

# FY 2024-2025 Annual Report



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SPECIAL DISTRICTS  
INSURANCE SERVICES

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## BOARD OF TRUSTEES



Chair:  
**Andrea Klaas**  
Port of The Dalles



Vice Chair:  
**Darren Bucich**  
McKenzie Fire & Rescue



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**David Lindelien**  
Lane Transit District



Treasurer:  
**Stacy Maxwell**  
Jackson County Fire District 3



Trustee:  
**Peter Boone**  
Tualatin Valley Water District



Trustee:  
**Nicole Dalke**  
Springfield Utility Board



Trustee:  
**Mark Hokkanen**  
Tualatin Hills Park & Recreation District



Emeritus:  
**Ted Kunze**  
Molalla RFPD #73

## OUR HISTORY

In 1985, Special Districts Association of Oregon (SDAO) created a self-insured trust, Special Districts Insurance Services (SDIS), to escape the volatilities of the traditional insurance market. The Trust operates as an intergovernmental agreement under ORS Chapter 190 with participants in the insurance programs. Members control insurance costs by jointly pooling resources to self-insure for property, liability, health, and dental coverage. All of the participants in the Trust are owners of the program. All of the equity, or surplus, belongs to the participants whether they are port districts, fire districts, water districts, etc.

Unlike an insurance company where the profits are distributed to shareholders, SDIS's only objective is to provide reasonable and stable rates and broad coverage to participating Oregon public entities of all kinds and sizes. SDIS now has more than 900 Oregon local government members with annual contributions of over \$75 million.

## FINANCIAL HIGHLIGHTS

Due to increased pressure within the property and liability reinsurance markets as well as our own claims trends, the annual member contributions from the SDIS pooled property casualty program increased 12% resulting in total contributions of \$30.4 million. The self-insured health and dental program had an increase that averaged approximately 8%. Annual premium volumes for the medical programs are \$35 million for the core program and \$15 million for OFCA.

The liability program continues to see an increased trend in claims expenses with claims totaling \$10.5 million, slightly down from last year. The workers compensation program is in claims run-out at this time and did have a decent reduction in losses due to some favorable outcomes in claims. The property program was well below budget with \$1.7 million in losses. The core health program losses were below budget at 85% while the OFCA programs was also below budget at 96%.

While the liability program had claims higher than budget this was offset by the below budget claims in both health programs resulting in the pooled programs having an operating net income of \$3.5 million. The investment portfolio exceeded benchmarks for the fiscal year with \$9.2 million in earnings. Overall, the SDIS programs added \$12 million to retained earnings bringing the total balance to \$75 million. Of this balance \$35 million is from the combined health programs and the remaining \$39 million from the property casualty and workers compensation programs.

Total assets increased by \$12.2 million, or 10%, while liabilities were flat. Net position increased \$12.2 million to \$75 million. SDIS continues to succeed with a very strong member base and retained earnings. The retained earnings balance is within our actuaries modeling ranges that are provided to the Trust on a regular basis.

## REPORTING AUTHORITIES

The Statement of Net Position (Figure 1) and the Statement of Revenues, Expenses, and Changes in Net Position (Figure 2) report information about SDIS as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The difference between assets (what SDIS owns) and liabilities (what SDIS owes) is the net assets which is one way to measure SDIS's financial health, or financial position. (See Figure 7 for additional detail by program.)

Combined statements are provided with the supplementary information and reflect financial information separated by the specific program to which it relates. The accounting processes are organized so that each program can be accounted for and evaluated independently.

SDIS is governed by a seven-member board of trustees and operates under a declaration of trust. The board of trustees is responsible for protecting and managing funds related to the insurance programs and developing arrangements and strategies necessary to implement the programs. Trustees are elected by the Trust Board after consideration from the Trust's nominating committee, comprised of three trustees. A mailing to the membership is done whenever there is a vacancy on the Trust Board.

