resulting in substantial excess losses.

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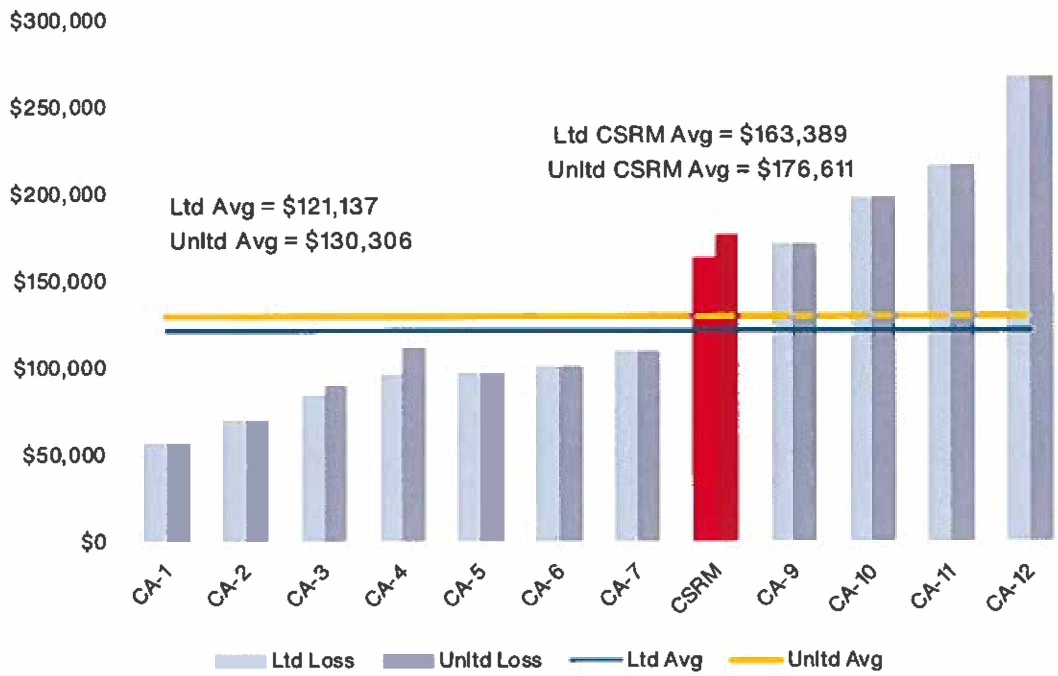
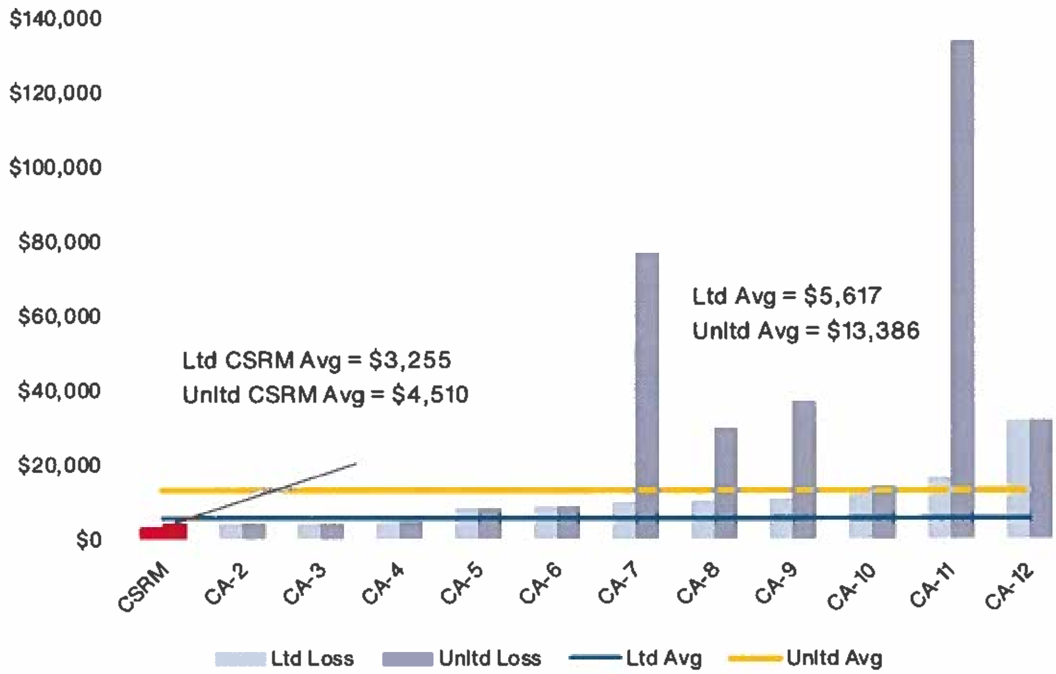
Severity by Claim Type

In addition to SAM claims, the following charts provide a comparative for other types of claims: EPL, AL, and Other GL. Overall, CSRM's average limited incurred losses are generally around the Comparable Schools' average, with EPL claims, in particular, falling on the higher end of the spectrum.

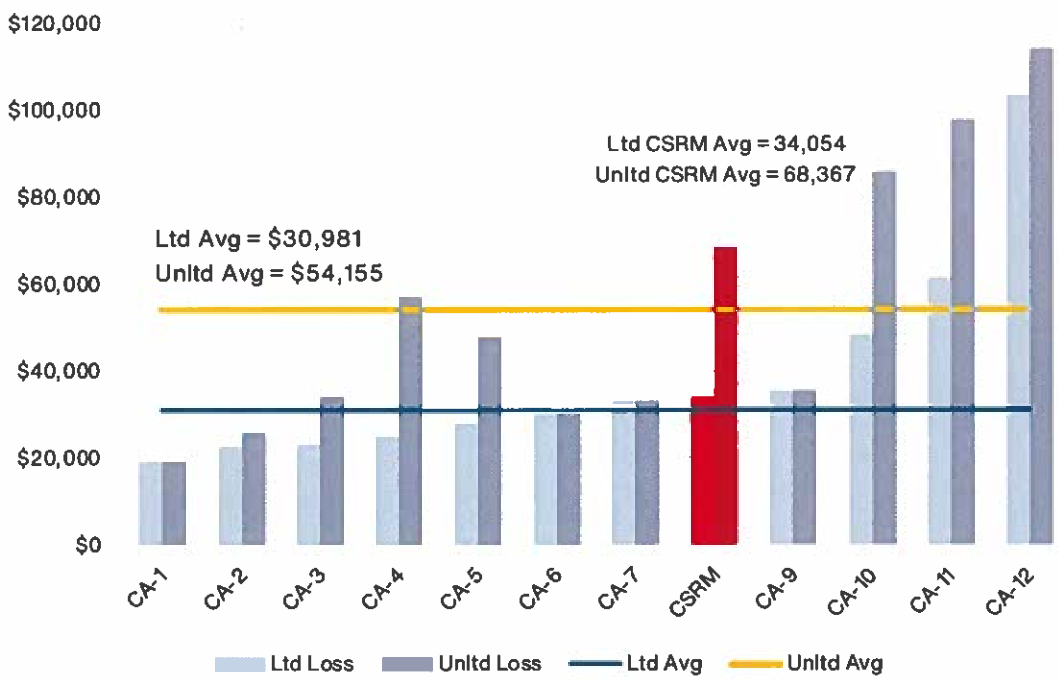
Severity - EPL Claims



Severity - AL Claims



Average Loss for Other GL Claims



California Public School Database

12 organizations, representing a vast majority of individual schools across California with approximately 711,000 in average daily attendance each year, were incorporated for this study. The database of California public school auto liability and general liability claims contains 13,169 non-zero claims, representing approximately $782 million of incurred losses.

Data Collection

The following data items were utilized in our analysis:

Loss Data

The database includes individual loss (claim level) detail, valued between 6/30/2023 and 1/31/2025. Unless otherwise noted, it was assumed that all losses are on a first dollar, unlimited basis. "Claim level detail" includes all items on the loss run, including "claims", "events", "incidents", and "lawsuits". At least ten years of fiscal-year loss data was collected where feasible. Both closed and open claims were included.

Required fields included: claim number/ID, occurrence date, indemnity paid, indemnity outstanding case reserve, expense paid, expense outstanding case reserve, and so on.

Additional fields (if available) included: claim type, litigation status, accident/claim description, cause, SAM claims indicator.

Exposure Data

The database includes a listing of Average Daily Attendance (ADA) by fiscal year.

Actuarial Analysis

The fiscal year statistics presented in this report are based on an actuarial analysis of the underlying loss and exposure databases. Due to the "tailed" nature of liability claims, it often takes a period of time for claims occurring in a given year (fiscal year) to be discovered, reported, and recorded. Additionally, it is impossible to estimate precisely the ultimate losses for claims when they are initially reported. The estimated unpaid loss for a reported claim (case reserve) is adjusted up or down as more information is obtained over time. In the aggregate, the upward adjustments tend to be greater than the downward ones. Therefore, the actuarial analysis estimates the ultimate cost of Auto Liability and General Liability in a given fiscal year by accounting for both late reported claims and additional "development" on existing claims.

The loss estimates presented in this report are actuarial central estimates, meaning that they represent expected values over a range of reasonably possible outcomes.

