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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: May 15, 2026
Subject: SELF Worker's Compensation Insurance Renewal Discussion

We purchase our Worker's Compensation Insurance through a school purchasing cooperative, SELF (the School Employees Loss Fund), administered by Arthur J. Gallagher and Associates. We have been a member of this cooperative pool for many years and have been very happy with the coverage and service provided by Gallagher as the administrator of the program. There have been some concerns with both Sedgewick and York over the years, as the claims administrator and program coordinator of our worker's compensation risk management program, and a change is being recommended in that area this year. Based on a school district of our size and staff composition in Illinois, with a normal/average amount of claims experience, we would probably expect to spend around \$125K-\$150K per year for worker's compensation insurance coverage if we were to purchase coverage independently in the marketplace (SELF's estimate for total independent, manual premiums was \$133,404). Instead, we join over 100 other school districts and special education cooperatives in Illinois to pool our claims, thereby ensuring we can secure broader lines of coverage at a lower overall cost.

As described in prior years, due to our good claims experience (one of the best in the pool historically) we were invited to be a part of a Large Deductible Option (LDO) self-funding program several years ago and thereby realized even lower premiums by agreeing to "self-insure or self-fund" for an initial layer of claims (we had selected a \$100,000 level of self-insurance in the past). This saved us almost \$400,000 from 2008-2016, compared to what we would have paid in SELF's regular program (we paid around \$40K to \$65K annually versus \$110K to \$125K for the regular SELF plan), and even more when compared with expected premiums from private carriers (\$125K-\$150K, or more). However, in 2017, 2018, and 2019, we had three bad claims years in a row, thereby requiring replenishment of our self-funded account, a temporary increase in premiums, and repayment of prior year's losses, which more than offset some credits we received for our payroll audits and our dividend refunds. Therefore, we paid \$237,946 in premiums and refunds in 2017-2018 and \$197,445 in 2018-2019 and \$198,542 in 2019-2020 to cover those additional claims and insurance costs. However, our claims experience the past six



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years has been much better and our premiums have trended back downward (we paid under \$60K for the LDO Program in 2024 and only about \$55K for the traditional program last year).

We are hoping not to have to pay any prior year losses again this year for the fifth year in a row. We therefore hope that our worker's compensation insurance expense for this year will be around \$75,000 when all is said and done, despite a hardening insurance market and rapidly rising costs. Our projected traditional program premium would be about \$133K, but with credits and offsets, we would only pay about \$75K. I will again be attending the SELF annual renewal meeting on May 15th and I will bring final renewal information to the Board for approval on June 16th. Based on the preliminary information we received from SELF last week, it looks like the Pool's modification rating stayed steady at .85 (lower is better) and our modification rating stayed steady at .65 (really good news, as it reflects how much below average our claims are over a five year period...1.0 is average overall and below the .85 pool average is awesome). This is one of the best modification ratings in SELF (we were over 1.2 just a few years ago) and should lead to continued reduced premiums for next year. Once we decide if we want to participate in the LDO Program (we probably will not, but I need to see the finalized pricing for this option in early June), we would then get an invoice from SELF in June and would pay our premiums for next year (7/1/26-6/30/27) in July.

As we have reversed our negative claims experience trend from a few years ago, and we continue to realize a low modification rating for the fifth year in a row, I would expect us to spend around \$70K to \$75K for workers compensation coverage that would probably cost us \$125K to \$135K if we were to purchase it in the marketplace, with better coverage levels and more programmatic supports and services available. Our goal is to maintain a decreased modification rating of less than .85 (the pool average), as it is based on a five-year rolling average of data and claims experience, in order to minimize out of pocket costs for this insurance program. We hope to see these expenses stabilize at around \$75K per year. If you have any questions regarding this preliminary renewal information, please let me know.