

TO: Board of Education
Dr. Lisa Leali, Superintendent

FROM: Jay Kahn, Director of Finance and Operations/CSBO

DATE: June 24, 2025

RE: Property/Casualty Insurance Policy 2025-26

Recommendation

Administration recommends that the Board approve the property/casualty insurance renewal with the Collective Liability Insurance Cooperative (CLIC) extension for the premium amount of approximately **\$83,213** plus an additional **\$2,150** in premium for fiduciary liability coverage. This represents approximately a 1.1% cost increase vs the prior year.

Background

The District is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of 193 school districts through which property, general liability, automobile liability, crime, boiler and machinery and other coverage is provided in excess of specified limits for the members, acting as a single insurable unit with over \$37 billion in assets. By self-insuring a portion of the coverage and cooperatively purchasing excess insurance coverages, the member districts benefit when claim experience is good, and gain tremendous buying and negotiating power as opposed to being a single entity. It also makes coverage and limits accessible that could otherwise not be purchase at a reasonable price as a single entity in the marketplace.

The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were a member.

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

CLIC is continually enhancing its lines of coverage to reflect the relevant and emerging threats faced by school districts. They have introduced "Crisis Protect" coverage to addresses the wide ranging security crises that school districts face such as Active-Assailant, Workplace Violence/Assaults large scale Emergency evacuations such as Bomb Threats. They have also been on the forefront of cyber liability coverage and are providing Cyber Loss Control services focusing on Ransomware and Phishing training. In 2022-23 CLIC added a line of coverage and services, at no cost to districts, to protect against office of Civil Rights fines for websites that are not compliant with accessibility requirements.

Current Situation

The property insurance market is showing some signs of stabilization for CLIC which has had good experience, however customers with losses are seeing double digit increases.

The casualty marketplace for schools continues to be challenging due to several factors:

- Ongoing claims alleging sexual abuse are being presented.
- Continued losses in automobile claims due to a shortage of qualified bus drivers.
- Persistent losses in employment and IEP claims under school board legal liability coverage.
- A continued rise in legal advertising and litigation funding, with litigation attorneys employing strategies such as time limit demands as the new norm.