Our estimates are based on a review of several standard actuarial methods: Loss Development Methods ("Chain Ladder" Methods), Bornhuetter-Ferguson Methods and Frequency-Severity Methods. The assumptions underlying these methods are based on the public transit liability database and other industry sources.

Conditions and Limitations

Inherent Uncertainty

Actuarial calculations produce estimates of inherently uncertain future contingent events. We believe that the estimates provided represent reasonable provisions based on the appropriate application of actuarial techniques to the available data. However, there is no guarantee that actual future payments will not differ from estimates included herein.

Extraordinary Future Emergence

Our projections make no provision for the extraordinary future emergence of losses or types of losses not sufficiently represented in the historical data or which are not yet quantifiable.

Data Reliance

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis.

Use and Distribution

Use and distribution of this report is limited to the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon. Distribution of this report to third parties is prohibited without written consent from Aon plc.

Definitions

ALAE

Allocated Loss Adjustment Expense (ALAE) refers to costs, in addition to indemnity payments and reserves, that are incurred in handling claims. Typically, these costs are comprised of legal fees paid by the insured entity in investigating and defending claims. Whether separately identified or not, ALAE is included in the reported loss information and loss projections contained in this report. All references to "loss" or "losses" throughout our report and exhibits include ALAE except where noted otherwise.

Exposure

Actuaries select an exposure base such that the incident of claims will tend to vary directly with the exposure of the entity at risk. The actuary must consider both the historical loss level and the corresponding exposures in evaluating historical claim liabilities and expected future costs. It is important to choose an exposure base that is relevant to the situation of each risk group. For this study, we used an exposure base of Average Daily Attendance (ADA) consistent with the industry standard practice.

Fiscal year

Fiscal year runs from July 1st through June 30th which is generally used by schools in California.

Frequency (or Claim Frequency)

Frequency is the ratio of the number of claims or occurrences divided by exposures, and it represents the mean number of loss events occurring during a time period relative to an exposure base. In this study, the frequency is measured on an annual fiscal year basis as the ultimate number of claims projected for the given time period divided by the given exposure basis.

Indemnity

Indemnity is compensation for a particular loss suffered.

Incurred Losses

The total of actual paid losses, paid expense, and all outstanding reserves.

Limit of Liability (Limit of Loss)

The limit of liability is the amount by which an individual loss is capped. In this study, the limit of loss was $1,000,000 per occurrence. This means that any individual loss in excess of this limit was capped or restricted to a maximum of $1,000,000.

Loss Development

Loss development refers to the change in the estimated value of losses attributable to a body of claims or to a time period until all the claims are closed.

Loss Rate

Loss rate is the cost per exposure of settling and defending claims. Loss rate is calculated as the ratio of total losses (indemnity and ALAE) to total exposures for a given period of time. In this report, exposure is selected to be Average Daily Attendance (ADA) and the time period is one fiscal year. Consequently, a loss rate represents the annual amount per Average Daily Attendance (ADA) expected to be paid to settle and/or defend public transit liability claims arising from incidents occurring during the respective year.

Non-Zero Claims

Any claim that has an incurred loss amount greater than zero.

Paid Losses

Those losses where dollars have been paid, including expense payments.

Severity

Severity refers to the average total dollar amount of claim, including indemnity and expense. In this report, we measure the average severity for a given year by dividing the total incurred dollar amount for that year by the total number of non-zero claims for that year. We could also obtain severity by dividing the loss rate by the frequency rate.

Trend

Loss trend is the change in claim frequency and/or severity from one time period to the next. Factors that affect the frequency and severity of claims are constantly changing over time. Examples of these factors include inflation, societal attitudes toward legal action, and changes in laws. Actuaries use trend factors to adjust historical loss experience to comparable levels.

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2025 California Public Schools Benchmark Report

Workers Compensation

Issue Date - September 24, 2025

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Introduction

This benchmark report is designed to provide **California Schools Risk Management (CSRM)** a comprehensive analysis of its workers' compensation program relative to a broader benchmark of selected Southern California public schools (the "Comparable Schools"). The study aims to facilitate informed risk management decisions by enabling CSRM to assess its performance against its peers, identify areas for improvement, and optimize its risk mitigation strategies.

The Comparable Schools database comprises about 310,000 workers' compensation claims with approximately $4.4 billion in incurred losses and underlying annual payroll of nearly $12 billion. To maintain confidentiality, all results are aggregated and/or anonymized. The benchmark statistics are organized by fiscal year (July 1 to June 30), based on the incident date that triggered the claim.

This report offers a multifaceted analysis and projections for California public schools' Workers Compensation claims from varying perspectives, including:

- Key risk metrics (frequency, severity, and loss rate)
- Increased limit factors (ILFs) ranging from $250,000 to $5,000,000, and
- Detailed statistics on claim characteristics such as claim size distribution, benefit types, litigation status, injured body parts, etc.

By providing these insights, this study supports data-driven decision-making and risk management practices among California public schools.

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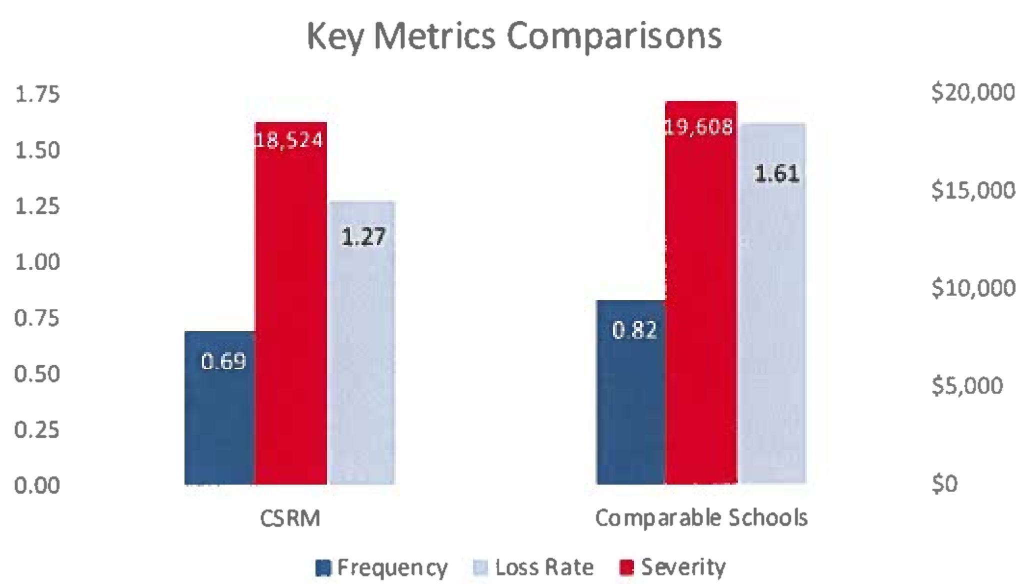
Benchmark Statistics

Key Risk Metrics

Our statistical analysis of CSRM and the aggregated data for the Comparable Schools yields the following key metrics.

Metric	CSRM	Comparable Schools	Difference
Frequency	0.69	0.82	-17%
Severity	$18,524	$19,608	-6%
Loss Rate	$1.27	$1.61	-21%



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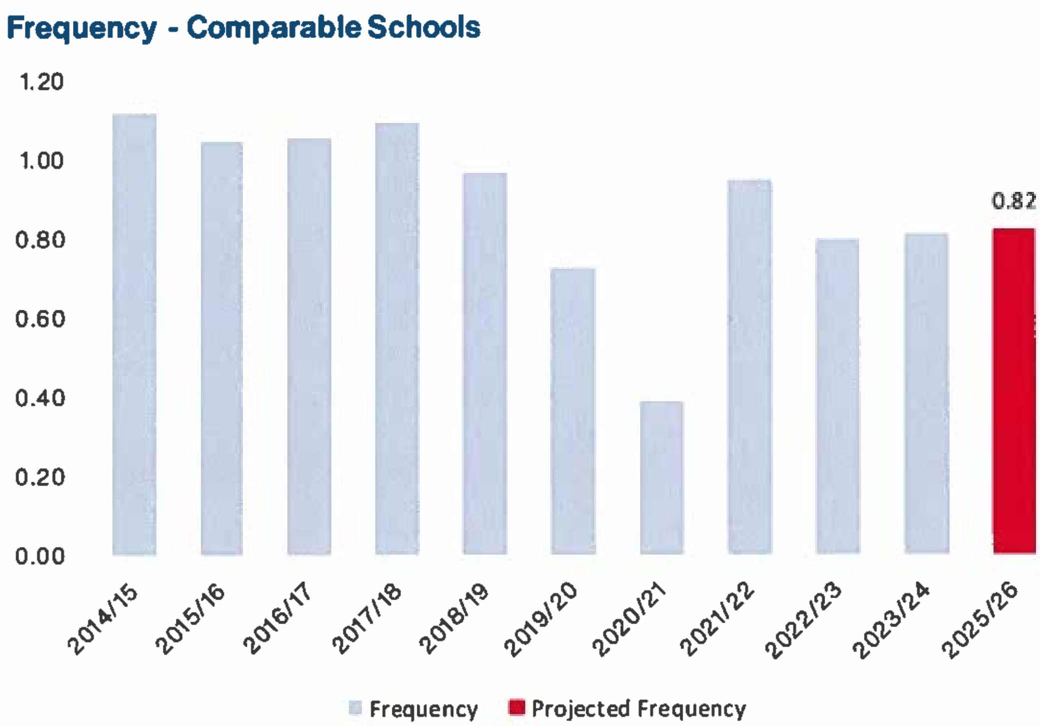
Frequency

Frequency refers to the number of claims per unit of risk exposure, typically expressed as number of claims per $1,000,000 of payroll for Workers Compensation.

