



Oak Park Elementary School District 97

260 W. Madison ▪ Oak Park ▪ Illinois ▪ 60302 ▪ ph: 708.524.3000 ▪ fax: 708.524.3019 ▪ www.op97.org

TO: Dr. Patricia Wernet, Superintendent of Schools
Board of Education

FROM: Patrick King, Senior Director of Finance

SUBJECT: Collective Liability Insurance Cooperative

DATE: June 8, 2021

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 school year with only eight school districts as founding members. Today, the pool now has 187 member school districts.

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 2020-2021 annual premium was \$258,941 and the proposed 2021-2022 premium is \$330,246, an increase of 27.5%. 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 |
| 2021-2022 | \$330,246 |

Attached is a memo from Gallagher, the co-op's administrator, explaining the large increase is mainly due to the cyber liability premium. Cyber-attacks and ransomware demands are at an all-time high and there have been hundreds of attacks on school districts across the country this past year. CLIC'S cyber carrier rescinded their original renewal terms after the Colonial Pipeline ransomware attack in May 2021 and all 187 member of CLIC saw a substantial increase in cyber premiums due to this.

The cooperative uses the average loss ratios for the previous five years in the calculation of the 2021-2022 individual renewal rates—see attached. While 2018/19 and 2019/20 were very good years, 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. In addition, the 2014/15 year, which had a very favorable experience for the District, rolled off the five year schedule. 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.



Gallagher
2850 Golf Road
Rolling Meadows, IL 60008
Phone: (630) 285-4373 Fax: (630) 285-4062
michael_mchugh@ajg.com

Memo

To: **CLIC MEMBERS**
Date: May 19, 2021
From: Michael J. McHugh, Area Senior Executive Vice President
Byron Given, Area Senior Vice President
Subject: **CLIC ANNUAL MEETING ON MAY 13, 2021**

Dear CLIC Member:

We would like to take this opportunity to thank those of you who were able to attend the CLIC 2021/2022 virtual ON24 Webinar platform on Thursday, May 13, 2021. For those of you whose schedules did not allow you to attend, we have outlined a brief overview of what occurred at the meeting.

You will be receiving two emails within the next few days with the following information:

- **Risk Management Summaries** - Worker's Compensation pricing and loss information was emailed to each school district on Friday afternoon. Due to what is occurring in the Cyber marketplace, we were only recently able to finalize coverage and pricing terms for this line of coverage for each member. Property/Casualty Program Costs & Loss Information will start going out later this afternoon with all members receiving their renewal costs by tomorrow morning. If your district is a member of the Fiduciary Liability Program, that pricing summary will also be included. The CLIC Membership unanimously approved these renewal programs.

For those members who currently participate in the Foreign Liability Program, you will be receiving your proposals and renewal pricing in the coming weeks.

The highlights of the meeting were as follows:

- **CLIC Executive Committee Election** – The following CLIC Executive Committee members were re-elected for a 3-year term from July 1, 2021 to June 30, 2024:
 - Sean Carney, Stevenson High School District #125
 - Jennifer Hermes, Lake Forest Community High School District #115
 - Mr. Chris Johnson, New Trier Township High School District #203
- **2021/2022 Property/Casualty Renewal Presentation** – Michael McHugh and Byron Given from Gallagher, reviewed the CLIC renewal programs:
 - Property/Casualty marketplace is currently in the midst of a "Hard Market"

- Most dynamic Property Market since 2001 (i.e. after 9/11)
- Weather related loss events continue to rise
- Some insurers unwilling to cover major school exposures (sexual abuse, Traumatic Brain Injury). CLIC continues to have both coverages.
- Increased Litigation & Jury Awards (Social Inflation) = Liability Rate increases

- As outlined at the December Midyear meeting, the Cyber Liability market continues to harden by the day. Carriers are requiring more safety measures be in place by insureds. Minimal requirements are as follows:
 - Training for Ransomware
 - Phishing Training
 - MFA Requirements
 - Backup of records in place

Without these basic minimum requirements in place, carriers are reducing limits and raising deductibles for insureds.

