



March 3, 2022

Dear Tubac Fire District:

I am writing you as a follow-up to a meeting of the Securis board of directors that took place on February 16, 2022. A primary purpose of the meeting was to discuss COVID and presumptive cancer claims and their financial implications for Securis and its members. Before I get to the specifics, allow me to briefly recap some history.

In early 2020, Arizona State Sen. Paul Boyer introduced a bill expanding workers' compensation coverage for first responder cancers—so-called “presumptive cancer” legislation. Considering the prospects of this bill's passage, one of the two primary fire district workers' comp insurers, CopperPoint, announced that it would be exiting the fire district market altogether. The other, 7710, projected a dramatic rate increase.

Though Sen. Boyer's bill did not pass in 2020, it was clear that it had substantial support and would be introduced again in 2021. Having seen the potential impact of this on the insurance marketplace, a number of fire districts came together to form Securis, a workers' compensation insurance pool exclusively serving Arizona fire districts. Securis was designed to ensure that fire districts had a much stronger voice in their own workers' compensation insurance program, along with a firefighter-friendly claims adjudication process.

The pool began operating on July 1, 2020, just as COVID was hitting an early-pandemic peak in Arizona. Twenty months later, we're still dealing with this challenge (as you know well). Then, during 2021, Sen. Boyer's presumptive cancer bill became law, providing better protection for firefighters but also adding significantly to Securis's financial liabilities.

All of this brings us back to the February 16 board meeting. At the meeting, the board tentatively approved a rate increase of 105%—that is, slightly more than a doubling of current rates—for the 2022/2023 policy year. (This is an average; some members will pay more, some less.) The final rate approval will occur in March, once updated financial and claims data becomes available.

The board also discussed but has not yet approved a possible member assessment of \$3.7 million. Final agreement on an assessment amount will occur in August or September. (The rate increase and assessment will be based on up-to-date analysis from an independent actuary retained by the board.)



Because Securis members are already working on budgets for next year, we are providing you with a rough estimate of your district's expected 2022/2023 contribution and assessment:

- Estimated 2022/2023 contribution amount: \$148,454.00
- Estimated 2022/2023 assessment amount: \$47,321.00

**Please note that these numbers are not final.** They are subject to actuarial updates and further decisions by the board, which will occur according to the timetable given above. **The final numbers could be higher, lower, or unchanged.**

Wherever the numbers end up, the dollar amounts being considered for the pool as a whole are, unfortunately, substantial. I noted the reason for this above: COVID and presumptive cancer claims. COVID—including two death claims this year—is estimated to cost the pool \$6.5 million through 2024/2025. Presumptive cancer claims are expected to run around \$4 million per year for the foreseeable future.

We realize that these costs will not be borne easily by our members. We are working on a number of fronts, however, to try to mitigate their impact.

First, we teamed with Arizona Fire and Medical Authority and a number of our other members to seek federal grant funding for firefighter cancer screenings. We are expecting a decision later this year.

Second, on behalf of our members, we requested federal ARPA funding to cover Securis's COVID liabilities. Again, we expect a determination later in 2022.

Finally, Securis is part of a government relations effort to help address fire district funding issues.

While we are hopeful, there are of course no guarantees that any of these efforts will bear fruit. We encourage our members, therefore, to plan as if the rate increase and assessment will not be mitigated by outside support.

We understand that all of this is unwelcome news. I can provide you a few assurances, however. First, this is not a "Securis problem"—all first responder workers' compensation insurers are having to manage the impact of COVID and presumptive cancer claims (though not all have leaned into coverage on COVID, as Securis has). Second, the Securis board, which is made up of Securis fire district administrators and chiefs, has worked hard to balance the interests of our members against the funding



requirements necessary to satisfy the Industrial Commission and the Department of Insurance. Third, rate increases and any assessment will be shared fairly among Securis members based on member contributions and payroll. Finally, Securis will continue our efforts to find alternate sources of funding to help mitigate expected claim costs going forward.

Thank you for your continued membership in Securis. If you have questions about the foregoing, please feel free to contact me directly using the information below.

Sincerely,

John H. Ashton, CPCU, ARM  
Executive Director

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