## STATEMENT OF NET POSITION

FOR THE FISCAL YEARS ENDED **JUNE 30, 2025 AND 2024**

**Figure 1**

	2025	2024
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 9,341,278	\$ 7,275,121
Accounts receivable	2,752,081	1,729,224
Accrued interest	101,294	98,186
Prepaid expenses	7,055,309	6,515,918
Investments - current portion	48,796,609	43,208,008
Total Current Assets	68,046,571	58,826,457
Non-Current Assets		
Restricted investments	5,000,000	5,000,000
Investments	50,028,219	47,487,018
Fixed assets (net)	3,419,532	2,882,172
Total Non-Current Assets	58,447,751	55,369,190
<b>Total Assets</b>	<b>\$ 126,494,322</b>	<b>\$ 114,195,647</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 1,851,188	\$ 2,934,649
Deferred revenue	17,918,666	15,417,101
Claims payable - current portion	13,236,000	17,420,000
Total Current Liabilities	33,005,854	35,771,750
Non-Current Liabilities		
Claims payable	18,436,763	15,673,550
Total Non-Current Liabilities	18,436,763	15,673,550
<b>Total Liabilities</b>	<b>51,442,617</b>	<b>51,445,300</b>
<b>Net Position</b>		
Net invested in capital assets	3,419,532	2,882,172
Restricted per Work Comp Laws	5,000,000	5,000,000
Unrestricted	66,632,174	54,868,176
<b>Total Net Position</b>	<b>75,051,705</b>	<b>62,750,348</b>

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

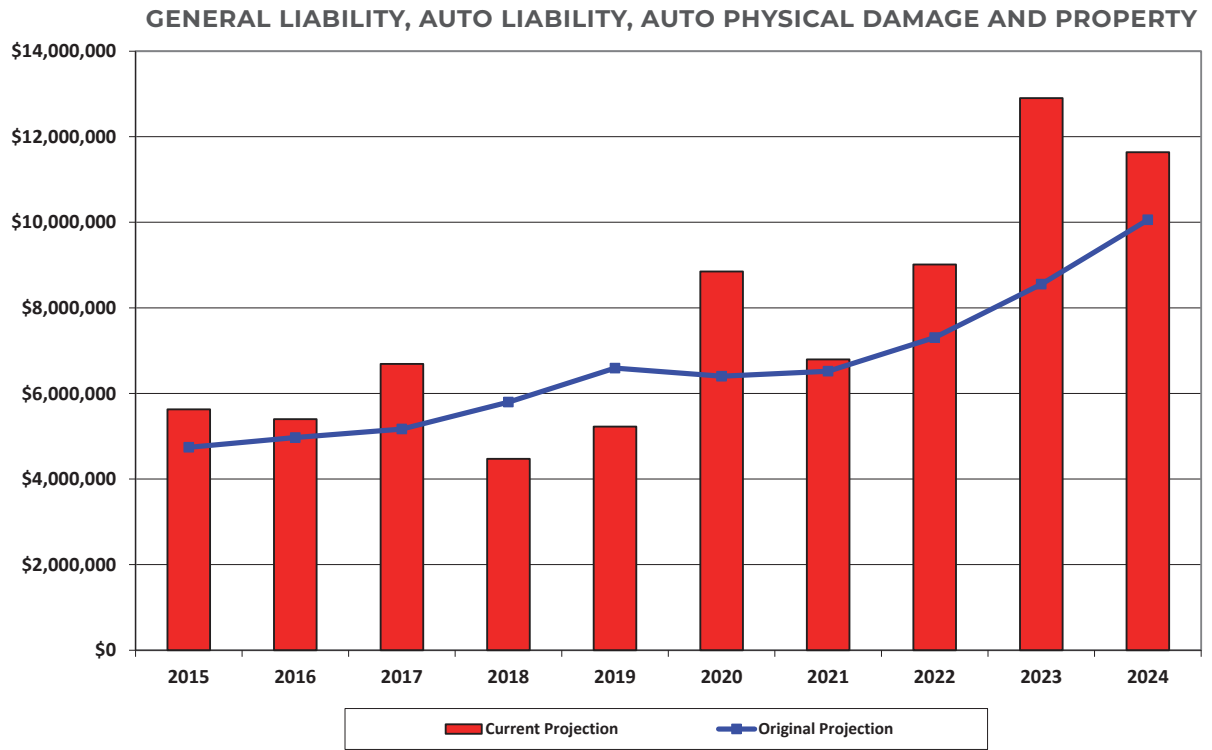
FOR THE FISCAL YEARS ENDED **JUNE 30, 2025 AND 2024**