Cyber-attacks are at an all-time high with Public Entities especially vulnerable. Ransomware demands have increased exponentially. Turn on the TV or pick up a newspaper and you will find a story or article outlining the latest entity to be hit with a Ransomware request.

CLIC's Cyber carrier rescinded renewal terms on May 11, 2011 due to CLIC member's lack of security measures in place and market conditions (ex. Colonial Pipeline Ransomware request). All market options, international & domestic has been exhausted except for one. Gallagher continues to finalize Cyber pricing for all members and will send coverage and pricing information the coming days. In addition, Loss Control by Secure Halo is available for no charge to each CLIC member.

- Despite unfavorable market conditions, Package premium & Loss Fund renewals saw only a single digit increase
- Excess Property received a very competitive renewal – rate remains under 2 cents per \$100 in value
- Excess Liability market remains difficult due to Social Inflation, Auto claims and School Board Legal claims. CLIC's 2021 renewal is very competitive.
- Pollution premium saw a slight rate increase. With property values increasing and claims activity (2016-current = \$800,000), the renewal is competitive.
- The Gallagher team negotiated a rate decrease of 7% on Student Accident coverage and negotiated a two-year rate guarantee.
- Boiler & Machinery insurer, Chubb, also offered a two-year rate guarantee.
- On the School Board Legal Liability, due to Social Inflation, the member's deductibles have increased by \$5,000. The Pool Retention has also increased by \$50,000. This allows CLIC to assume more risk. The Loss Fund

has increased due to claim development in prior claim years (2015-2018) before the CLIC Legal Panel Reboot. This increase will reduce the chance of erosion. In regards to the reboot, QBE has informed us that CLIC's average litigation costs have dropped by over 45% during the past 2 years.

- Debit/Credit system remains at 20% for 2021/2022

- **2021/2022 Workers Compensation Renewal Presentation**

- Workers Compensation Program
 - NCCI Rates are up 2.5% over last year
 - Debit/Credit system remains at 25% for 2021/2022
 - As of 12/31/20, estimated surplus for the Workers' Compensation program stands at \$19,538,606
 - High/Low Program – the 10% supplemental Loss Fund contribution to members with a 5-Year loss ratio more than 100% will continue for 2021/2022
 - Twelve members in the 2018/19 High/Low program with improved loss ratios as of 12/31/20 will get a return of their 2018/19 supplemental loss fund contributions ranging from 50% to 100% return.
 - One other market was approached for a quote but was not competitive with the current terms
 - Safety National, CLIC's incumbent carrier provided a very competitive renewal for both premium and loss fund.

- **Other Coverages Available for CLIC Members**

Other optional coverages that are available to the CLIC members are outlined below. If you would like any additional information, please contact Tyler MacKenzie at (630) 694-5165.

- Fiduciary Liability
- Foreign Liability – If your district sponsors trips to foreign countries
- Laptop Program – ONE2ONE Risk Solutions
- Builders Risk Policies – Needed for New Construction/Renovation work
- CLIC Appraisal Program – Industrial Appraisal Company
- Educational Foundations
- PTO Crime Policies
- Special Event Policies
- Bonds – Treasurers/Life Safety/Working Cash
- Additional Cyber Liability Limits

- **As a reminder, please make sure to report any Cyber and/or School Board Legal Liability claims/incidents by June 30, 2021.**

Invoices – Will be sent to the members at the end of the month. Please watch for them via email as we are currently still working remotely. Premiums are due **by July 31, 2021.**

Finally, our next CLIC Full Membership meeting is scheduled for Wednesday, December 1, 2021 at Chevy Chase Country Club, Wheeling, Illinois. Please mark your calendars, so that your District can be represented.

If you should have any questions, please do not hesitate to call.



