

Board of Education: Crete-Monee School District 201-U

Committee of the Whole Meeting – February 12, 2019

Resolution Notifying the Collective Liability Insurance Cooperative (CLIC) of Intent to Withdraw

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The Issue:

Since July 2009, the district has used the Collective Liability Insurance Cooperative (CLIC) to provide Property, Casualty, School Board Legal Liability and Workers Compensation Insurance. Over 10 years, the following premiums have been paid to CLIC:

Fiscal Year	Amount Paid to CLIC
2009-10	\$203,808
2010-11	\$395,243
2011-12	\$360,228
2012-13	\$388,988
2013-14	\$580,573
2014-15	\$739,648
2015-16	\$649,392
2016-17	\$544,693
2017-18	\$626,756
2018-19	\$658,873
Total Paid:	\$ 5,148,202

Arthur J. Gallagher & Co. manages and administers the cooperative and holds all premiums for distribution to insurance companies for coverages. Of the 850 school districts in Illinois, there are approximately 150 school districts in CLIC.

Because of having the same vendor for the past 10 years and the large amount of money spent in this area, I think it would be best to publish a Request for Qualifications (RFQ) for an insurance broker to market our insurance needs to various companies to obtain the best deal for our District.

However, because of the bylaws of CLIC, there are strict guidelines and procedures that must be followed in order to dissolve our relationship with CLIC. According the Article 11.1 of the Bylaws, the following terms and conditions need to take place to either withdrawn from CLIC:

- The Member District must provide written notice of the Member District's decision to withdraw ("Notice of Withdrawal") to the Administrator of the Cooperative;
- The Notice of Withdrawal must be delivered to the Administrator or Chair not less than one hundred twenty (120) days prior to the last day of the then current Fiscal Year, or else the Notice of Withdrawal shall have no effect;

- The Member District must attach to the Notice of Withdrawal a true and correct copy of the written resolution or written motion adopted by the governing body of the Member District authorizing the Notice of Withdrawal;
- The Member District must have participated in the coverages from which it is withdrawing for the minimum period required by the provisions in this Agreement;
- The Notice of Withdrawal must be accepted by the Administrator or the Chair.

Based on these terms and conditions, the Board will need to approve and adopt a Resolution to notify CLIC of the District's intent to withdraw from CLIC. Since the end of our policy is June 30, 2019, the latest this may be done is the end of February.

Justification:

A due diligence process is a way of analyzing a vendor to ensure that we are getting “the best bang for the buck.” With the large amount of money that is spent on Property, casualty and worker’s compensation, it is important to see what options are available to the District.

Board Policy and Past Practices

It is the practice of the Board to investigate, discuss, and decide on actions that could improve the District’s funding.

Strategic Plan:

The recommendation supports Priority #4 of the strategic plan which states that the Board is “to ensure effective, efficient, and equitable use of capital and instructional resources.”

Community Impact:

By allowing the District to complete a due diligence process on property, casualty and worker’s compensation insurance broker, the community is ensured that the District is being fiscally responsible with its funds.

Supporting Data:

The following documents are included for reference:

- Resolution Notifying the Collective Liability Insurance Cooperative (CLIC) of Intent to Withdraw
- Collective Liability Insurance Cooperative (CLIC) Seventh Amended and Restated Intergovernmental Cooperative Agreement
- Collective Liability Insurance Cooperative (CLIC) Seventh Amended and Restated Intergovernmental Cooperative Agreement – Article XI: Withdrawal of a Member District

Financial Impact:

The financial impact is not known at this point, however, this process allows the District the freedom to choose a new vendor, if they wish.

Recommendation:

The administration recommends the approval of the resolution notifying the Collective Liability Insurance Cooperative (CLIC) of its intent to withdraw.