The projected 2025/26 frequency for the Comparable Schools is 0.82 claims per $1 million of payroll, or equivalently, one claim per $1.2 million of payroll. The corresponding metric for CSRM is 0.69 claims per $1 million of payroll (or one claim per $1.5 million of payroll), which is 17% lower than that of the Comparable Schools.

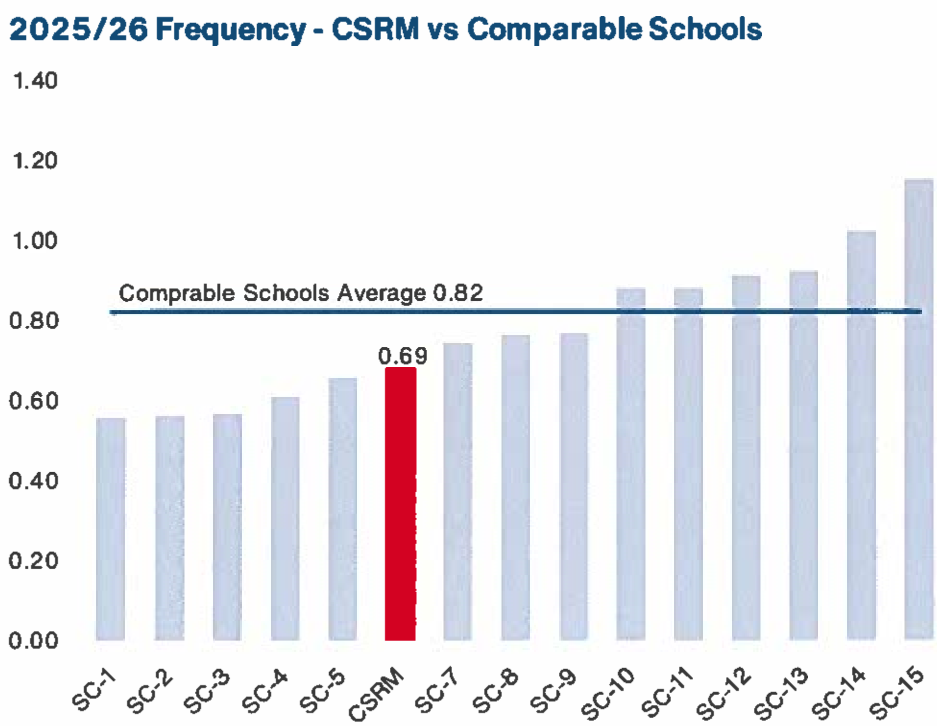
The historical and projected frequencies by year for the Comparable Schools are shown in the following graph.



Notes: Frequency is the number of claims per $1,000,000 of payroll.
The historical numbers above are developed to ultimate but not trended.

Frequencies have been decreasing since 2014/15 for the Comparable Schools. The relatively low 2019/20 and 2020/21 frequencies are due to the impact of campus closures during the COVID-19 pandemic.

CSRM's projected 2025/26 frequency is compared to the Comparable Schools by entity below.



Notes: **Frequency is the number of claims per $1,000,000 of payroll.**

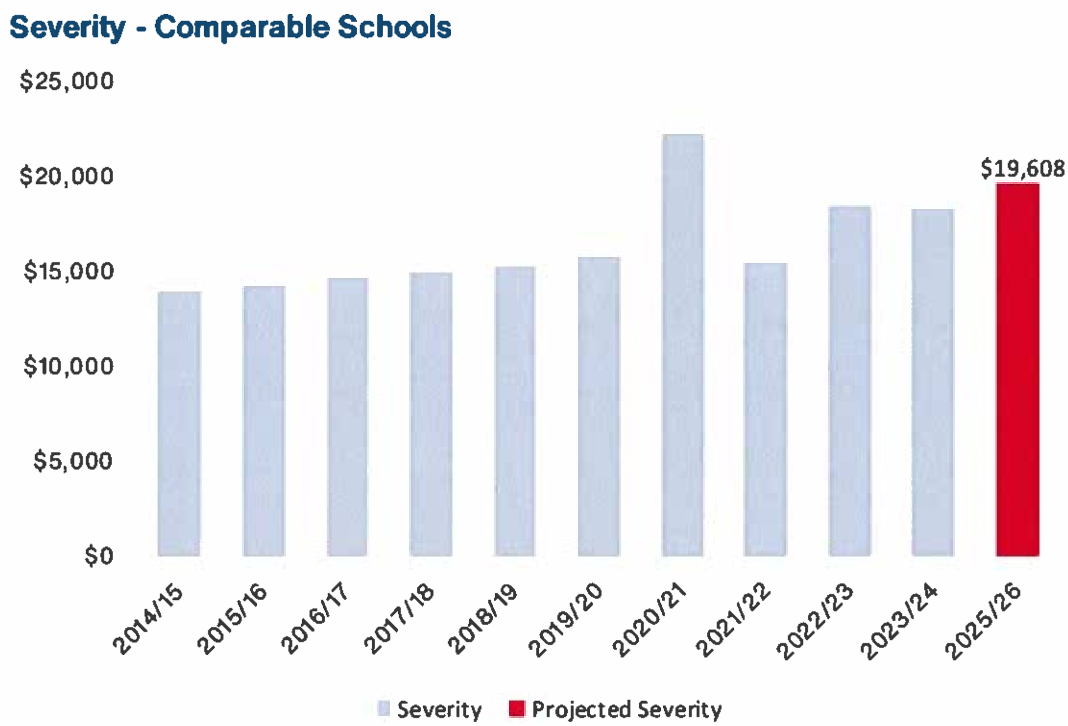
CSRM's projected 2025/26 claim frequency of 0.69 is 17% lower than the Comparable Schools average of 0.82 and is 6th lowest out of 15 entities in the study. This suggests that CSRM has a relatively favorable claim frequency experience compared to its peers.

Severity

Severity represents the average loss per claim, where the loss includes indemnity benefits, medical benefits, and allocated loss adjustment expense (ALAE).

The projected 2025/26 severity for the Comparable Schools is $19,608 per claim. The corresponding metric for CSRM is $18,524, which is 6% lower than that of the Comparable Schools.

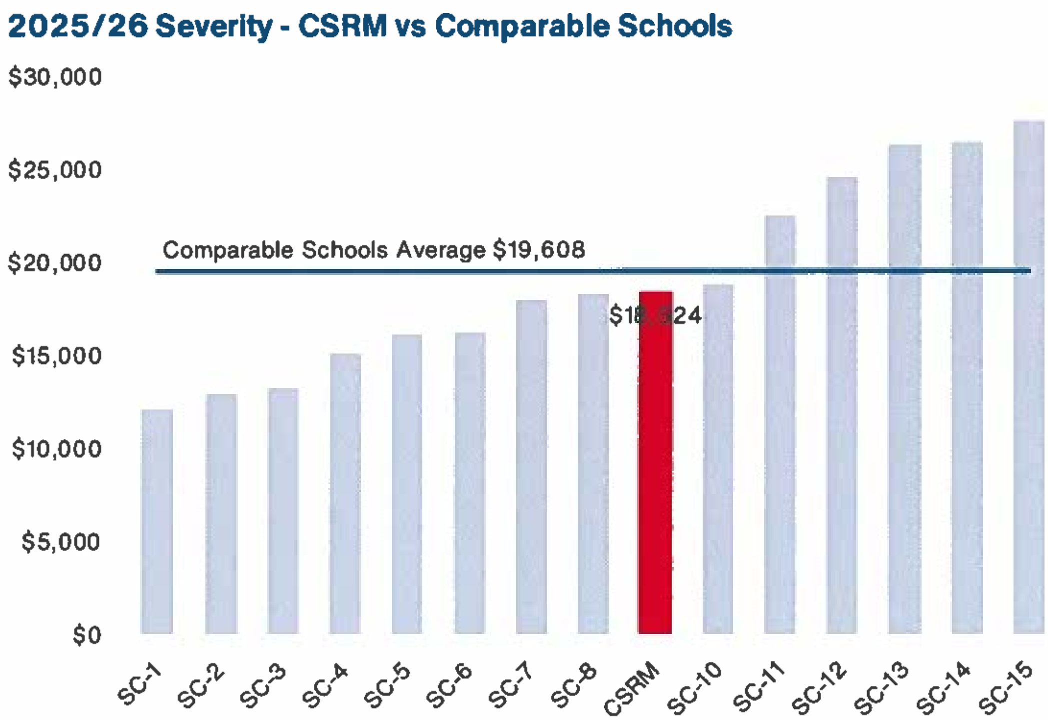
The historical and projected severities by year for the Comparable Schools are shown in the following graph.



Notes: Severity is the average cost per claim.
The historical numbers above are developed to ultimate but not trended.

Since 2014/15, the severity of workers' compensation claims for the Comparable Schools increased about 2.5% per year. The elevated severity in 2020/21 can be largely attributed to the abnormally low claim frequency resulting from the COVID-19 pandemic. The higher claim severity for post-COVID years (2022/23 and 2023/24) can be attributed to inflation and other external economic pressures.