Collective Liability Insurance Cooperative

July 1, 2021 to July 1, 2022

Property/Casualty/Student Accident Program

INVOICE

School District: Oak Park School District #97

DUE BY: July 31, 2021

| Effective Date | Policy # | Company | Description | Annual Premium |
|--------------------------------|--|---|---------------------------------------|------------------|
| July 1, 2021 | CLICCR2021; CLICGL2021; CLICAL2021; | CLIC / Great American Insurance Company | Package Policy | \$10,131 |
| July 1, 2021 | CLICPR2021 | CLIC / Travelers Insurance Company | Property (\$625,000,000 limit) | \$60,286 |
| July 1, 2021 | 76401709 | Chubb Insurance Group | Boiler & Machinery | \$5,683 |
| July 1, 2021 | CLICSBL2021 | CLIC / QBE Insurance Corporation | School Board Legal Liability | \$19,832 |
| July 1, 2021 | CLICXS2021 | CLIC Old Republic / CLIC Brit-Markel / CLIC Old Republic-American Hallmark-Genesis/ CLIC Everest/ CLIC Great American | Excess Liability (\$36,000,000 limit) | \$25,892 |
| July 1, 2021 | 13379921 | Gerber Life Insurance Co. | Student Accident – Mandatory | \$25,110 |
| July 1, 2021 | 1306000221 | Gerber Life Insurance Co. | Student Accident – Catastrophic | \$6,200 |
| July 1, 2021 | TBD | BCS/Lloyd's of London | Cyber Liability – (\$2,000,000 limit) | \$41,416 |
| July 1, 2021 | 001063508 | Ironshore Specialty Ins. Co. | Pollution Liability | \$3,894 |
| July 1, 2021 | B1262FC0228321 | Lloyd's of London | Gallagher Crisis Protect (GCP) | \$1,735 |
| July 1, 2021 | N/A | Arthur J. Gallagher | Risk Management Services Fee | \$11,938 |
| July 1, 2021 | N/A | Gallagher Bassett Services | Claims Administration Fee | \$3,193 |
| July 1, 2021 | N/A | Gallagher Bassett Services | Loss Control Services | \$995 |
| July 1, 2021 | N/A | CLIC | CLIC Program Management Operating Fee | N/A |
| July 1, 2021 | N/A | CLIC | Loss Fund – Package | \$105,229 |
| July 1, 2021 | N/A | CLIC | Loss Fund – School Board Legal | \$8,713 |
| TOTAL PROGRAM COSTS DUE | | | | \$330,246 |

PLEASE MAKE YOUR CHECK PAYABLE TO CLIC AND REMIT IT TO:
ISDLAF PLUS – COLLECTIVE LIABILITY INSURANCE COOP
36496 TREASURY CENTER
CHICAGO, IL 60694-6400

IF YOU WOULD LIKE TO SEND YOUR PAYMENT BY WIRE TRANSFER:
BANK NAME: BMO HARRIS BANK NA
ABA ROUTING #071000288
ACCOUNT TITLE: ILLINOIS SCHOOL DISTRICT LIQUID ASSET FUND PLUS
ACCOUNT #: 2972503
FURTHER CREDIT: COLLECTIVE LIABILITY INSURANCE COOPERATIVE
ACCOUNT 10274-102

In accordance with the CLIC By-Laws, a 6% interest rate will be charged to the School District for any payment received after its due date.