**Figure 2**

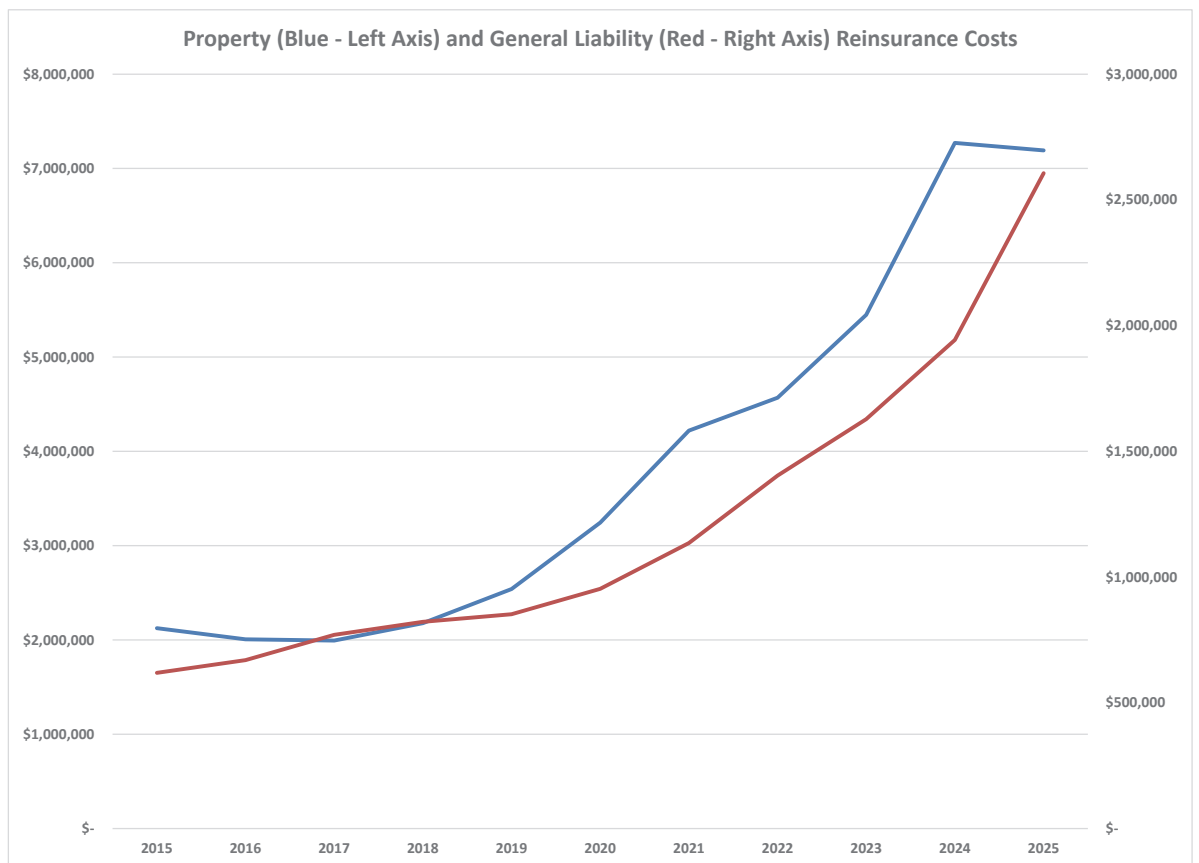
	2025	2024
<b>Operating Revenues</b>		
Member contributions	\$ 80,888,924	\$ 73,589,875
Miscellaneous income	2,700	4,540
<b>Total Operating Revenues</b>	80,891,624	73,594,415
<b>Operating Expenses</b>		
Underwriting Expenses:		
Loss and loss adjustment expenses	\$50,219,918	\$52,751,321
Insurance premiums	15,123,247	13,479,383
Broker fees	483,280	477,000
Local agent commissions	3,948,916	3,645,897
Other Operating Expenses:		
Conference and training	267,833	218,951
Claims Service Expenses	2,851,762	3,187,140
Dividends	-	300
SDAO Sponsorship	457,000	419,463
Other operating expenses	4,480,742	4,637,234
<b>Total Operating Expenses</b>	\$77,832,697	\$78,816,689
<b>Net Operating Income (Loss)</b>	3,058,925	(5,222,274)
<b>Non-Operating Revenues (Expenses)</b>		
Investment income	9,317,798	8,704,602
Rental revenues	343,600	341,212
Rental expense	(418,966)	(399,795)
<b>Total Non-Operating Income (Loss)</b>	9,242,433	8,646,019
<b>Change in Net Position</b>	12,301,358	3,423,744
<b>Net Position, Beginning</b>	62,750,347	59,326,603
<b>Net Position, Ending</b>	\$ 75,051,705	\$ 62,750,347