CSRM's projected 2025/26 severity is compared to the Comparable Schools by entity below.



Notes: Severity is the average cost per claim.

CSRM's projected 2025/26 claim severity of $18,524 is 6% lower than the Comparable Schools average of $19,608 and is 9th out of 15 entities in the study. This indicates that CSRM has a relatively favorable claim severity experience compared to its peers, suggesting effective management of claim costs.

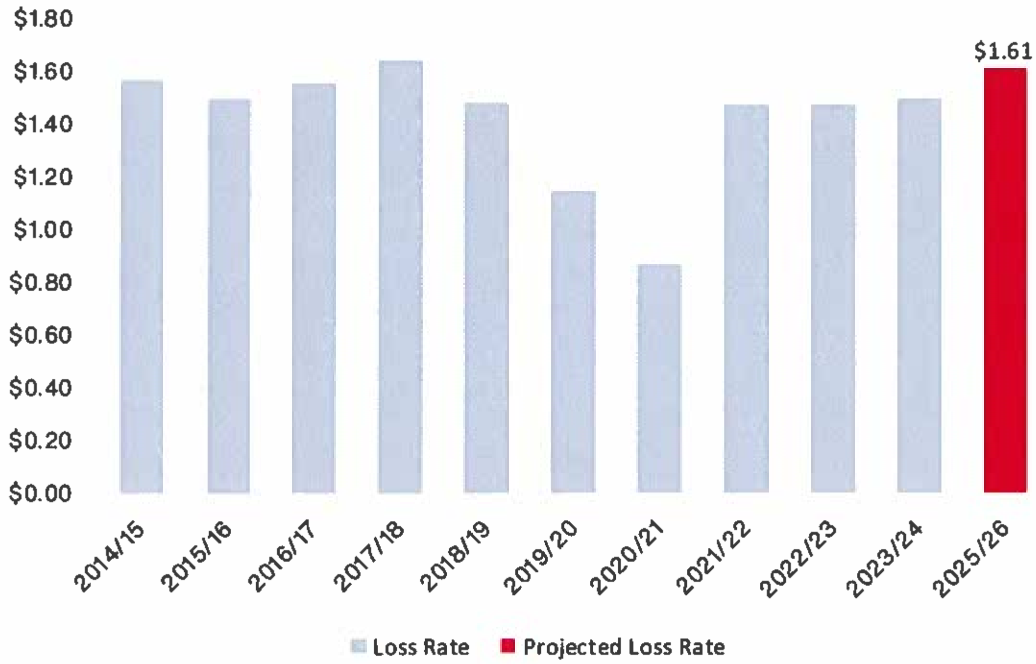
Loss Rate

Loss rate is defined as loss dollars per unit of payroll exposure, typically expressed as dollars of loss per $100 of payroll for Workers Compensation.

The projected 2025/26 loss rate for the Comparable Schools is $1.61 per $100 of payroll. The corresponding metric for CSRM is $1.27 per $100 of payroll, which is 21% lower than that for the Comparable Schools.

The historical and projected loss rates by year for the Comparable Schools are shown in the following graph.

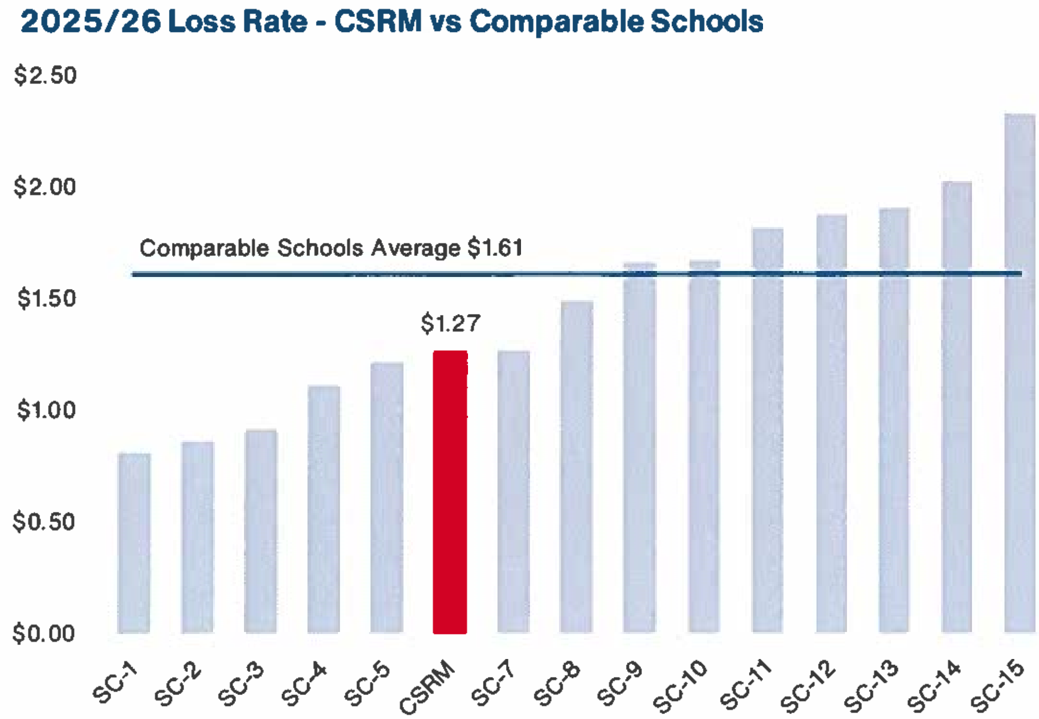
Loss Rate - Comparable Schools



Notes: Loss rate is losses per $100 of payroll.
The historical numbers above are developed to ultimate but not trended.

Excluding the two COVID-19 years (2019/20 and 2020/21), the loss rate for the Comparable Schools has been relatively stable over the past 10 years.

CSRM's projected 2025/26 loss rate is compared to the Comparable Schools by entity below.



Notes: Loss rate is losses per $100 of payroll.

CSRM's projected 2025/26 loss rate of $1.27 is 21% lower than the Comparable Schools average of $1.61 and is 6th out of 15 entities in the study. This suggests that CSRM has a relatively favorable loss rate experience compared to its peers, indicating effective risk management and claims handling practices.

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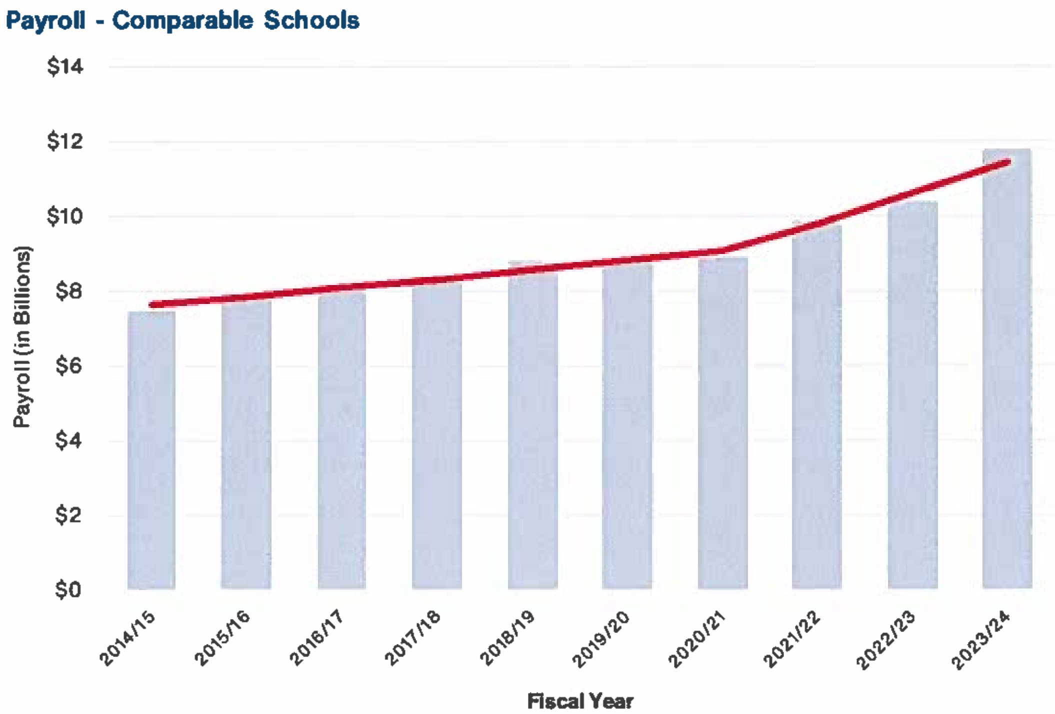
Payroll Trend

