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## Memo

To: **CLIC MEMBERS**  
Date: May 14, 2020  
From: Michael J. McHugh, Area Senior Executive Vice President  
Byron Given, Area Vice President  
Subject: **CLIC ANNUAL MEETING ON MAY 14, 2020**

*Michael J. McHugh*

Dear CLIC Member:

We would like to take this opportunity to thank those of you who were able to attend the CLIC 2020/2021 virtual ON24 Webinar platform on Thursday, May 14, 2020. 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 should have received an email with the following information:

- **Risk Management Summaries** - Your School District's Property/Casualty Risk Management Program Costs & Loss Information for July 1, 2020/2021. If your district is a member of the CLIC Workers' Compensation Program and/or Fiduciary Liability Program, those pricing summaries and Loss Information were also enclosed. 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, 2020 to June 30, 2023:
  - Dr. Angela Crotty, Midlothian School District #143
  - Dr. Jeff O'Connell, Lake Park High School District #108
  - Ms. Linda Jeffers, Indian Springs School District #109
- **2020/2021 Property/Casualty Renewal Presentation** – Michael McHugh and Byron Given from Gallagher, reviewed the CLIC renewal programs:
  - Property/Casualty marketplace continues to become less favorable
  - Property insurers continue to payout catastrophic claims
  - Convective Storm Modeling is being relied upon heavily by insurers
  - Increase in Sexual Abuse claims – Major Concern for insurers

- Increased Litigation & Jury Awards (Social Inflation) = Liability Rate increases
- Frequency & Cost of Auto Losses continue to Rise
- Cyber-attacks are at an all-time high (Public Entities especially Vulnerable)
- Ransomware Demands have Increased Exponentially
- Excess Liability insurers have cutback capacity and are requiring minimum premiums. Based on this CLIC's Excess Liability limit will be reduced from \$50,000,000 to \$35,000,000 for 2020/2021. This is still one of the higher limits among Scholastic Cooperatives nationwide and includes coverage for significant School exposures such as Sexual Misconduct and Concussions which many insurers are looking to add exclusions for.
- Excess Property received a very competitive renewal rate despite unfavorable market condition – still under 2 cents (same as rate in 2008/2009)
- Excess Property limit decreased to coincide with Probable Maximum Loss study
- School Board Legal Liability – Legal expenses have improved after last year's reboot process.
- CLIC School Board Legal premium increased but saw a slight reduction in the loss fund.
- Cyber Liability limits have been increased from \$1,000,000 to \$2,000,000 on a per member basis. In addition, optional excess layers of \$1,000,000 or \$3,000,000 are available for those members who want additional coverage up to a total of \$5,000,000 in Cyber protection
- The CLIC Executive Committee elected to purchase Cyber Loss Control services for all members at no cost to the districts. This will be provided by Secure Halo (formally TSC Advantage) and will focus on Ransomware and Phishing training.
- Pollution insurer, Ironshore provided a very favorable renewal. The slight premium increase is due to the increase in overall property values.
- Boiler & Machinery insurer, Chubb, is again offering a webinar on Boiler related topics and is going to continue to provide CLIC a discounted Infrared Electrical Inspection System at a flat rate of \$1,000 per inspection.
- Debit/Credit system remains at 20% for 2020/2021

The Gallagher team informed the membership that next week they will be sending to all members a Return to Work Considerations guide for K-12 schools prepared by the Gallagher National Risk Control team. This guide addresses items such as how to handle social distancing in the classroom, how to handle sporting events and ideas when you have isolation rooms. Please look for this in your emails next week.

- **2020/2021 Workers Compensation Renewal Presentation**

- Workers Compensation Program
  - NCCI Rates are down 4% over last year
  - Debit/Credit system remains at 25% for 2020/2021
  - As of 12/31/19, estimated surplus for the Workers' Compensation program stands at \$17,675,070

- High/Low Program – the 10% supplemental Loss Fund contribution to members with a 5-Year loss ratio more than 100% will continue for 2020/2021
- Eleven members in the 2017/18 High/Low program with improved loss ratios as of 12/31/19 will get a return of their 2017/18 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.
  
- **Allocation of costs**  
The Gallagher team walked the membership through the allocation of Property/Casualty and Workers Compensation costs shown on member's Green Renewal Pricing Sheets. An explanation of the Debit/Credit system CLIC's Actuarial firm, Milliman, uses was also presented.
  