Figure 3 and Figure 4 (below) provide a history of losses and reinsurance costs for the self-insured liability and property programs. In figure 3 the lines reflect the actuary's original estimate of losses for each policy year. These estimates were made prior to the policy period and is used for our budgeting/ pricing models. The bars reflect the current estimate for each respective policy period. As shown, the programs' losses have increased significantly the last couple years resulting in the actuary increasing their projections as well. Figure 4 shows reinsurance costs increasing significantly for both the property and general liability lines of coverage. Property has increase 285% over the last five (5) years while liability has increased 90% over that same time period.

**Figure 3**



**Figure 4**



The below chart (Figure 5) displays the gradual growth of total assets, retained earnings, and member contributions since 2008. Total liabilities and net losses have also grown over the same time period. For a self-insured pool this shows great stability in the program. This stability allows the program to expand services to the members as well as take on additional self-insured risk by increasing the retentions over time.

Figure 5 also incorporates the self-insured health program. This addition is reflected in the increase in member contributions and net losses between the 2013-2018 years. However, the stability in total assets, total liabilities, and retained earnings is still very evident.

**Figure 5**

**STABILITY IN POOL MEMBER REVENUES, ASSETS, LIABILITIES, AND RETAINED EARNINGS**

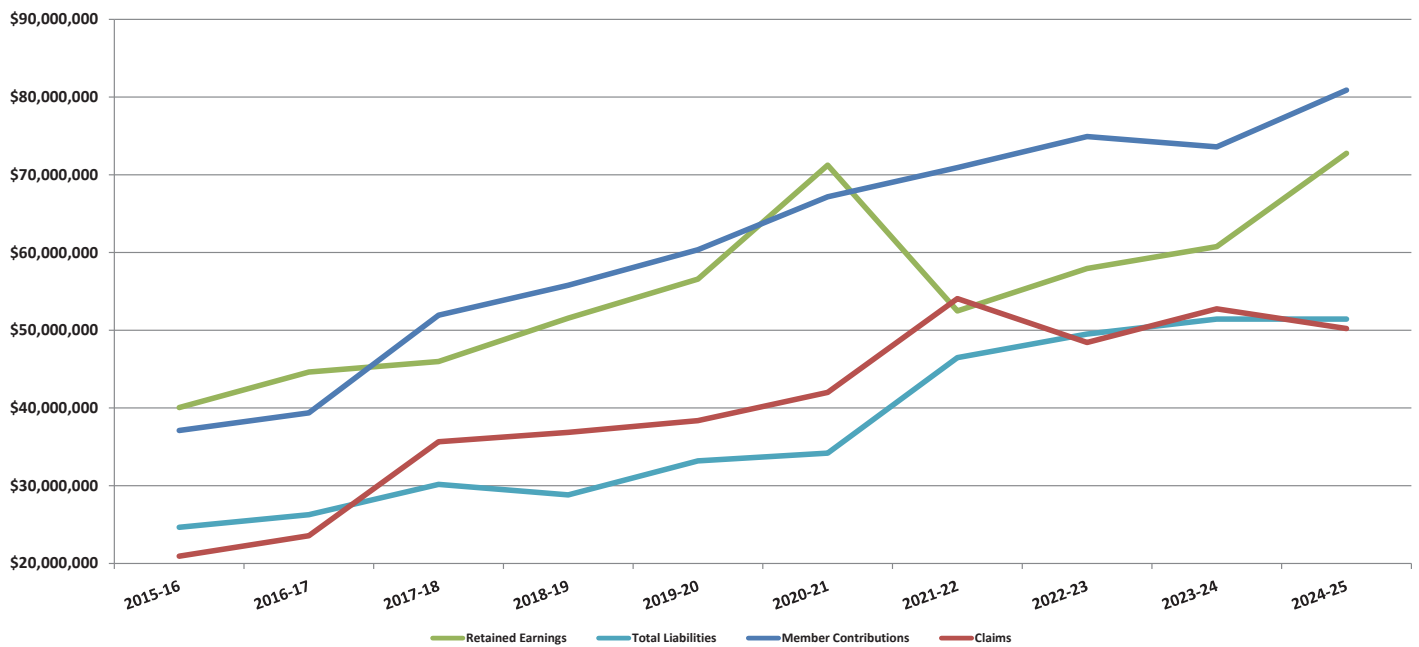


Figure 5 (below) shows the claims liabilities for the self-insured program as of June 30, 2023 and 2024. Noted in the third line “Changes in provision for insured events or prior fiscal years”, the pooled programs experienced a favorable adjustment to prior policy period claims this year.