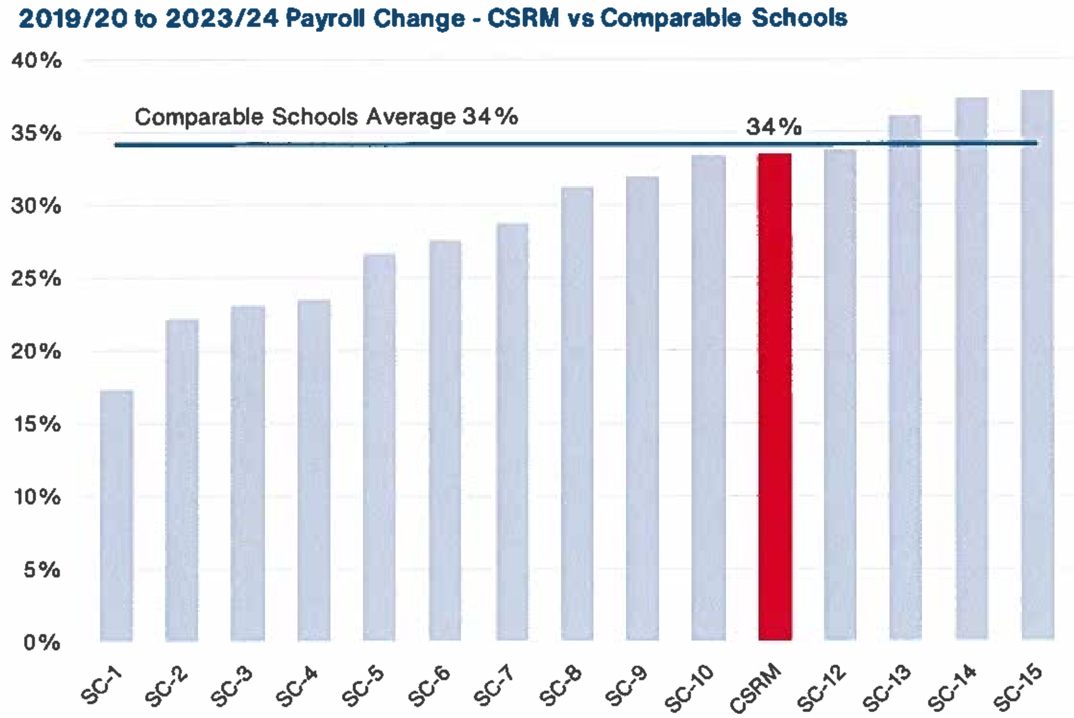
Payroll increased about 34% from 2019/20 to 2023/24 for both the Comparable Schools and CSRM. This significant increase is notable, as higher payroll generally results in higher workers' compensation losses, since indemnity benefits are directly tied to payroll.

The historical payroll by year for the Comparable Schools is shown in the following graph.



Through 2020/21, the Comparable Schools' payroll increased about 3% per year. However, this trend subsequently accelerated, with annual payroll growth surging to around 8%. From 2019/20 to 2023/24, the Comparable Schools' payroll increased (in total) by approximately 34%. Data from the State of California Department of Industrial Relations indicates that the Consumer Price Index (CPI) rose by 20% from 2020 to 2024. Additionally, according to the US Bureau of Labor Statistics, the average annual mean wage for California increased by about 23% over the same period, further underscoring the impact of inflation on payroll growth.

The change in CSRM's payroll from 2019/20 to 2023/24 is compared to the Comparable Schools below.



CSRM's payroll growth from 2019/20 to 2023/24 is the same as that of the Comparable Schools, with payroll increasing for both during this period by about 34%. This suggests that CSRM's payroll growth rate is in line with other Southern California public schools.

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Claim Size Distribution

The distribution of claims by size is similar for the Comparable Schools and CSRM. However, a lower proportion CSRM's incurred losses arise from claims greater than $100,000 than the Comparable Schools.

	Comparable Schools		CSRM	
Claim Size	% of Total Incurred	% of Claim Count	% of Total Incurred	% of Claim Count
$0 to $5,000	5%	78%	7%	77%
$5,000 to $10,000	3%	5%	3%	5%
$10,000 to $50,000	18%	10%	22%	11%
$50,000 to $100,000	19%	4%	24%	4%
$100,000 to $250,000	30%	2.7%	27%	2.4%
$250,000 to $500,000	13%	0.5%	11%	0.4%
$500,000 to $1,000,000	7%	0.14%	4%	0.07%
$1,000,000 to $2,000,000	3%	0.03%	0%	0.00%
$2,000,000 to $5,000,000	2%	0.01%	2%	0.01%
Greater than $5,000,000	0.2%	0.0003%	0.0%	0.0000%
Total > $100,000	55%	3%	45%	3%

Notes: Data includes $0 claims.
Based on reported incurred losses.

As shown in the table, the majority of the Comparable Schools' occurrences fall into the lowest category, consisting of claims with total incurred loss of less than $5,000. Despite representing approximately 78% of the total claim count, this category accounts for only 5% of the total incurred amount. In contrast, the claims with total incurred costs over $100,000 comprise only 3% of the total claim count but nearly 55% of the total incurred amount.

The distribution by size is similar for CSRM. However, only 45% of CSRM's losses arise from claims greater than $100,000 compared to 55% for the Comparable Pools.

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Increased Limit Factors

The ILFs for CSRM and Comparable Schools are comparable across all limits, with CSRM's factors slightly higher at higher limits.

Increased limit factors (ILFs) are utilized to estimate the impact of changes in retention on an entity's loss rate. Specifically, the following table presents ILFs relative to a base limit of $500,000 per occurrence for workers' compensation claims, based on both the benchmark data for the Comparable Schools and the California commercial insurance industry. These factors provide insight into how changes in policy limits may affect loss rates, enabling informed decision-making regarding risk management and insurance coverage.

Limit	Comparable Schools	CSRM
$250,000	0.941	0.943
$500,000	1.000	1.000
$750,000	1.021	1.020
$1,000,000	1.032	1.031
$1,500,000	1.042	1.042
$2,000,000	1.051	1.053
$3,000,000	1.058	1.064
$5,000,000	1.071	1.075

As illustrated in the preceding table, the ILFs for CSRM and the Comparable Schools exhibit similar trends across all limits, with CSRM's ILFs being marginally higher at the higher limits.

Medical Only vs Lost Time Claims

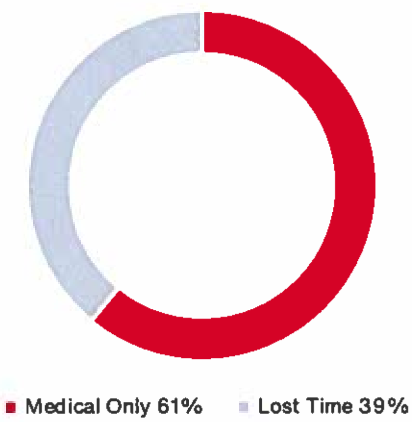
The claim distribution for Comparable Schools reveals a stark contrast: Medical only claims account for 61% of claim frequency but just 5% of total incurred losses, while Lost time claims represent 39% of frequency but 95% of total losses.

The necessary data was not available to review medical only vs lost time claims for CSRM.

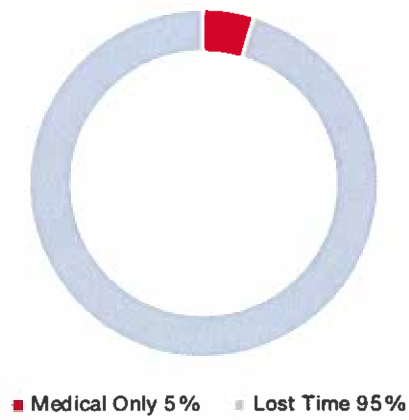
Medical only claims refer to Worker's Compensation claims where the injured employee requires medical treatment but does not lose time from work beyond the waiting period specified by workers' compensation regulations. Lost time claims involve injuries or illnesses that result in the employee being unable to work beyond the waiting period, resulting in wage replacement benefits (indemnity losses) alongside medical treatment. In our analysis, we defined medical only claims to be those without any indemnity loss. The following charts illustrate the proportion of total claims categorized as medical only versus lost time claims in terms of claim counts as well as incurred amounts.

The distribution of claims and incurred losses by claim type for the Comparable Schools are shown below.

Claim Count by Claim Type



Incurred Losses by Claim Type



As shown in the charts above, most of the Comparable Schools' claims are classified as medical only, consisting of 61% of the total claim count. Despite representing more than half of the total type of claim, this category accounts for only 5% of the total incurred losses. In contrast, Lost time claims comprise of 39% of the total claim count but nearly 95% of the total incurred amount.

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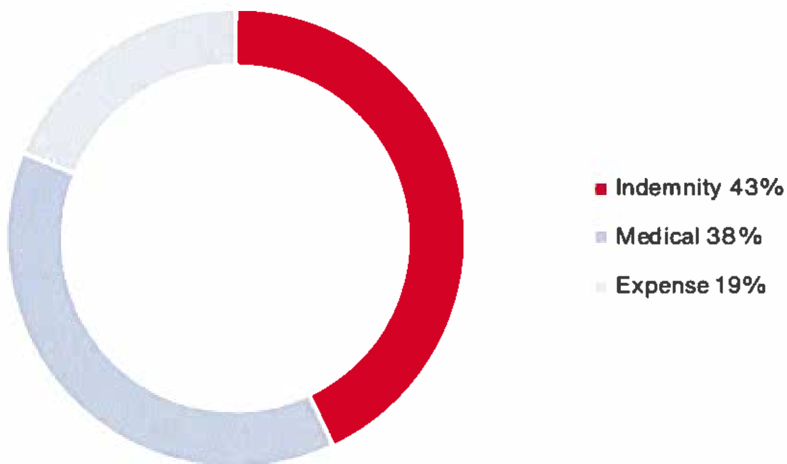
Lost Time Claims by Benefit Type

The loss distribution for lost time claims approximates a 2:2:1 ratio, with indemnity and medical benefits each accounting for roughly 40% of the total loss, and ALAE making up the remaining 20%.

