

Collective Liability Insurance Cooperative



Program Overview for:
Meridian Community Unit School District #223

PRESENTED BY:

Arthur J. Gallagher & Co.



January 23, 2014

Collective Liability Insurance Cooperative



CLIC Executive Summary/Program Highlights

- CLIC Implemented with Gallagher Bassett Services a legal services management program.
- Under the Workers' Compensation program to reduce claims instituted a new claims reporting process through Company Nurse.
- Under the P/C program negotiated a three year rate guarantee on the Property and Boiler coverages.

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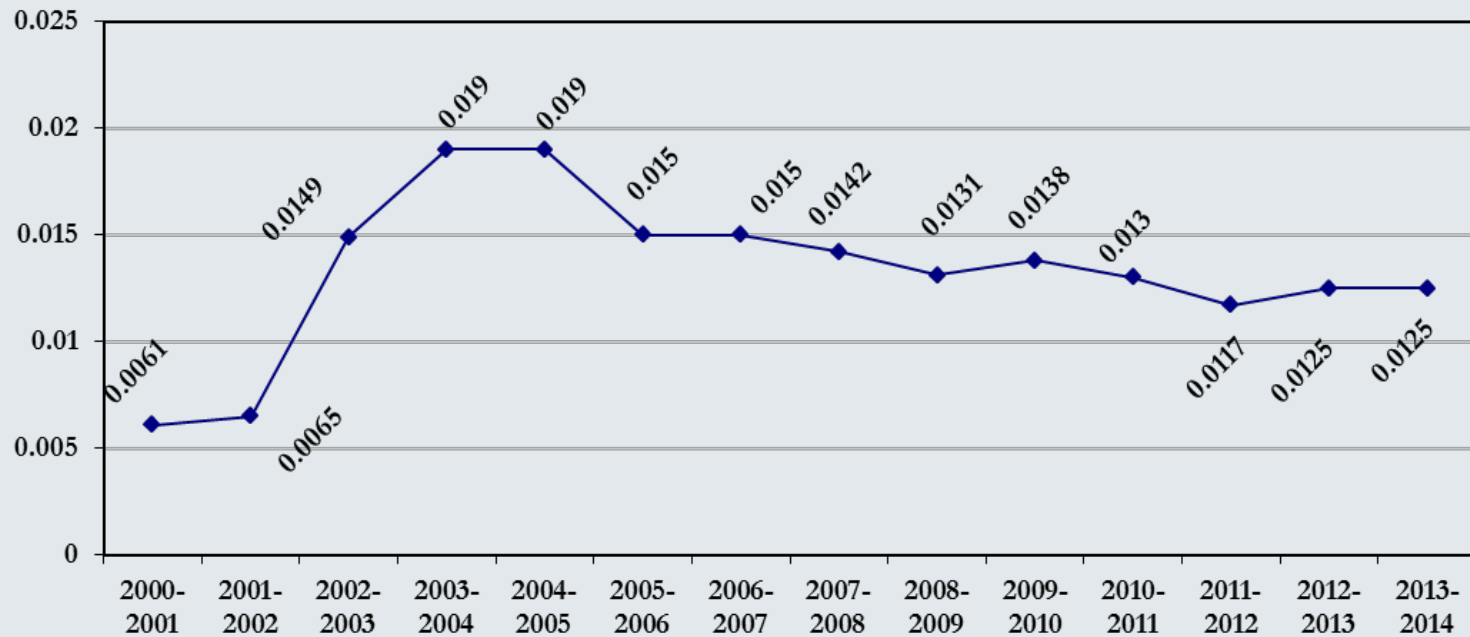
Statistical Information As of April 30, 2013 – 172 Members

	2012-2013	2013-2014	% of Change
Schools:			
Elementary/Jr. High	712	708	
High School	107	106	
Total	819	814	-1%
Teachers	37,100	37,270	0%
Students:			
Elementary/Jr. High	339,736	340,293	
High School	157,605	156,328	
Total	497,341	496,621	0%
Vehicles:			
Buses	2,597	2,535	
Other	1,506	1,502	
Total	4,103	4,037	-2%
Values:			
Property	\$20,038,606,776	\$20,658,023,933	
Vehicles	141,255,911	146,733,626	
Total	\$20,179,862,687	\$20,804,757,559	3%

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Total Property Values, Excess Property Loss Limit and Excess Property Rates



Excess Property Rates
per \$100 of Total Values

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Benefits of Self-Insurance Cooperative Purchasing

The Secured Self-Insurance Package developed by the Gallagher Public Entity Team allows CLIC to address the true cost of risk, rather than just the cost of the insurance premium.

