



Oak Park Elementary School District 97

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

FROM: Laurie Campbell, Assistant Superintendent for Human Resources

RE: Collective Liability Insurance Cooperative

DATE: May 28, 2019

Oak Park District 97 has been a member of CLIC (Collective Liability Insurance Cooperative) 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 183 member school districts. Coverage through CLIC includes general liability, auto liability and physical damage, property, boiler and machinery insurance, school board legal liability insurance, student accident, cyber liability/identity theft, crisis protection, and pollution liability insurance. The 2018-19 annual premium was \$203,169 and the proposed 2019-20 premium is \$217,873, which represents an increase of \$14,704 or of 7.24%. Attached to this memo is a cost sheet listing the variable rates and the fixed costs that make up the annual cost. Please note the annual premium cost chart below:

2015-16	=	\$256,188
2016-17	=	\$232,974
2017-18	=	\$211,450
2018-19	=	\$203,169
2019-20	=	\$217,873

This year's cost increase is based on a large loss ratio of 553.8% in 2018-2019 for District 97. The claim causing the large ratio was made to the property/casualty insurance following the freezing of pipes and their subsequent burst in January of 2018 at Lincoln. This claim was for over \$300,000. When calculating renewal rates, the cooperative uses the average loss ratios for the previous five years. Attached to this memo are the loss ratios used in the calculation of the 2018-2019 program costs.

COLLECTIVE LIABILITY INSURANCE COOPERATIVE
2019-2020 PROPERTY/CASUALTY
PROGRAM COST COMPARISON

District: Oak Park School District #97

Fixed Costs	2018-2019 Expiring	2019-2020 Proposed
Package (includes General Liability, Auto Liability, Garage Liability, Police Professional/Security Guards, Bullying and Crime)	\$8,365	\$8,394
Property (including Auto Physical Damage) \$900,000,000	\$37,113	\$43,078
Boiler & Machinery	\$4,556	\$4,902
School Board Legal Liability - \$50,000 Deductible	\$10,228	\$10,841
Excess Liability \$49M xs \$1M	\$18,971	\$19,214
Student Accident – Mandatory	\$27,170	\$26,660
Student Accident – Catastrophic	\$6,175	\$6,200
Pollution Liability	\$3,144	\$3,441
Cyber Liability/Identity Theft	\$3,149	\$3,142
Crisis Protect	N/A	\$1,755
Arthur J. Gallagher Risk Management Services Fee	\$11,238	\$11,463
Gallagher Bassett Services Claims Administration Fee	\$3,192	\$3,390
Gallagher Bassett Services Loss Control Fee	\$995	\$995
CLIC Program Management Operating Fee ⁽¹⁾	\$2,814	\$0
Total Fixed Costs	\$137,109	\$143,476
% of Change		4.64%

Variable Costs	2018-2019 Expiring	2019-2020 Proposed
Loss Fund – Package (includes actuarial debit/credit) ⁽²⁾	\$54,069	64,610
Actuarial Debit/Credit – Package	-19.6%	20.0%
Loss Fund – School Board Legal Liability (includes actuarial debit/credit) ⁽²⁾	\$11,991	9,787
Actuarial Debit/Credit – School Board Legal Liability	-17.9%	-16.4%
Total Program Contribution on a Maximum Cost Basis	\$203,169	\$217,873
% of Change		7.24%

Total Program Costs Due for July 1, 2019-2020	\$217,873
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Statistical Information	2018-2019 Expiring	2019-2020 Proposed	% Change
Total Insurable Values (Includes Vehicles)	\$278,835,890	\$295,456,124	5.96%
Students	6,175	6,200	0.40%
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 2019-2020, the CLIC Executive Committee has elected to suspend 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, 2018

Member: Oak Park School District #97

Policy Term	Total Paid & Reserved Losses within CLIC's Retention	CLIC Loss Fund Collected	Loss Ratio
2013/14	\$51,327	\$148,744	34.5%
2014/15	\$0	\$126,432	0.0%
2015/16	\$30,176	\$107,492	28.1%
2016/17	\$25,867	\$84,138	30.7%
2017/18	\$375,522	\$67,806	553.8%
Total	\$482,893	\$534,612	90.3%

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 12/31/18, was utilized in the calculation of the 2019/2020 Debit/Credit Allocations.

Collective Liability Insurance Cooperative

Individual Member School Board Legal Liability Loss Ratio

As of December 31, 2018

Member: OAK PARK SCHOOL DISTRICT #97

Policy Term	Total Paid & Reserved Losses within CLIC's Retention	CLIC Loss Fund Collected	Loss Ratio
2013/14	\$0	\$6,075	0%
2014/15	\$0	\$8,666	0%
2015/16	\$0	\$9,952	0%
2016/17	\$0	\$11,045	0%
2017/18	\$0	\$10,659	0%
TOTAL	\$0	\$46,397	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 12/31/18 was utilized to calculate the 2019/2020 Debit/Credit Allocations.