The necessary data was not available to review lost time claims by benefit type for CSRM.

As previously discussed, lost time claims make up 39% of the Comparable Schools' total claim count but account for 95% of the total incurred losses. To provide further insight into lost time claims, the chart below breaks down the Comparable Schools' total losses into three benefit types: indemnity, medical, and ALAE (expense).

Incurred Losses on Lost Time Claims by Benefit Type



As shown in the chart above, for lost time claims, the loss distribution is dominated by indemnity benefits (43%) and medical benefits (38%), with ALAE accounting for the remaining 19%.

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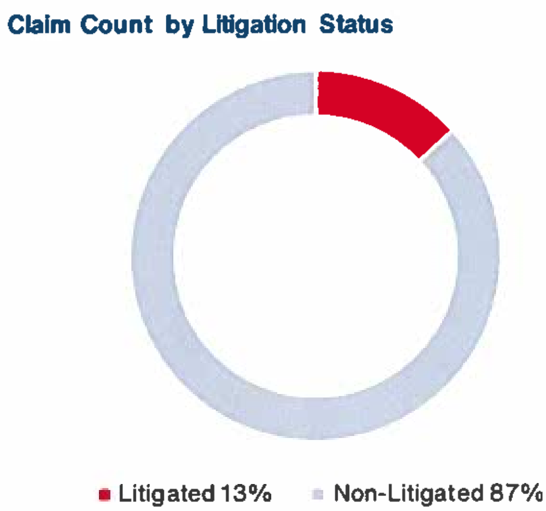
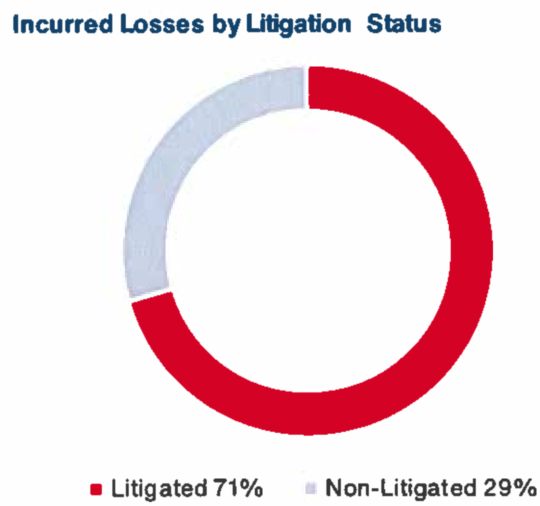
Litigated Claims

A relatively small proportion of claims were litigated, yet they accounted for a substantial majority of total losses among Comparable Schools. Notably, the average cost of litigated claims far exceeded that of non-litigated claims, underscoring the significant financial impact of litigation.

The necessary data was not available to review litigated claims for CSRM.

Within the subset of the Comparable Schools' claims that included litigation information, 13% were identified as litigated claims, which accounted for a disproportionate 71% of the total loss dollars. The average cost of litigated claims was significantly higher, approximately 15 times greater than non-litigated claims. The following charts illustrate this data for the Comparable Schools, demonstrating the substantial impact of litigation on loss costs and highlighting the importance of effective claims management strategies to mitigate litigation-related expenses.



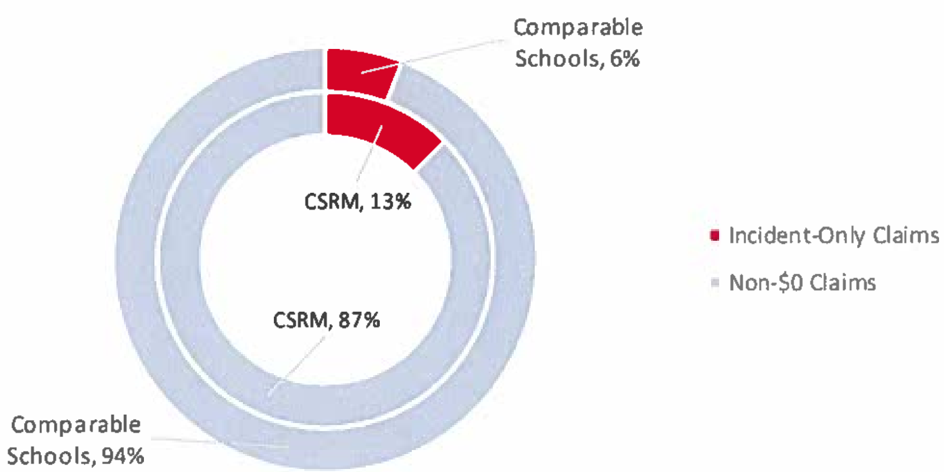


Incident-Only Claims

A notable difference exists between CSRM and Comparable Schools in terms of incident-only claims (those with $0 value) as a proportion of total claims. CSRM's incident-only claims percentage is more than double that of Comparable Schools.

Upon examining the claim count distribution, it is evident that incident-only claims constitute a relatively small proportion of total claims for both CSRM and Comparable Schools. However, the proportion differs between the two groups. For Comparable Schools, incident-only claims account for approximately 6% of all claims, whereas for CSRM, this figure is around 13%.

Ratio of Non-$0 Claims to Incident-Only Claims

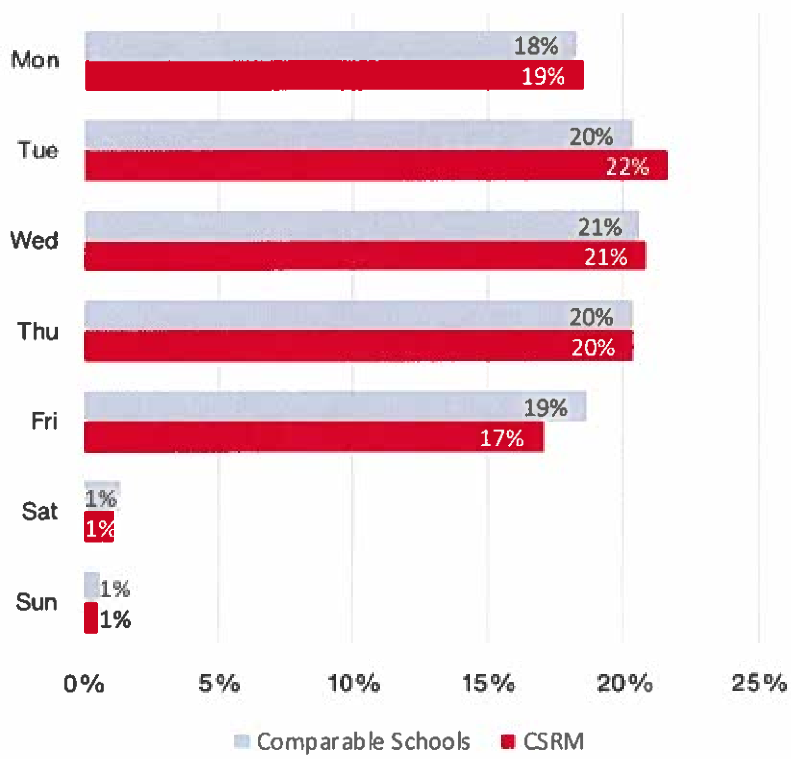


Days of the Week

The distribution of claims by day of the week is similar between CSRM and Comparable Schools, with both exhibiting a notable trend: claims frequency tends to peak on mid-week days (Tuesday, Wednesday, and Thursday) and is relatively lower on Mondays and Fridays.

The chart illustrates the distribution of claims by day of the week for CSRM and Comparable Schools. Both groups exhibit a similar pattern, with Mondays and Fridays experiencing a slightly lower proportion of claims compared to other weekdays. A closer examination reveals that CSRM's claims frequency is relatively higher on Tuesdays and lower on Fridays compared to Comparable Schools.

Claim Count by Day of the Week



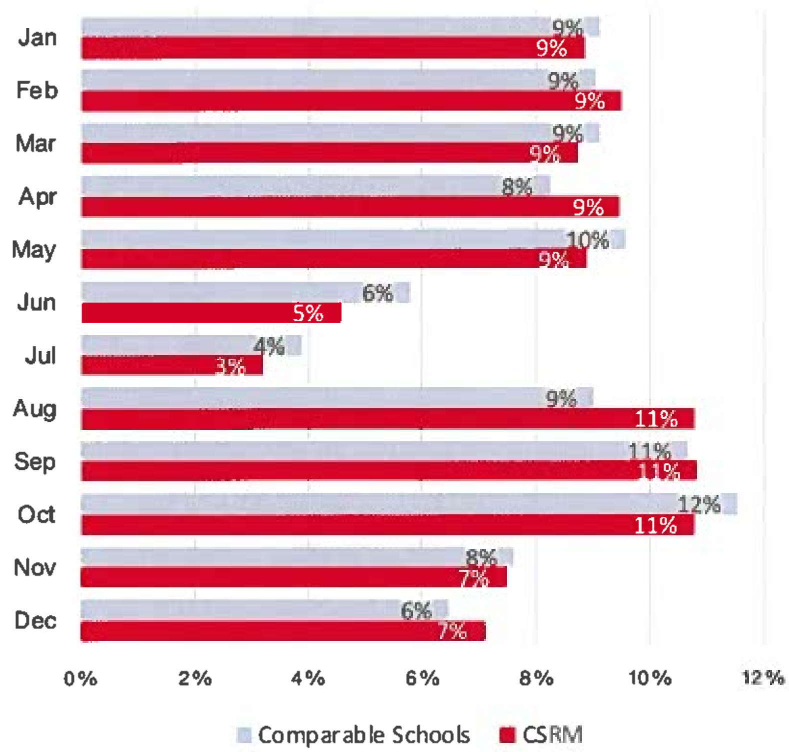
Notes: Based on claims incurred in 2014/15 through 2023/24 only.