The Secured Self-Insurance program allows CLIC to:

- Retain a portion of the predictable losses;
- Transfer a portion of the catastrophic risk;
- Broaden your insurance program coverages;
- Control your costs in the hard market;
- Budget a known maximum cost; and
- Input in the claims process.

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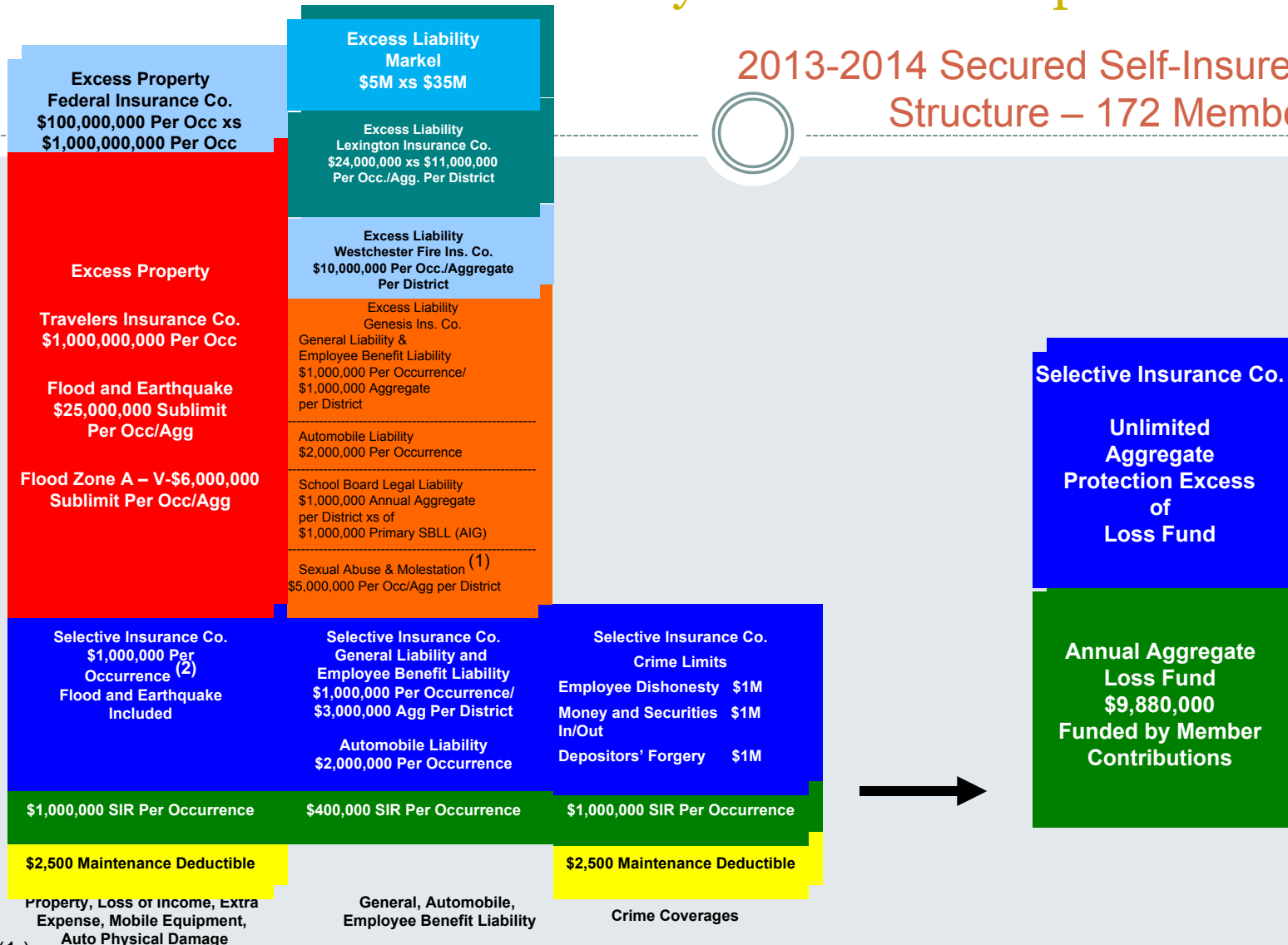
Meridian Community Unit School District #223