COLLECTIVE LIABILITY INSURANCE COOPERATIVE

2021-2022 PROPERTY/CASUALTY PROGRAM COST COMPARISON

District: Oak Park School District #97

| Fixed Costs | 2020-2021 Expiring | 2021-2022 Proposed |
|---|-----------------------|-----------------------|
| Package (includes General Liability, Auto Liability, Garage Liability, Police Professional/Security Guards, Bullying and Crime) | \$9,133 | \$10,131 |
| Property (including Auto Physical Damage) \$625,000,000 Limit | \$55,339 | \$60,286 |
| Boiler & Machinery | \$5,411 | \$5,683 |
| School Board Legal Liability - \$40,000 Deductible | \$16,922 | \$19,832 |
| Excess Liability \$36M xs \$1M Limit | \$20,659 | \$25,892 |
| Student Accident – Mandatory | \$26,660 | \$25,110 |
| Student Accident – Catastrophic | \$6,200 | \$6,200 |
| Pollution Liability | \$3,602 | \$3,894 |
| Cyber Liability/Identity Theft - \$2,000,000 Limit/\$50,000 Deductible | \$8,169 | \$47,883 |
| Crisis Protect | \$1,755 | \$1,735 |
| Arthur J. Gallagher Risk Management Services Fee | \$11,704 | \$11,938 |
| Gallagher Bassett Services Claims Administration Fee | \$3,400 | \$3,193 |
| Gallagher Bassett Services Loss Control Fee | \$995 | \$995 |
| CLIC Program Management Operating Fee ⁽¹⁾ | N/A | N/A |
| Total Fixed Costs | \$169,950 | \$222,772 |
| % of Change | | 31.08% |

| Variable Costs | 2020-2021 Expiring | 2021-2022 Proposed |
|---|-----------------------|-----------------------|
| Loss Fund – Package (includes actuarial debit/credit) ⁽²⁾ | \$81,843 | \$105,229 |
| Actuarial Debit/Credit – Package | 20.0% | 20.0% |
| Loss Fund – School Board Legal Liability (includes actuarial debit/credit) ⁽²⁾ | \$7,148 | \$8,713 |
| Actuarial Debit/Credit – School Board Legal Liability | -13.0% | -10.0% |
| Total Program Contribution on a Maximum Cost Basis | \$258,941 | \$336,714 |
| % of Change | | 30.03% |

| | |
|--|------------------|
| Total Program Costs Due for July 1, 2021-2022 | \$336,714 |
|--|------------------|

| Statistical Information | 2020-2021 Expiring | 2021-2022 Proposed | % Change |
|--|--------------------|--------------------|----------|
| Total Insurable Values (Includes Vehicles) | \$300,753,829 | \$309,157,488 | 2.79% |
| Students | 6,200 | 6,200 | 0.00% |
| Vehicles | 10 | 10 | 0.00% |

⁽¹⁾ The CLIC Property/Casualty Program Management Operating Fee is allocated to each member by the CLIC treasurer. This fee is solely used to pay for those expenses such as the Treasurer Services, Legal Services, Publication of Safe Schools Newsletter, Appraisal Cost, Audit Expenses, D&O Insurance, Actuarial Expenses and Meeting Expenses that are needed to operate the pools operations. In the past, the cooperative has utilized loss fund interest earnings to pay for those expenses. Due to the lack of interest income to cover the cooperatives expenses, a slight fee must be allocated to each member. The CLIC Executive Committee concurred that beginning with the 2014/2015 renewal a Program Management Operating Fee will be instituted only on the Property/Casualty Program. The fee will be based upon the minimum fee of \$552 per district with a rate per student charge. The maximum amount a member district could pay is \$5,980. For Fiscal Year 2021-2022, the CLIC Executive Committee has elected to continue the suspension of this charge per the treasurer's recommendation due to sufficient interest earnings to cover these costs.

⁽²⁾ Actuarial Debit/Credit is provided by independent audit firm Milliman, Inc. based on each district's loss experience for the past 5 years, not including the current year.

Collective Liability Insurance Cooperative

Individual Member Property/Casualty Loss Ratio

As of December 31, 2020

Member: Oak Park School District #97

| Policy Term | Total Paid & Reserved Losses within CLIC's Retention | CLIC Loss Fund Collected | Loss Ratio |
|--------------|--|-----------------------------|---------------|
| 2015/16 | \$30,176 | \$107,492 | 28.1% |
| 2016/17 | \$32,761 | \$84,138 | 38.9% |
| 2017/18 | \$374,811 | \$67,806 | 552.8% |
| 2018/19 | \$3,722 | \$54,069 | 6.9% |
| 2019/20 | \$5,004 | \$64,610 | 7.7% |
| Total | \$446,474 | \$378,115 | 118.1% |

Please note the above figures do not contain any trending or development factors that are known to increase open claims.