Months of the Year

The distribution of claims by month of the year is similar between CSRM and Comparable Schools. Claims frequency tends to be lower during summer breaks and higher during the back-to-school season, following the academic calendar.

The following chart shows the distribution of claims incurred by day of the week. Months in which students are on break have far fewer claims occurring than other months, with June and July, in particular, showing a visible drop. It can also be seen that back-to-school season (i.e., August to October) tend to experience a higher volume of claims than the remainder of the school year.

Claim Count by Month



Notes: Based on claims incurred in 2014/15 through 2023/24 only.

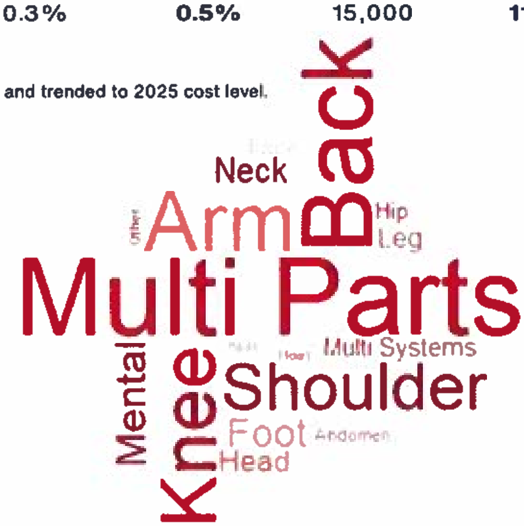
Body Part

The claim distributions for both CSRM and Comparable Schools exhibit similar patterns by body part for both claim count and loss amount. Key differences are observed in the claim severity for certain body parts.

The table shows similar claim count percentages between CSRM and Comparable Schools, but notable differences in severity for a few body parts. For example, CSRM has a lower severity for back and shoulder claims, but a higher severity for Hip and Multi-Parts claims. The data also shows that for CSRM certain body parts, such as hip, heart, and knee, have high severity values, indicating potentially costly claims. Multi-part claims were the second most frequent type of claim for CSRM, accounting for 13% of claim count, yet they were the largest contributor to incurred losses, making up 26% of total losses. Consequently, multi-part claims had a high severity ranking, second only to the less common but more severe hip injuries.

Body Part	Comp Sch Clm Count %	CSRM Clm Count %	Comp Sch Ltd Inc %	CSRM Ltd Inc %	Comp Sch Ltd Severity	CSRM Ltd Severity
Abdomen	1.2%	**1.6%**	0.9%	**0.9%**	14,000	**11,000**
Arm	20.9%	**25.1%**	13.9%	**14.6%**	13,000	**11,000**
Back	12.6%	**10.1%**	16.5%	**10.2%**	26,000	**19,000**
Chest	1.3%	**1.5%**	0.5%	**0.7%**	7,000	**9,000**
Face	5.1%	**5.1%**	1.6%	**0.8%**	6,000	**3,000**
Foot	8.7%	**9.3%**	5.4%	**5.4%**	12,000	**11,000**
Head	4.7%	**5.3%**	3.4%	**4.6%**	14,000	**16,000**
Heart	0.1%	**0.1%**	0.1%	**0.2%**	27,000	**29,000**
Hip	1.2%	**1.4%**	1.5%	**2.8%**	24,000	**38,000**
Knee	9.0%	**8.1%**	12.4%	**12.8%**	27,000	**29,000**
Leg	3.8%	**3.5%**	2.8%	**2.8%**	14,000	**15,000**
Lung	3.1%	**1.3%**	0.6%	**0.2%**	4,000	**3,000**
Mental	3.7%	**3.5%**	5.6%	**4.4%**	30,000	**23,000**
Multi Parts	14.6%	**13.4%**	18.5%	**26.1%**	25,000	**36,000**
Multi Systems	1.8%	**3.1%**	2.2%	**4.4%**	23,000	**26,000**
Neck	2.1%	**1.4%**	3.8%	**1.2%**	36,000	**15,000**
Shoulder	5.6%	**5.5%**	10.1%	**7.5%**	35,000	**25,000**
Other	0.4%	**0.8%**	0.3%	**0.5%**	15,000	**11,000**

Notes: Based on claims incurred in 2014/15 through 2023/24 only.
Claim severities are limited to $500,000 per claim, developed and trended to 2025 cost level.



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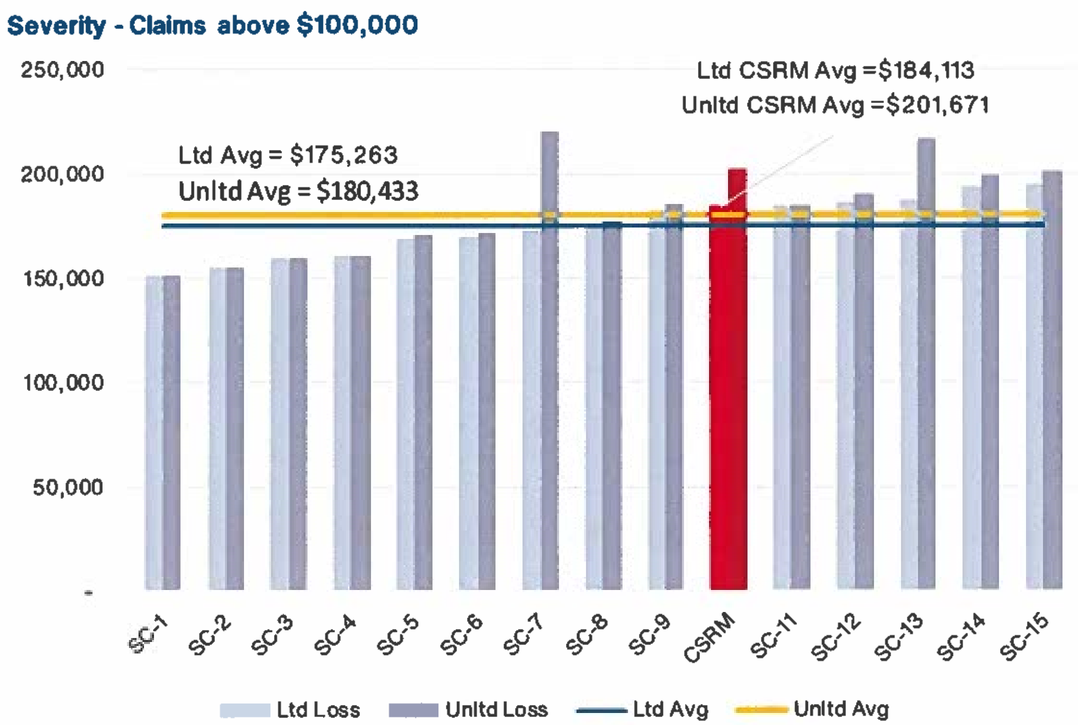
Large Claim Severity Comparison

CSRM's average cost per large claim (over $100,000) is slightly higher than the average of the Comparable Schools.

As previously discussed in the Claim Size Distribution section, large claims exceeding $100,000 account for a significant portion of total losses, representing only 3% of the total claim count but approximately 55% of total losses. This concentration of losses highlights the importance of large claim activity, particularly in excess insurance renewals. In evaluating large claim activity, underwriters assess the overall risk to determine whether an entity remains a desirable candidate for underwriting.



Notes: The amounts above are limited to $500,000 per claim, untrended, and undeveloped.

According to the chart above, under a $500,000 limit per claim, CSRM's large claim average cost is 7% higher than the industry average. The industry unlimited average cost per large claim is approximately $180,000, while CSRM's unlimited large claim severity is around $202,000 per occurrence, indicating a 12% higher severity experience compared to the Comparable Schools' average.

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California Public School Database

This study analyzed data from 15 organizations, representing a substantial portion of individual schools across Southern California, with a combined annual payroll of nearly $12 billion.

The database comprised 328,125 claims, totaling approximately $4.4 billion in incurred losses. Unless otherwise specified, all results in this report are based on a per occurrence limit of $500,000.

Data

The following data items were utilized in our analysis:

Loss Data

The database includes individual loss (claim level) detail, valued between June 30, 2023 and January 31, 2025. All losses are on a first dollar, unlimited basis. "Claim level detail" includes all items on the loss run, including "claims", "events", "incidents", and "lawsuits". At least ten years of fiscal-year loss data was collected where feasible. Both closed and open claims were included.

Claim detail fields included: claim number/ID, occurrence date, indemnity paid, indemnity outstanding case reserve, medical paid, medical outstanding case reserve, expense paid, expense outstanding case reserve, and so on.