Statistical Information

Exposure	2013-2014
Teachers	132
Students	2,151
Vehicles	43
Total Insurable Values (including vehicles)	\$67,500,528

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2013-2014 Secured Self-Insured Program Structure – 172 Members



Selective Insurance Co.

Unlimited Aggregate Protection Excess of Loss Fund

Annual Aggregate Loss Fund \$9,880,000 Funded by Member Contributions

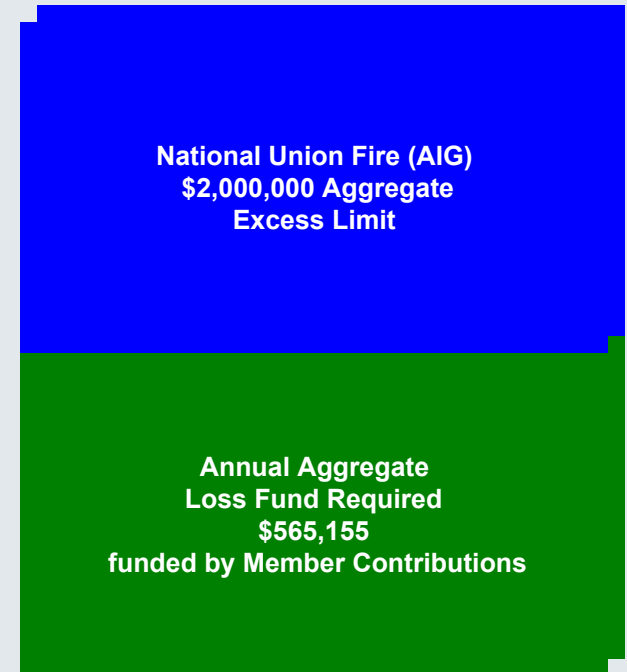
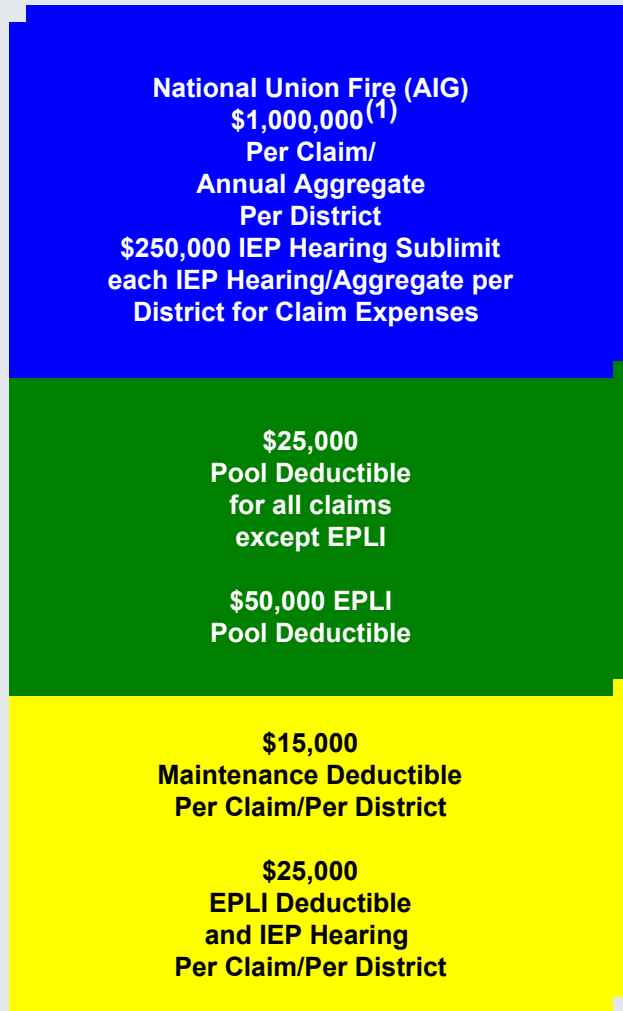
(1) Sexual Abuse limits on the Excess Liability coverage are \$45,000,000 per member.