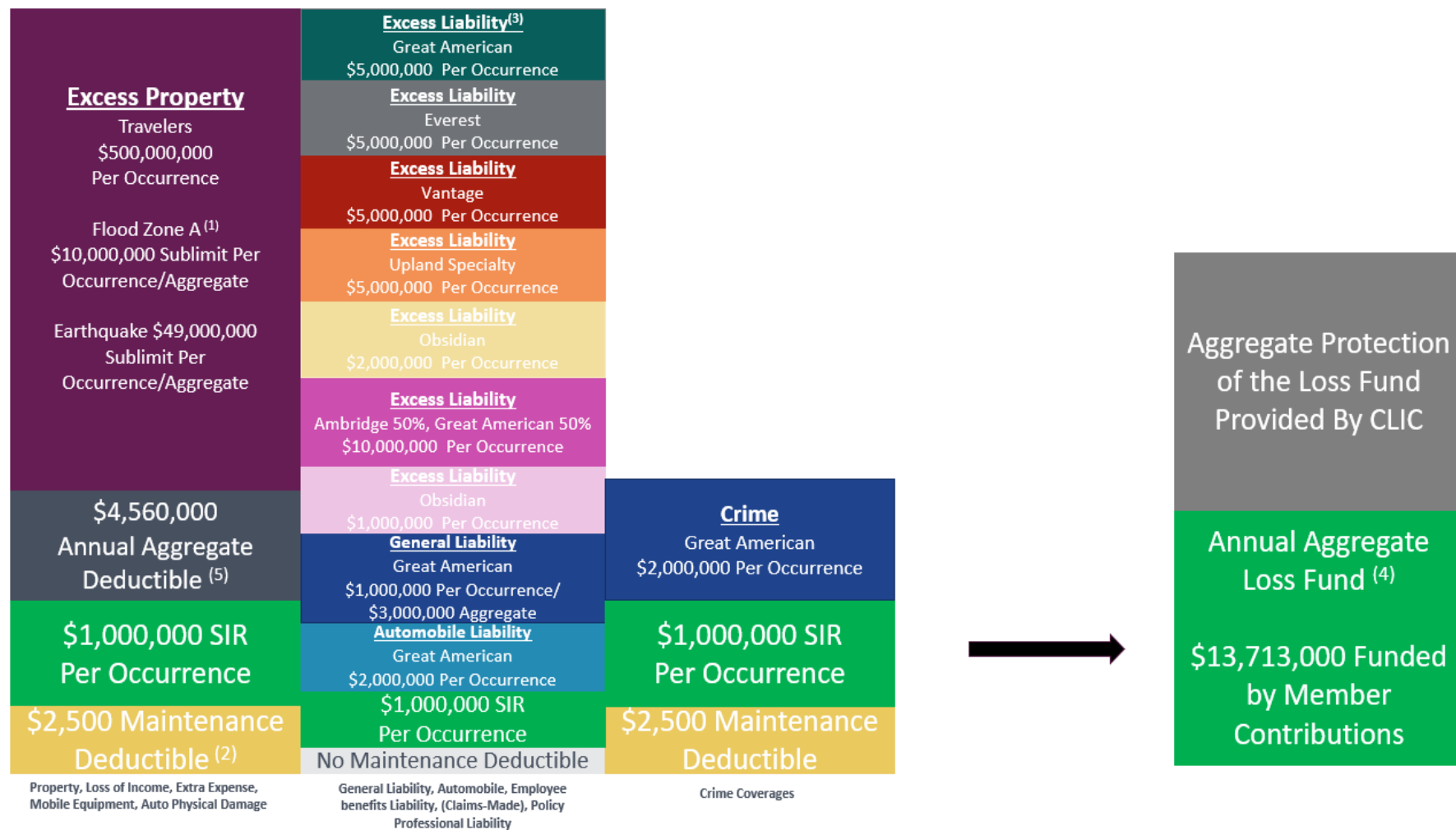
Due to these reasons, casualty carriers are adopting stringent measures on their books of business, implementing limit reductions, rate increases, and in some cases, requiring entities to take higher deductibles and retentions. CLIC has several multi-million dollar claims open and settled over the past three years, involving sexual abuse and automobile liability incidents.

The cyber security coverage marketplace has stabilized. In order to obtain coverage the District is required to have engaged in pertinent mitigation measures like Multi-Factor Authentication (MFA). The District has fully implemented cyber preventative mitigation measures in partnership with Sentinel, our third party tech and cybersecurity firm.

CLIC was also able to secure \$42 million in excess liability protection, with no exclusions for sexual abuse, TBI or Violent acts. This line of coverage will see a rate increase, but still below the average increase that educational risks have seen over the last year. Overall, CLIC's renewal pricing, limits and deductibles remain very competitive and provide a great value to our District.

The average increase for the pool was 8.2%, however due to our good experience, Lake Bluff 65's increase was just over 1%. Our School Board legal rates and possibly our deductible will increase in 2026-27 due to the recent settlement.

2025-2026 Collective Liability Insurance Cooperative – MOC Program Structure – 193 Members



(1) Flood Subject to those properties in Flood Zone "A" purchasing a Flood Policy through the National Flood Insurance Program. SIR for flood is \$1,000,000 per occurrence.

(2) A \$150,000 Water Maintenance Deductible applies to one member(s) on file with the carrier.

