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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: November 15, 2024
Subject: Preliminary Renewal Information - Comprehensive Insurance Program

Our Comprehensive Property, Casualty, and Liability Insurance Program, currently provided through the Suburban Schools Cooperative Insurance Pool (SSCIP), expires on December 31, 2024. This includes insurance coverage for property, casualty, general liability, auto liability, auto property damage, boiler, machinery, cyber liability, excess property, excess liability, employment practices coverage, special education liability, and school board legal liability, as well as a few other areas of coverage. We have been a member of SSCIP for several years and have been very happy with the insurance coverage and pricing provided through the cooperative, as well as the service provided by Arthur J. Gallagher as the Administrator and Gallagher-Basset as the Risk Management Agent for this insurance cooperative program. I had mentioned in a previous Business Services Updates that due to a tight insurance market and increased exposures, we should expect to see an increase in premiums for next year of about 10% to 15% overall, prior to any premium reduction action taken by the Cooperative.

Through a combination of increased exposures in several areas (sexual abuse, school board legal liability, employment practice risk, concussions, cyber risk, property damage due to changing weather patterns, and overall property value increases, to name a few), a tightening market (insurers are becoming increasingly more sophisticated at predicting and estimating future losses), the loss of insurance carriers in the market (some carriers have pulled out of the market or been bought out the past few years), and an overall correction for our pool (we have some of the lowest insurance rates in the country for a public pool of our makeup and size), we are expecting double digit increases again this year, prior to any reduction action taken by the Cooperative. The most recent increase estimates, based on similar Gallagher pools that renewed on 7/1/24, are in the 15% to 25% range, but with our strong pool characteristics and good claims experience, we are expecting a slightly lower increase in the 10% to 15% range.

I am on the Executive Board for SSCIP and, therefore, have some preliminary renewal information indicating that we are looking at a proposed increase of around 11%-14% for our



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Comprehensive Insurance Package. However, because the Cooperative is in such good financial shape, it is our plan to use about \$1M of existing and available reserves from prior year loss funds to “pay down” the renewal and bring our increase down to about 7%-10% overall. We have routinely done this in the past with the blessing of our actuaries, accountants, and auditors, and it is one of the big benefits of being in a financially stable and healthy pool. We are also a banded pool, so the range for increase will probably be about 6% - 11% overall.

I will be attending the Annual SSCIP Membership Meeting on December 6th, and we will review the results of pool operations for this past year, as well as our finalized renewal proposal for the upcoming year. Due to the stability of our pool, we continue to be viewed as a “good public sector risk” by the insurance carriers, but conditions are generally tight right now (some other pools are experiencing 20% to 30% increases, with a few troubled pools receiving 30+% renewal increases for next year). The 67 SSCIP member school districts and special education cooperatives each get an individual renewal proposal based partly on the claims experience of the pool as a whole and partly on their own individual claims experience (called a “blended approach”). Our total overall premiums for next year are expected to increase from about \$145,000 to about \$157,000 (a \$12,000 increase, or about 8%), but I won’t have a final number until the December 6th meeting. Finally, excess liability coverage over our \$1M base level is provided in \$5M layers, up to \$25M, but the higher layers of coverage (\$10M to \$15M, \$15M to \$20M and \$20M to \$25M) are proving to be increasingly expensive to purchase.

We have been very happy with our Cyber Liability coverage through Cowbell and the use of the Cyber Toolkit to help minimize claims and improve our members' cyber security. Our proactive approach to implementing a Cyber Toolkit for all Members this past year has really paid dividends, as we believe we can negotiate a renewal with no increase (or maybe even a small decrease) while other school districts and pools are typically seeing a 10% to 20% increase, or more, this year for Cyber Liability coverage.

I will have more definitive information at the December Board Meeting, and we can discuss the final renewal information at that time. However, if you have any initial questions, please don’t hesitate to ask. We also expect that our Worker’s Compensation Insurance Program through the SELF Pool, set to renew on July 1, 2024, will also be experiencing an increase of around 8%-10%, but hopefully not as high as we have seen in the recent past.

As always, please don’t hesitate to let me know if you have any questions. Thank you.