(2) 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

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Primary School Board Legal Liability
Program Structure 2013-2014

172 Members



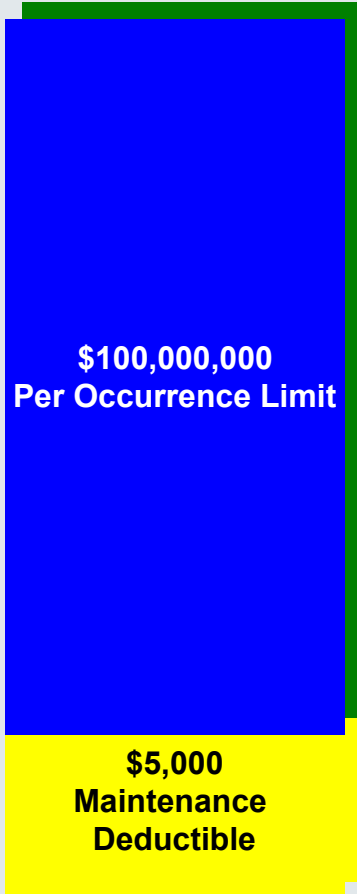
- (1) Excess School Board Legal Liability – Follow Form is provided under the excess liability policies except for Employment Practices Liability, which provides a \$1,000,000 per occurrence/aggregate per member limit under the Genesis policy.

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CLIC First Dollar Policies

Program Structure 2013-2014

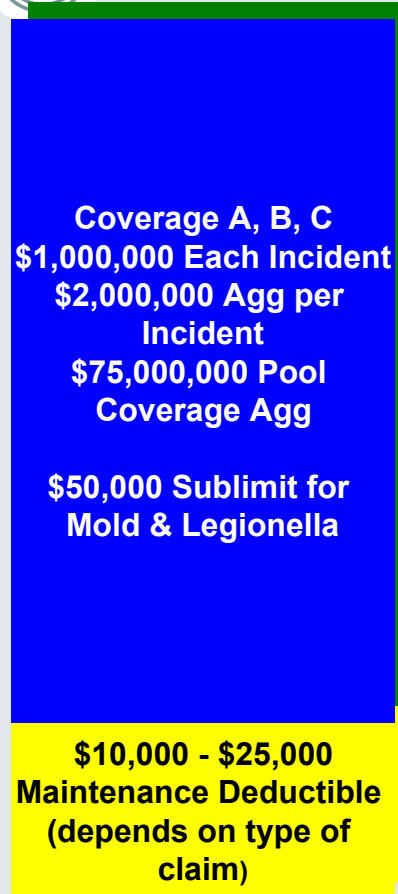
172 Members



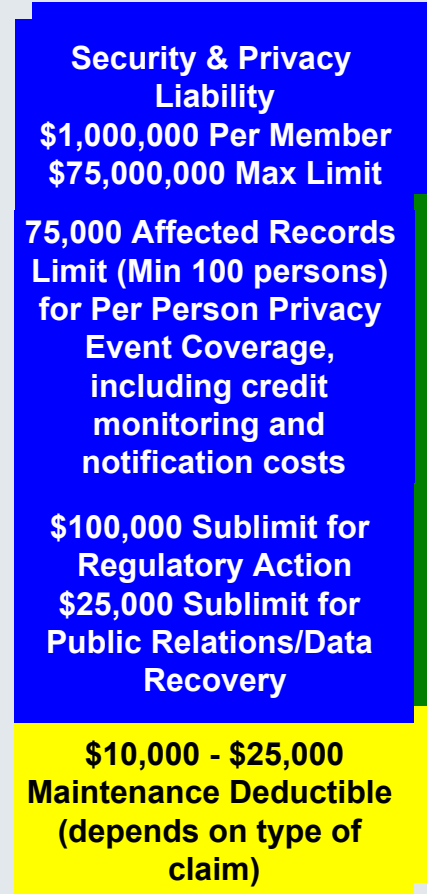
Boiler & Machinery



Student Accident



Pollution Liability



**Cyber Liability/
Identity Theft**

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CLIC Program Coverage Overview