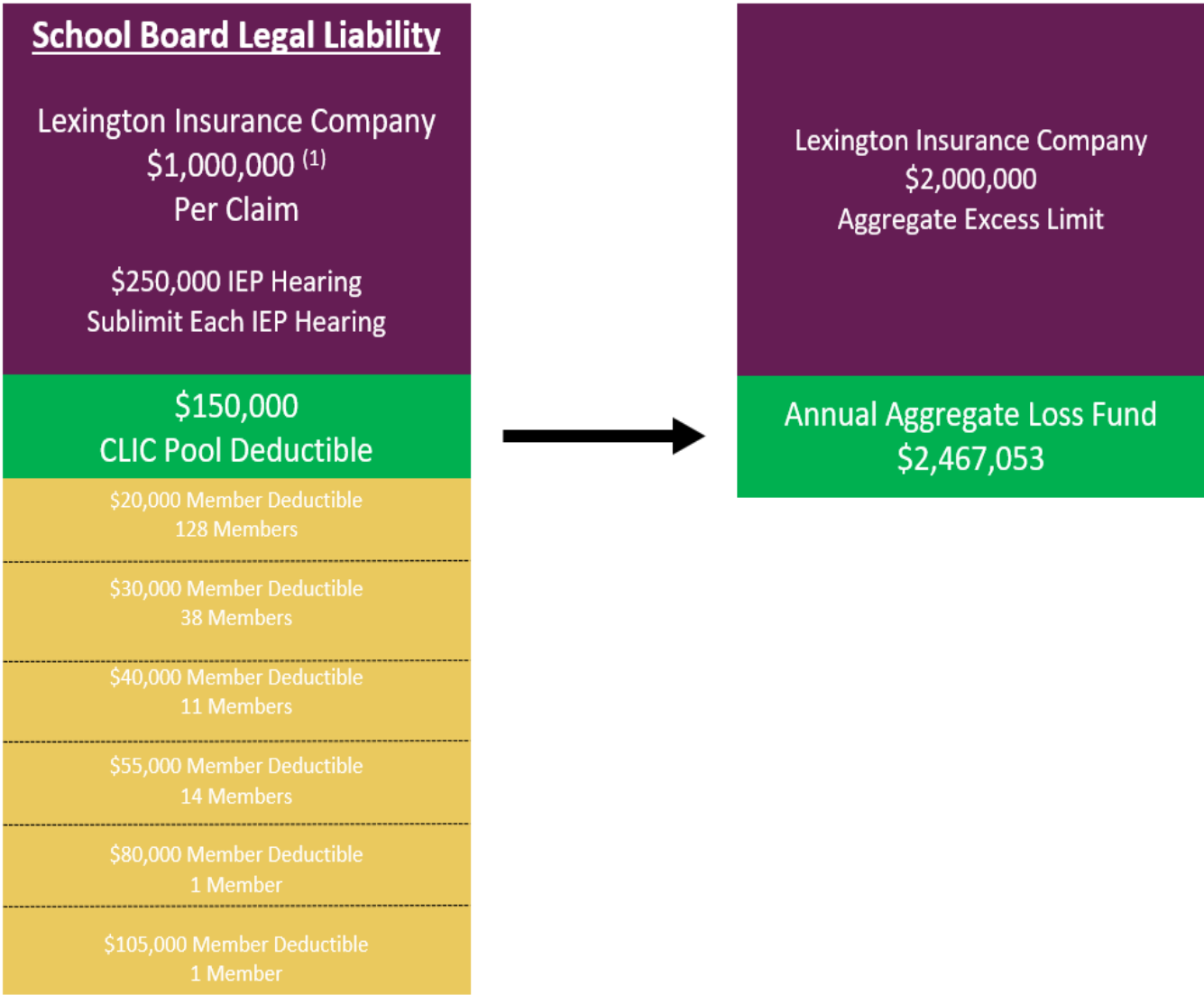
(3) Sexual Abuse Limits on the Excess Liability Coverage are \$35,000,000 per member.

(4) Travelers Property Claims erode the Loss Fund

(5) Will be eroded by any losses in excess of CLIC's \$1M SIR. If 4.56M in losses above CLIC's SIR are incurred the AAD will disappear with Travelers covering losses above the \$1M SIR from there forward.