**Figure 6**

**Special Districts Insurance Services Trust  
Reconciliation Of Claim Liabilities By Program  
For the Fiscal Years Ended June 30, 2025, and 2024**

Liability	Property			Workers' Compensation			Health			Health - OFCA			Totals		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$18,650,087	\$14,798,108	\$1,765,177	\$1,765,177	\$2,194,606	\$8,608,287	\$12,444,553	\$2,506,000	\$1,315,000	\$964,000	\$33,093,551	\$32,907,267			
Incurring claims and claim adjustment expenses:															
Provision for insured events of the current fiscal year	9,872,244	10,396,100	1,733,258	2,956,326	0	0	0	28,063,526	26,748,434	12,731,696	12,413,023	52,400,723	52,513,883		
Changes in provision for insured events of prior fiscal years	581,707	909,234	58,211	(294,175)	(919,855)	132,802	(236,413)	(1,524,522)	(376,347)	(274,011)	(2,180,805)	237,437			
Total incurred claims and claim adjustment expenses	10,453,951	11,305,334	1,791,469	2,662,151	(919,855)	132,802	(236,413)	26,539,004	26,512,021	12,355,349	12,139,012	50,219,917	52,751,320		
Payments:															
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,052,728	4,313,124	1,263,737	2,705,755	0	0	0	27,652,630	25,643,934	12,786,241	12,645,751	44,755,336	45,308,564		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	4,930,506	3,140,231	528,634	385,825	2,648,742	3,969,069	(876,626)	619,087	(345,892)	(857,739)	6,885,364	7,256,473			
Total payments	7,983,235	7,453,355	1,792,371	3,091,580	2,648,742	3,969,069	(876,626)	26,271,717	26,298,826	11,938,482	11,788,012	51,640,700	52,565,037		
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$21,120,803	\$18,650,087	\$1,764,275	\$1,765,177	\$5,039,690	\$8,608,287	\$2,755,000	\$2,518,000	\$1,230,000	\$1,315,000	\$31,672,768	\$33,093,551			