Five years loss data, valued as of 12/31/20, was utilized in the calculation of the 2021/2022 Debit/Credit Allocations.

PYRAMID LEVEL : SCHOOL DISTRICT

PYRAMID UNIT : 0970 OAK PARK SD #97

LOSS PROGRAM : 02 AJG CO. PROGRAM

REPORT DESCR : ONE PAGE SUMMARY OF LOSS INFORMATION BY CLAIM PERIOD.

| CLM PER | BEGIN DATE | ENDING DATE | CLOSED CLAIMS | OPEN CLAIMS | TOTAL CLAIMS | NET PAYMENTS | REMAINING RESERVE | TOTAL EXPERIENCE | LESS: SPEC. EXCESS LOSS | AGGREGATE LOSSES |
|-------------|---------------|----------------|------------------|----------------|-----------------|-----------------|----------------------|---------------------|----------------------------|---------------------|
| 16 | 01Jul19 | 01Jul20 | 3 | 0 | 3 | 5004 | 0 | 5004 | 0 | 5004 |
| 15 | 01Jul18 | 01Jul19 | 5 | 0 | 5 | 3722 | 0 | 3722 | 0 | 3722 |
| 14 | 01Jul17 | 01Jul18 | 4 | 0 | 4 | 374811 | 0 | 374811 | 0 | 374811 |
| 13 | 01Jul16 | 01Jul17 | 3 | 0 | 3 | 32761 | 0 | 32761 | 0 | 32761 |
| 12 | 01Jul15 | 01Jul16 | 5 | 0 | 5 | 30176 | 0 | 30176 | 0 | 30176 |
| 10 | 01Jul13 | 01Jul14 | 2 | 0 | 2 | 51327 | 0 | 51327 | 0 | 51327 |
| 09 | 01Jul12 | 01Jul13 | 1 | 0 | 1 | 1040 | 0 | 1040 | 0 | 1040 |
| 08 | 01Jul11 | 01Jul12 | 4 | 0 | 4 | 32856 | 0 | 32856 | 0 | 32856 |
| 07 | 01Jul10 | 01Jul11 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 06 | 01Jul09 | 01Jul10 | 3 | 0 | 3 | 220 | 0 | 220 | 0 | 220 |
| 05 | 01Jul08 | 01Jul09 | 13 | 0 | 13 | 25843 | 0 | 25843 | 0 | 25843 |
| 04 | 01Jul07 | 01Jul08 | 15 | 0 | 15 | 399096 | 0 | 399096 | 0 | 399096 |
| 03 | 01Jul06 | 01Jul07 | 3 | 0 | 3 | 5423 | 0 | 5423 | 0 | 5423 |
| 02 | 01Jul05 | 01Jul06 | 4 | 0 | 4 | 12431 | 0 | 12431 | 0 | 12431 |
| 01 | 01Jul04 | 01Jul05 | 12 | 0 | 12 | 44924 | 0 | 44924 | 0 | 44924 |
| T O T A L S | | | 78 | 0 | 78 | 1019634 | 0 | 1019634 | 0 | 1019634 |



Collective Liability Insurance Cooperative

Individual Member School Board Legal Liability Loss Ratio

As of December 31, 2020

Member: OAK PARK SCHOOL DISTRICT #97

| Policy Term | Total Paid & Reserved Losses within CLIC's Retention | CLIC Loss Fund Collected | Loss Ratio |
|--------------|--|-----------------------------|------------|
| 2015/16 | \$0 | \$9,952 | 0% |
| 2016/17 | \$0 | \$11,045 | 0% |
| 2017/18 | \$0 | \$10,659 | 0% |
| 2018/19 | \$0 | \$11,991 | 0% |
| 2019/20 | \$0 | \$9,787 | 0% |
| TOTAL | \$0 | \$53,434 | 0% |

Please note the above figures do not contain any trending or development factors that are known to increase open claims.

Five years of loss data valued as of 12/31/20 was utilized to calculate the 2021/2022 Debit/Credit Allocations.