Additional fields (if available) included: claim type/disposition, COVID-19 identifier, litigation identifier, accident/claim description, cause, injury, and body part.

Exposure Data

The database includes a listing of payroll by fiscal year.

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Actuarial Analysis

The statistics presented in this report are based on an actuarial analysis of the underlying loss and exposure databases. Due to the "tailed" nature of worker's compensation liability, it often takes a period of time for claims occurring in a given year (fiscal year) to be discovered, reported, and recorded. Additionally, it is impossible to estimate precisely the ultimate losses for claims when they are initially reported. The estimated unpaid loss for a reported claim (case reserve) is adjusted up or down as more information is obtained over time. In the aggregate, the upward adjustments tend to be greater than the downward ones. Therefore, the actuarial analysis estimates the ultimate cost of worker's compensation liability in a given fiscal year by accounting for both late reported claims and additional "development" on existing claims.

The loss estimates presented in this report are actuarial central estimates, meaning that they represent expected values over a range of reasonably possible outcomes.

Our estimates are based on a review of several standard actuarial methods: Loss Development Methods ("Chain Ladder" Methods), Bornhuetter-Ferguson Methods, and Frequency-Severity Methods. The assumptions underlying these methods are based on the public transit liability database and other industry sources.

Conditions and Limitations

Inherent Uncertainty

Actuarial calculations produce estimates of inherently uncertain future contingent events. We believe that the estimates provided represent reasonable provisions based on the appropriate application of actuarial techniques to the available data. However, there is no guarantee that actual future payments will not differ from estimates included herein.

Extraordinary Future Emergence

Our projections make no provision for the extraordinary future emergence of losses or types of losses not sufficiently represented in the historical data or which are not yet quantifiable.

Data Reliance

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis.

Use and Distribution

Use and distribution of this report is limited to the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon. Distribution of this report to third parties is prohibited without written consent from Aon plc.

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Definitions

ALAE

Allocated Loss Adjustment Expense (ALAE) refers to costs, in addition to indemnity payments and reserves, that are incurred in handling claims. Typically these costs are comprised of legal fees paid by the insured entity in investigating and defending claims. Whether separately identified or not, ALAE is included in the reported loss information and loss projections contained in this report. All references to "loss" or "losses" throughout our report and exhibits include ALAE except where noted otherwise.

Exposure

Actuaries select an exposure base such that the incident of claims will tend to vary directly with the exposure of the entity at risk. The actuary must consider both the historical loss level and the corresponding exposures in evaluating historical claim liabilities and expected future costs. It is important to choose an exposure base that is relevant to the situation of each risk group. For this study we used an exposure base of payroll consistent with the industry standard practice.

Fiscal year

Fiscal year runs from July 1st through June 30th which is generally used by schools in California.

Frequency (or Claim Frequency)

Frequency is the ratio of the number of claims or occurrences divided by exposures, and it represents the mean number of loss events occurring during a time period relative to an exposure base. In this study, the frequency is measured on an annual fiscal year basis as the ultimate number of claims projected for the given time period divided by the given exposure basis.

Indemnity

Indemnity is compensation for a particular loss suffered.

Incurred Losses

The total of actual paid losses, paid expense, and all outstanding reserves.

Limit of Liability (Limit of Loss)

The limit of liability is the amount by which an individual loss is capped. In this study, the limit of loss was $500,000 per occurrence. This means that any individual loss in excess of this limit was capped or restricted to a maximum of $500,000.

Loss Development

Loss development refers to the change in the estimated value of losses attributable to a body of claims or to a time period until all the claims are closed.

Loss Rate

Loss rate is the cost per exposure of settling and defending claims. Loss rate is calculated as the ratio of total losses (indemnity and ALAE) to total exposures for a given period of time. In this report, exposure is selected to be payroll and the time period is one fiscal year. Consequently, a loss rate represents the annual amount per $1,000,000 of payroll expected to be paid to settle and/or defend public transit liability claims arising from incidents occurring during the respective year.

Non-Zero Claims

Any claim that has an incurred loss amount greater than zero.

Paid Losses

Those losses where dollars have been paid, including expense payments.

Severity

Severity refers to the average total dollar amount of claim, including indemnity and expense. In this report, we measure the average severity for a given year by dividing the total incurred dollar amount for that year by the total number of non-zero claims for that year. We could also obtain severity by dividing the loss rate by the frequency rate.

Trend

Loss trend is the change in claim frequency and/or severity from one time period to the next. Factors that affect the frequency and severity of claims are constantly changing over time. Examples of these factors include inflation, societal attitudes toward legal action, and changes in laws. Actuaries use trend factors to adjust historical loss experience to comparable levels.

About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

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Item 4.2 Industrial Medical Provider Update

Strategic Goal Initiatives

☐ **Financial Performance & Foresight**	Sustain healthy position while proactively anticipating the longer-term for stable programming, capacity, flexibility, and agility.
☒ **Product Excellence**	Provide comprehensive, innovative, relevant, and effective programs and services that meet member needs.
☐ **Resilient Foundation**	Sustain a resilient foundation based on a flexible business-like approach and foundation of collaborative governance, trust, transparency, and deep relationships with and within our members.
☐ **Robust Operations & Staffing**	Deliver operational excellence in all areas of our organization supported by consistent resources that will carry us into the future.
☐ **Strategic & Sustainable Growth**	Growth is a given, defined first, as member retention. Second, deepening relationships, engagement, and participation. Third, through new members in a way that builds on current geographic strengths.

Background

CSRM continues to build relationships with medical providers. The Inland Empire has limited access to quality clinicians who will accept workers' compensation claims. Workers' Comp has very specific reporting requirements, and reimbursement is tied to the California Official Medical Fee Schedule. The Claims Team will provide regular updates at Claims Committee meetings regarding occupational clinic management efforts and progress in locating additional clinic options.

Issues and Key Findings

Keystone Industrial Medicine Update

On September 3, 2025, CSRM was notified that Keystone Industrial Medicine was acquired by ProActive Works. ProActive is an industrial medicine group with several locations in California and Texas. The CSRM team met with Dr. Paul Kim who indicated that all staffing will remain the same and he will continue to treat employees. ProActive currently utilizes an online portal which will allow members to log in and obtain work statuses directly. Once the Keystone locations are enrolled into the portal, we will work with members to gain access.

Concentra Update

The CSRM team has seen an increase in stress claims, as well as work statuses that outline work with specific students or classrooms as the limitation. CSRM is coordinating a meeting with the clinical director for Concentra to address this trend. The clinical director provides training to all

Concentra physicians. We look forward to advocating for district members and ensuring work status language is appropriate.

Arrowhead Orthopedic

Specialists, such as orthopedists, are very limited in the Inland Empire region. Arrowhead Orthopedic is one of the central clinics with specialist access for workers' compensation, offering both treatment and medical-legal evaluations. The CSRM team has a meeting set for October 7, 2025, to discuss the referral process and new patient capacity.

Psyche Treatment

Psychologist and Psychiatrist access is also limited in the region. When an employee files a stress claim, a specialist will not see them on an initial visit. Instead, the patient must be seen at an industrial clinic and referred. Once the referral is made, records must be sent to the specialist for review, and the specialist must agree to accept the new patient.

Attached is item 4.2a, which includes information on Industrial Medical Provider Update

Fiscal Impact

☒ **None**
☐ **Indirect**
☐ **Direct**

Staff Recommendation

☒ **Information Only**
☐ **Action Item**
☐ **Claims Committee Approved:**
Date

Industrial Medical Provider Update

Challenges:

- CSRM members are faced with the challenge of limited medical providers who will treat industrial injuries.
- The high desert and mountain areas are particularly impacted.
- In April 2025, Desert Valley Medical Group announced that they will no longer accept workers’ compensation patients.
- Limited access is partly due to specific reporting requirements for workers’ compensation (compensability, apportionment, etc) as well as reimbursement which is tied to the Official Medical Fee Schedule (OMFS).

Industrial Medical Provider Update

Keystone Industrial Medicine:

- On September 3, 2025, Keystone Industrial Medicine was acquired by ProActive Works.
- ProActive is an industrial medicine group with several locations in California and Texas.
- Dr. Paul Kim and his staff will remain at the clinics.
- No impact to patient care.
- Online portal for work statues (coming soon).

Industrial Medical Provider Update

Concentra:

- Over the last year, the CSRM team has seen an increase in stress claims as well as claims where work statuses outline a restriction from working with specific students, classrooms or campuses

- CSRM is coordinating a meeting with the Clinical Director to discuss these trends and ensure work status language remains focused on functional limitations.

Industrial Medical Provider Update

Arrowhead Orthopedic:

- Specialists, such as orthopedists, are very limited in the Inland Empire region.
- Arrowhead Orthopedic is one of the central clinics with specialist access for WC claims, providing both treatment and medical-legal evaluations.
- CSRM meeting is scheduled for October 7, 2025 to discuss referral process and new patient capacity.

Industrial Medical Provider Update

Psyche Treatment:

- Psychologist and psychiatrist access in the region is also limited.
- When an employee files a stress claim, a specialist will not see them on an initial visit. Instead, the patient must first be seen at an industrial clinic, and then referred.
- Once referral is made, records must be sent to the specialist for review, and the specialist must then agree to take them as a new patient.