



Oak Park Elementary School District 97

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TO: Dr. Albert G. Roberts, Superintendent of Schools

FROM: Therese M. O'Neill, Asst. Supt. Finance & Operations

SUBJECT: Collective Liability Insurance Cooperative (CLIC) – 2013-14 Renewal

DATE: June 10, 2014

Oak Park District 97 has been a member of CLIC (Collective Liability Insurance Cooperative) since July 1, 1991. This property and liability insurance cooperative was established during the 1983-84 school year with only eight school districts as founding members. Today, the pool now has 172 school districts as members. This property and liability insurance cooperative provides for District's 97's general liability, auto liability and physical damage, boiler and machinery insurance, school board legal liability insurance, study accident, identity theft and pollution liability insurance. Last year's 2013-14 annual premium was \$284,806 and the proposed 2014-15 premium is \$272,320 or a decrease of 4.25% or a reduction in cost of \$12,074 (see attached cost sheet). We also had a decrease of 4.5% in 2013-14 – from \$298,476 in 2012-13 to \$284,806 in 2013-14 (a decrease of \$14,082).

This decrease in variable cost is due primarily with the overall pool's experience this past year as well as District 97's actual experience. The fixed cost component has increased and this is primarily due to our increased enrollment. The combination of the variable overall cost decreasing (by \$19,310) and the fixed rate cost increasing (by \$7,236) results in the overall decrease of \$12,074.

We are recommending renewal with CLIC for the 2014-15 school year and this item will return to the Board for approval at its June 24, 2014 meeting.

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Attachment (1)

COLLECTIVE LIABILITY INSURANCE COOPERATIVE

2014-2015 PROPERTY/CASUALTY PROGRAM COST COMPARISON

District: Oak Park School District #97

Fixed Costs	2013-2014 Expiring	2014-2015 Proposed
Package (includes Property, General Liability, Auto Liability & Physical Damage, Crime and Law Enforcement)	\$17,669	\$18,374
Excess Property \$1,000,000,000	\$28,822	\$29,736
Excess Property \$100,000,000 xs \$1,000,000,000	\$717	\$740
Boiler & Machinery	\$5,279	\$5,439
School Board Legal Liability	\$8,919	\$11,263
Excess Liability \$40M xs \$1M	\$13,299	\$13,388
Student Accident – Mandatory	\$27,435	\$27,537
Student Accident – Catastrophic	\$5,900	\$5,922
Pollution Liability	\$3,457	\$3,544
Cyber Liability/Identity Theft	\$3,573	\$3,389
Arthur J. Gallagher Risk Management Services Fee	\$10,140	\$10,393
Gallagher Bassett Services Claims Administration Fee	\$3,580	\$3,978
Gallagher Bassett Services Loss Control Fee	\$1,195	\$1,195
CLIC Program Management Operating Fee ⁽¹⁾	n/a	\$2,323
Total Fixed Costs	\$129,986	\$137,222
% of Change		5.57%

Variable Costs	2013-2014 Expiring	2014-2015 Proposed
Loss Fund – Package (includes actuarial debit/credit of -15.00%) ⁽²⁾	\$148,744	\$126,432
Loss Fund – School Board Legal Liability	\$5,664	\$8,666
Total Program Contribution on a Maximum Cost Basis	\$284,394	\$272,320

Total Program Costs Due for July 1, 2014-2015	\$272,320
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Statistical Information	2013-2014 Expiring	2014-2015 Proposed	% Change
Total Insurable Values (Includes Vehicles)	\$230,578,823	\$237,888,682	3.17%
Students	5,900	5,922	0.37%
Vehicles	10	10	0.00%

⁽¹⁾ 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 \$600 per district with a rate per student charge. The maximum amount a member district could pay is \$6,500.

⁽²⁾ Actuarial Debit/Credit is provided by independent audit firm Milliman, Inc. based on each district's loss experience for the past 5.5 years.