Primary School Board Legal Liability

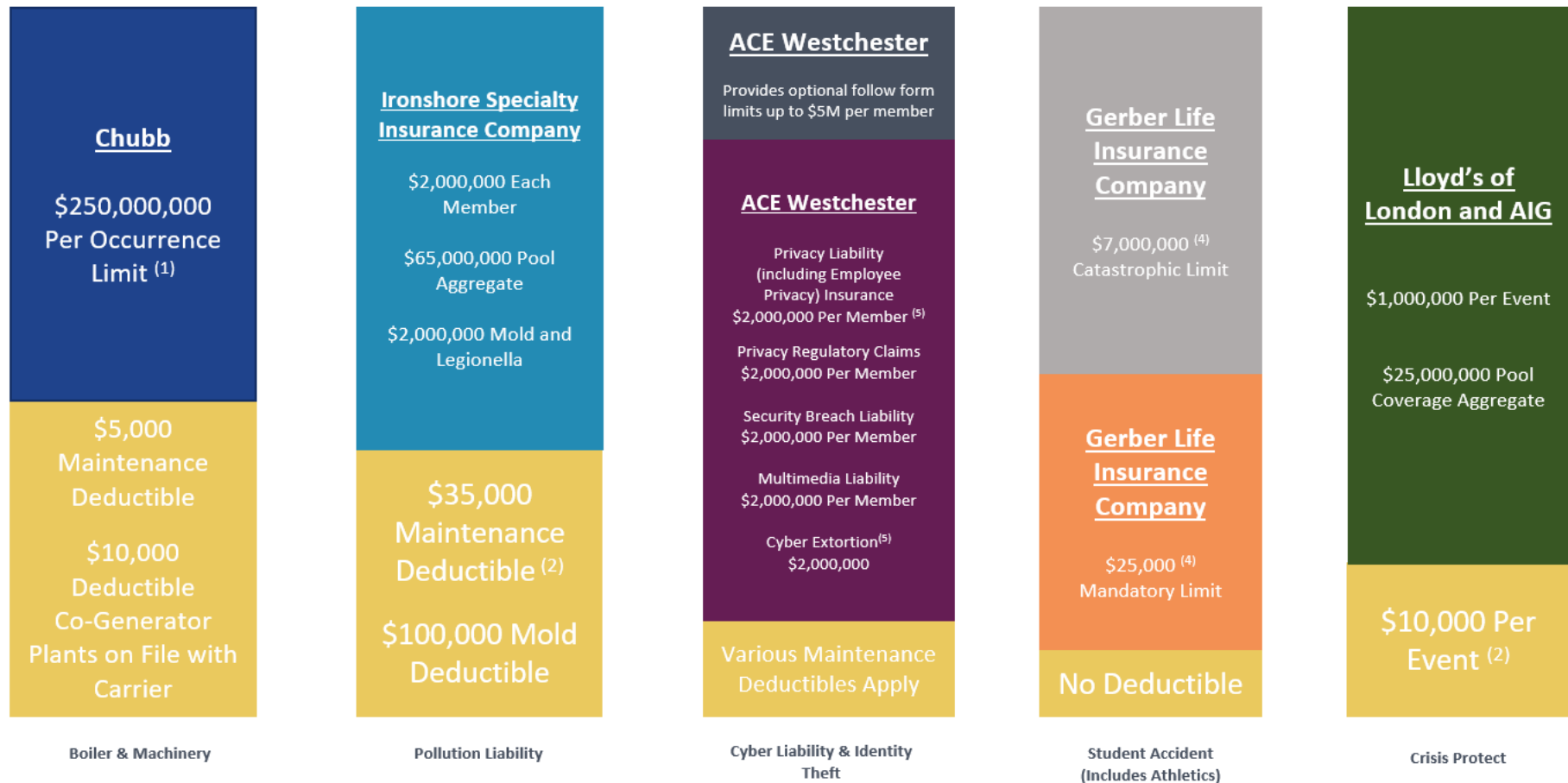
Collective Liability Insurance Cooperative
2025-2026
193 Members



(1) Excess School Board Legal Liability – Follow Form is provided under the excess liability policies for a total of \$41,000,000 of Excess Liability

CLIC First Dollar Policies

Recommended Program Structure 2025-2026



- (1) Various Sub limits Apply
- (2) Depends on Type of Claim
- (3) Illinois State Law requires \$3,000,000 Catastrophic Student Accident limit for grades 9-12 – Effective 7/1/2013.
- (4) Coverage is excess of parent's primary health insurance if applicable.
- (5) \$500,000 sublimit applies for Certain Members with Inadequate Cyber Security Protocols

Recommended Property/Casualty Program – MOC Reinsurance

7/1/2025-2026