• Student Accident

- Coverage is provided for **ALL** Students
- Mandatory coverage - \$25,000 for all accidents
- 2 year benefit plan
- If parents have insurance – Policy reimburses for any out of pocket expenses, copays, deductibles
- If parents have no insurance – Student Accident coverage is primary with no deductibles
- Catastrophic Coverage: **ALL** students covered
- \$5,000,000 aggregate limit
- 10 year benefit plan

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CLIC Program Coverage Overview

•Pollution

- \$1,000,000 limit each incident
- Coverage Included:
 - Onsite and offsite cleanup of pollution conditions
 - Onsite and offsite third party claims for Bodily Injury & Property Damage
 - Pollution includes: Mold, Legionella, Carbon Monoxide

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CLIC Program Coverage Overview

• Identity Theft

- Security & Privacy Liability
 - \$1,000,000 limit per claim/per member
 - Deductible: \$25,000 per claim
- Regulatory Defenses
 - \$100,000 sublimit per claim/per member
 - Deductible: \$25,000 per claim
- Event Management
 - Notification Costs/Credit Monitoring/Public Relations/Data Recovery
 - \$25,000 sublimit per claim/per member
 - Deductible: \$10,000 per claim

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COLLECTIVE LIABILITY INSURANCE COOPERATIVE
2013-2014 PROPERTY/CASUALTY
PROGRAM COST COMPARISON

District: Meridian Community Unit School District #223

Fixed Costs	2012-2013 Expiring	2013-2014 Proposed
Package (includes Property, General Liability, Auto Liability & Physical Damage and Crime)	\$12,480	\$14,184
Excess Property \$1,000,000,000	\$8,297	\$8,438
Excess Property \$100,000,000 xs \$1,000,000,000	\$197	\$210
Boiler & Machinery	\$1,461	\$1,508
Excess Liability \$40M xs \$1M (includes new \$5M Layer)	\$9,254	\$9,414
Pollution Liability	\$945	\$973
School Board Legal Liability	\$2,797	\$3,252
Student Accident - Mandatory	\$10,082	\$11,037
Student Accident – Catastrophic	\$2,151	\$2,151
Cyber Liability	\$2,237	\$1,881
Arthur J. Gallagher Risk Management Services Fee	\$4,683	\$4,800
Gallagher Bassett Services Claims Administration Fee	\$3,207	\$2,428
Gallagher Bassett Services Loss Control Fee	\$1,195	\$1,195
Total Fixed Costs	\$58,984	\$61,470
% of Change		4.21%

Variable Costs	2012-2013 Expiring	2013-2014 Proposed
Loss Fund – Package	\$29,400	\$25,936
Loss Fund – School Board Legal Liability	\$2,065	\$2,215
Total Program Contribution on a Maximum Cost Basis	\$90,449	\$89,621


