

MEMO

DATE: June 2, 2025
TO: Doug Eccarius
FROM: Maureen A. Jones
SUBJECT: 2025-26 Workmen's Compensation Insurance Renewal

District #89 is a member of an insurance cooperative made up of 153 school districts in Illinois. This cooperative called the Collective Liability Insurance Cooperative (CLIC) negotiates with a national insurance broker, Arthur J. Gallagher Risk Management Services, to provide insurance protection for workmen's compensation claims for all member districts. In addition, Arthur J. Gallagher provides CLIC member districts loss control services.

The CLIC cooperative remains strong and was able to secure favorable rate increases for 2025-26. For the upcoming policy year, the State of Illinois payroll rates by class (as set by the National Council on Compensation Insurance) showed an overall decrease of 3.9% while the CCSD89's payroll increased by 4.0%. For the 2025-26 renewal, the cooperative's incumbent Worker's Compensation partner, Safety National, has given CLIC a very competitive renewal for both the premium and loss fund. CLIC's retention will remain at \$1M, up from \$850K last year, based on loss history and the cooperatives growth since last year.

The total renewal premium for 2026 is \$72,112 compared to \$66,377 last year. The district's total premium increased by 8.6% from the prior year. The overall fixed program costs (insurance premium, program administration, claims administration and loss control) increased from \$12,527 to \$13,030 or 4.0%; while the variable costs for the loss fund increased from \$53,850 to \$59,082 or 9.7% for our district.

The fixed costs include fees for the two third party administrators for our worker's compensation program. Arthur J. Gallagher serves as the administrator and broker for the cooperative; Gallagher's fees increased by 4.0% this year to \$5,597. Sedgewick CMS serves as the cooperative's third-party administrator for claims processing as well as administrator for the cooperative's loss control program. Sedgewick CMS fees increased by 8.82% this year over the prior year to \$4,513. The fixed costs also include our actual workmen's compensation premium for losses above and beyond our loss fund. For CCSD89, these costs decreased 2.67% from the prior year from \$2,999 to \$2,921. This decrease is based on a 4.0% increase in payroll as well as a decrease in CCSD89's experience modification factor due to a decrease in claims for the 2023-24 school year.

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Brett McPherson, Principal
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Every member of CLIC including District 89 goes through the same formula for determining renewal costs each year. In addition to our payroll amounts, CLIC uses a blended formula when looking at our claims that uses both a three-year claim history (captured in our Experience Modification Factor) and a five-year claims history in a formula examined by the CLIC independent actuary. Our prior three-year claims picture improved as well as our five-year claim history. In short, the CLIC actuary thinks we are appropriately priced given our historical claims and payrolls. If we continue on a positive trajectory of worker's compensation claims experience we will be eligible for further price decreases on renewals.

The CLIC cooperative maintains a Self-Insurance Retention (SIR) of \$1,000,000, which pays all claims up to that amount from the established Loss Fund of the cooperative of \$26,807,331. The loss fund is funded by member contributions. The cooperative also carries aggregate excess coverage of \$5,000,000 over the annual aggregate attachment point of \$26,807,331 with a \$2,000,000 limit on Employer's Liability coverage.

Safety National Casualty Corporation will provide the specific excess coverage and the aggregate stop loss insurance and is rated A+ XV by A.M. Best Company, Inc, who annually publishes comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada.

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