- **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 School Board Legal Liability claims/incidents by June 30, 2020.**

**“Hot Pink” Invoices** – Will be sent out to the members at the end of the month. Please watch for them in your emails as we all continue to deal with the COVID-19 pandemic. Premiums are due **by July 31, 2020.**

**Finally, our next CLIC Full Membership meeting is scheduled for Thursday, December 3, 2020 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**  
**2020-2021 PROPERTY/CASUALTY**  
**PROGRAM COST COMPARISON**

**District: Oak Park School District #97**

Fixed Costs	2019-2020 Expiring	2020-2021 Proposed
Package (includes General Liability, Auto Liability, Garage Liability, Police Professional/Security Guards, Bullying and Crime)	\$8,394	\$9,133
Property (including Auto Physical Damage) \$650,000,000 Limit	\$43,078	\$55,339
Boiler & Machinery	\$4,902	\$5,411
School Board Legal Liability - <b>\$35,000 Deductible</b>	\$10,841	\$16,922
Excess Liability \$35M xs \$1M Limit	\$19,214	\$20,659
Student Accident – Mandatory	\$26,660	\$26,660
Student Accident – Catastrophic	\$6,200	\$6,200
Pollution Liability	\$3,441	\$3,602
Cyber Liability/Identity Theft - \$2,000,000 Limit	\$3,142	\$8,169
Crisis Protect	\$1,755	\$1,755
Arthur J. Gallagher Risk Management Services Fee	\$11,463	\$11,704
Gallagher Bassett Services Claims Administration Fee	\$3,390	\$3,400
Gallagher Bassett Services Loss Control Fee	\$995	\$995
CLIC Program Management Operating Fee <sup>(1)</sup>	N/A	N/A
<b>Total Fixed Costs</b>	<b>\$143,476</b>	<b>\$169,950</b>
% of Change		18.45%

Variable Costs	2018-2019 Expiring	2019-2020 Proposed
Loss Fund – Package (includes actuarial debit/credit) <sup>(2)</sup>	\$64,610	\$81,843
Actuarial Debit/Credit – Package	20.0%	20.0%
Loss Fund – School Board Legal Liability (includes actuarial debit/credit) <sup>(2)</sup>	\$9,787	\$7,148
Actuarial Debit/Credit – School Board Legal Liability	-16.4%	-13.0%
<b>Total Program Contribution on a Maximum Cost Basis</b>	<b>\$217,873</b>	<b>\$258,941</b>
% of Change		18.85%

<b>Total Program Costs Due for July 1, 2020-2021</b>	<b>\$258,941</b>
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Statistical Information	2019-2020 Expiring	2020-2021 Proposed	% Change
Total Insurable Values (Includes Vehicles)	\$295,456,124	\$300,753,829	1.79%
Students	6,200	6,200	0.00%
Vehicles	10	10	0.00%

<sup>(1)</sup> 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 2020-2021, 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.

<sup>(2)</sup> 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

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### Individual Member Property/Casualty Loss Ratio

As of December 31, 2019

Member: Oak Park School District #97

Policy Term	Total Paid & Reserved Losses within CLIC's Retention	CLIC Loss Fund Collected	Loss Ratio
2014/15	\$0	\$126,432	0.0%
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	\$5,260	\$54,069	9.7%
<b>Total</b>	<b>\$443,008</b>	<b>\$439,937</b>	<b>100.7%</b>

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 12/31/19, was utilized in the calculation of the 2020/2021 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	1	0	1	1238	0	1238	0	1238
15	01Jul18	01Jul19	4	1	5	3722	1538	5260	0	5260
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			75	1	76	1015868	1538	1017406	0	1017406

## Collective Liability Insurance Cooperative

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### Individual Member School Board Legal Liability Loss Ratio

As of December 31, 2019

Member: OAK PARK SCHOOL DISTRICT #97

Policy Term	Total Paid & Reserved Losses within CLIC's Retention	CLIC Loss Fund Collected	Loss Ratio
2014/15	\$0	\$8,666	0%
2015/16	\$0	\$9,952	0%
2016/17	\$0	\$11,045	0%
2017/18	\$0	\$10,659	0%
2018/19	\$0	\$11,991	0%
<b>TOTAL</b>	<b>\$0</b>	<b>\$52,313</b>	<b>0%</b>

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 12/31/19 was utilized to calculate the 2020/2021 Debit/Credit Allocations.