Total Program Costs Due for July 1, 2013-2014	\$89,621
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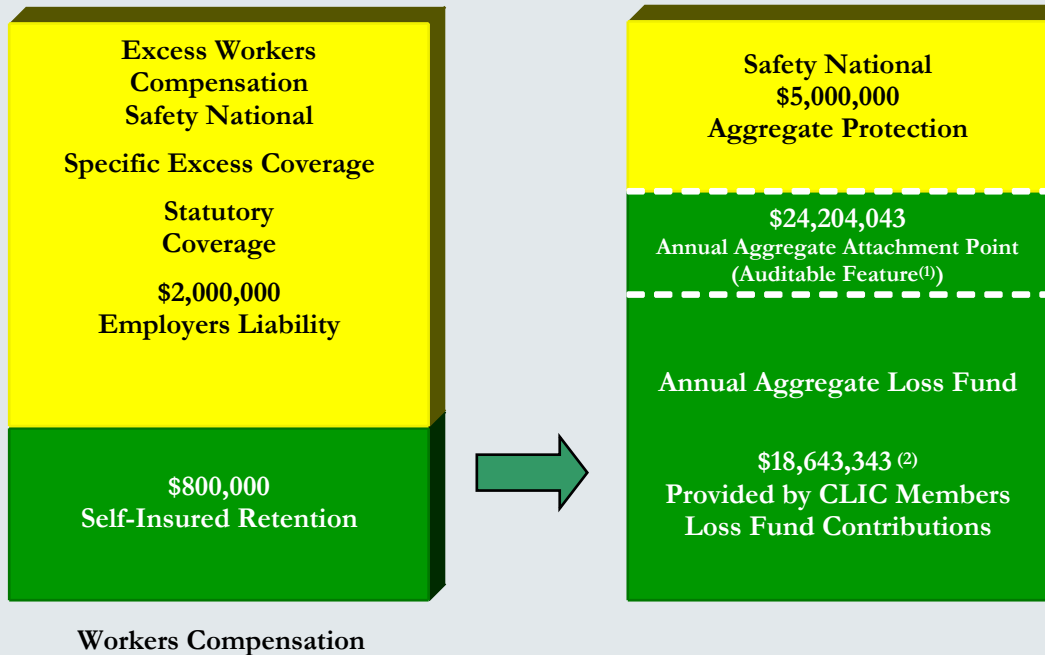
Statistical Information	2012-2013 Expiring	2013-2014 Proposed	% Change
Total Insurable Values (Includes Vehicles)	\$66,375,002	\$67,500,528	1.70%
Students	2,151	2,151	0.00%
Vehicles	43	43	0.00%

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Workers' Compensation Structure
Program Structure 2013-2014

133 Members


\$800,000 SIR
133 Members



The \$24,204,043 Loss Fund is the maximum Cooperative Loss Fund subject to payroll audit based on the current 133 members. With this program, there is an aggregate (Stop Loss) Insurance Policy. Should CLIC exhaust the Loss Fund, Safety National provides \$5,000,000 aggregate excess coverage above CLIC's total group loss fund.

Please note: Since the Cooperative has built up loss history over the past five years, we submitted CLIC's payroll history and loss history to the actuarial firm Milliman Inc. so that they could do an analysis of what the proper funding level would be for the Cooperative for the 2013-2014 policy term.

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COLLECTIVE LIABILITY INSURANCE COOPERATIVE 2013-2014 WORKERS' COMPENSATION PROGRAM COST COMPARISON

District: Meridian Community Unit School District #223

Payroll Information (Payroll information is unaudited)	2012-2013 Expiring	2013-2014 Proposed	% change
7380 – Drivers	\$561,500	\$578,345	
8868 – Teachers/Professionals	\$10,010,946	\$10,311,274	
9082 – Cafeteria	\$198,054	\$203,996	
9101 – Maintenance/All Other	\$668,872	\$688,938	
Total Estimated Payroll	\$11,439,372	\$11,782,553	3.00%
Experience Modification Factor	0.85	0.85	0.00%
Modified Premium	\$148,379	\$146,798	-1.07%

Fixed Costs	2012-2013 Expiring	2013-2014 Proposed	% change
Workers' Compensation Premium	\$5,787	\$6,019	
AJG Co. Administration Fee	\$5,327	\$5,460	
Sedgwick Claims Administration Fee	\$3,309	\$3,213	
Sedgwick Loss Control Fee	\$882	\$900	
Total Fixed Costs	\$15,304	\$15,592	1.88%

Variable Costs	2012-2013 Expiring	2013-2014 Proposed
Loss Fund – Workers' Compensation	\$98,903	\$103,211
Total Workers' Compensation Program Contribution	\$114,207	\$118,803

Workers' Compensation Program Costs Total Due for July 1, 2013-2014	\$118,803
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Loss Fund	2012-2013 Expiring	2013-2014 Proposed
Loss Fund – 100%	\$132,799	\$131,384
Less Funded Amount	\$98,903	\$103,211
Auditable Loss Fund (based on payrolls listed above)	\$33,896	\$28,173

* This figure should be budgeted under your Tort Fund

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Thank you for your time.