## Figure 7

### Special Districts Insurance Services Trust Statement of Revenues, Expenses, and Changes in Net Position by Program Fiscal Year Ending June 30, 2025

	Liability	Property	Workers' Compensation	Health	Health OFCA	Schools	Total
<b>REVENUES:</b>							
Member contributions	17,579,697	12,860,267	(103,235)	35,545,986	15,006,209	-	80,888,924
Conference and seminars	-	-	-	-	-	-	0
Miscellaneous income	2,700	-	-	-	-	-	2,700
<b>Total Revenues</b>	<b>17,582,398</b>	<b>12,860,267</b>	<b>(103,235)</b>	<b>35,545,986</b>	<b>15,006,209</b>	<b>0</b>	<b>80,891,624</b>
<b>EXPENSES:</b>							
Underwriting Expenses:							
Loss and loss adjustment expense	10,453,951	1,791,469	(919,855)	26,539,004	12,355,349	-	50,219,918
Insurance premiums	3,384,746	7,230,706	0	3,348,139	1,159,656	-	15,123,247
Broker fees	127,531	145,749	0	168,000	42,000	-	483,280
Local agent commissions	1,758,318	1,364,430	0	609,098	217,069	-	3,948,916
Workers' comp fees	-	-	1,242	-	-	-	1,242
Operating Expenses:							
Conference and Training	267,833	-	-	-	-	-	267,833
Claims Services Fees	749,501	265,500	324,500	1,078,045	434,216	-	2,851,762
Other operating expenses	2,711,508	999,234	95,601	361,591	311,567	-	4,479,501
<b>Total Expenses</b>	<b>19,453,387</b>	<b>11,797,088</b>	<b>(498,513)</b>	<b>32,103,879</b>	<b>14,519,857</b>	<b>0</b>	<b>77,375,698</b>
Operating Income (Loss)	(1,870,990)	1,063,179	395,278	3,442,107	486,352	-	3,515,926
<b>Non-Operating Revenues (Expenses)</b>							
Investment Income	4,342,575	598,732	1,365,945	1,719,916	1,010,110	280,520	9,317,798
Rental Revenues	343,600	-	-	-	-	-	343,600
Rental Expenses	(418,966)	-	-	-	-	-	(418,966)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4,267,208</b>	<b>598,732</b>	<b>1,365,945</b>	<b>1,719,916</b>	<b>1,010,110</b>	<b>280,520</b>	<b>9,242,432</b>
Income (Loss) Before Transfers	2,396,219	1,661,911	1,761,223	5,162,024	1,496,462	280,520	12,758,358
<b>Transfers In (Out)</b>	<b>(121,943)</b>	<b>(89,206)</b>	<b>716</b>	<b>(246,567)</b>	<b>-</b>	<b>-</b>	<b>(457,000)</b>
Change in Net Assets	2,274,276	1,572,705	1,761,939	4,915,457	1,496,462	280,520	12,301,358
Net Assets, Beginning	21,482,531	7,196,121	3,065,436	19,328,455	9,678,702	1,999,102	62,750,347
Transfer of Equity, Longevity Credit	-	-	-	-	-	-	0
<b>Net Assets, Ending</b>	<b>23,756,807</b>	<b>8,768,826</b>	<b>4,827,375</b>	<b>24,243,912</b>	<b>11,175,164</b>	<b>2,279,622</b>	<b>75,051,705</b>



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