

**TO: Members, Board of Education  
Dr. Carol Kelley, Superintendent of Schools**

**FROM: Mark Sheahan, Interim CSBO**

**RE: Collective Liability Insurance Cooperative**

**DATE: May 20, 2020**

Oak Park District 97 has been a member of the Collective Liability Insurance Cooperative (CLIC) since July 1, 1991. This property and liability insurance cooperative was established during the 1983-1984 with only eight school districts as founding members. Today, the pool now has 185 member school districts, two more than last year.

Coverages through CLIC includes general liability, auto liability and physical damage, property, boiler & machinery insurance, school board legal liability insurance, student accident, cyber liability/identity theft, crisis protection, and pollution liability insurance. The 2019-2020 annual premium was \$217,873 and the proposed 2020-2021 premium is \$258,941, an increase of 18.85%. Attached to this memo is a cost sheet listing the variable and fixed costs that make up the annual program cost. Please note the annual premium cost chart below:

2015-2016	\$256,188
2016-2017	\$232,974
2017-2018	\$211,450
2018-2019	\$203,169
2019-2020	\$217,873
2020-2021	\$258,941

Attached is a memo from Gallagher, the co-op's administrator, explaining why the large increase. The marketplace was unfavorable even before the virus: increase in sexual abuse claims, increased jury awards, increased cyber-attacks and ransomware demands, etc.

The cooperative uses the average loss ratios for the previous five years in the calculation of the 2020-2021 individual renewal rates—see attached. While 2018/19 was a very good year, the district had a large loss ratio in 2017/18 of 552.8%, following the freezing and bursting of pipes in January of 2018 at Lincoln School. On the other hand, our school board legal liability loss ratio has been as good as it can be, with a loss ratio of zero—also attached.

We are exploring additional cyber liability limits at this time, and will update you once a decision has been made by our technology department, which is reviewing existing coverages. Optional coverages are outlined in the attached Gallagher memo.