Program Overview for: Meridian Community Unit School District #223

PRESENTED BY:

Arthur J. Gallagher & Co.



**January 23, 2014** 

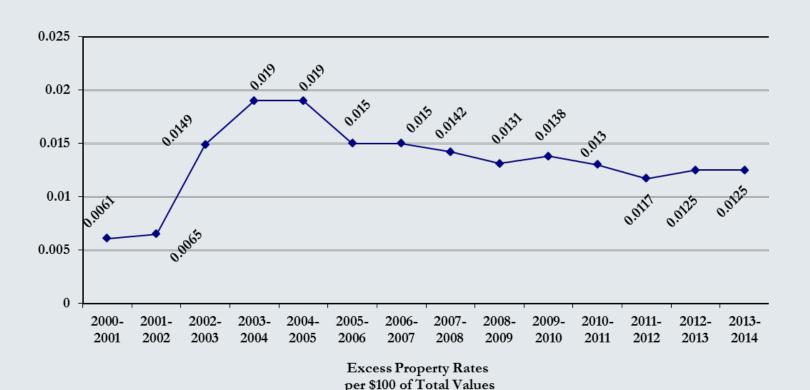
#### **CLIC Executive Summary/Program Highlights**

- •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.

### 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%

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



#### **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.

## 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

**Excess Property** Federal Insurance Co. \$100,000,000 Per Occ xs \$1,000,000,000 Per Occ

**Excess Liability** Markel \$5M xs \$35M

Excess Liability Lexington Insurance Co. \$24,000,000 xs \$11,000,000 Per Occ./Agg. Per District

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

**Excess Property** 

Travelers Insurance Co. \$1,000,000,000 Per Occ

Flood and Earthquake \$25,000,000 Sublimit Per Occ/Agg

Flood Zone A – V-\$6,000,000 Sublimit Per Occ/Agg

> Selective Insurance Co. \$1,000,000 Per Occurrence (2) Flood and Earthquake Included

\$1,000,000 SIR Per Occurrence

\$2,500 Maintenance Deductible Property, Loss of Income, Extra Expense, Mobile Equipment,

General, Automobile,

**Employee Benefit Liability** 

\$2,500 Maintenance Deductible

Depositors' Forgery

**Crime Coverages** 

Selective Insurance Co.

**Crime Limits** 

\$1,000,000 SIR Per Occurrence

**Employee Dishonesty \$1M** 

Money and Securities \$1M

**Excess Liability** Westchester Fire Ins. Co. \$10,000,000 Per Occ./Aggregate Per District

**Excess Liability** Genesis Ins. Co. General Liability & **Employee Benefit Liability** \$1,000,000 Per Occurrence/ \$1,000,000 Aggregate

Automobile Liability \$2,000,000 Per Occurrence

School Board Legal Liability \$1,000,000 Annual Aggregate per District xs of \$1,000,000 Primary SBLL (AIG)

Sexual Abuse & Molestation (1) \$5,000,000 Per Occ/Agg per District

Selective Insurance Co. General Liability and **Employee Benefit Liability** \$1,000,000 Per Occurrence/ \$3,000,000 Agg Per District

**Automobile Liability** \$2,000,000 Per Occurrence

\$400,000 SIR Per Occurrence

Selective Insurance Co.

Unlimited **Aggregate Protection Excess** of **Loss Fund** 

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

Auto Physical Damage Sexual Abuse limits on the Excess Liability coverage are \$45,000,000 per member.

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

Primary School Board Legal Liability
Program Structure 2013-2014

172 Members

National Union Fire (AIG)
\$1,000,000(1)
Per Claim/
Annual Aggregate
Per District
\$250,000 IEP Hearing Sublimit
each IEP Hearing/Aggregate per
District for Claim Expenses

\$25,000
Pool Deductible
for all claims
except EPLI

\$50,000 EPLI Pool Deductible

\$15,000
Maintenance Deductible
Per Claim/Per District

\$25,000
EPLI Deductible
and IEP Hearing
Per Claim/Per District

National Union Fire (AIG) \$2,000,000 Aggregate Excess Limit

Annual Aggregate
Loss Fund Required
\$565,155
funded by Member Contributions

(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.



CLIC First Dollar Policies

Program Structure 2013-2014

172 Members

\$100,000,000 **Per Occurrence Limit** 

> \$5,000 **Maintenance Deductible**

**Boiler & Machinery** 

\$5,000,000 **Catastrophic Limit** 

\$25,000 **Mandatory Limit** 

Coverage A, B, C \$1,000,000 Each Incident \$2,000,000 Agg per Incident \$75,000,000 Pool **Coverage Agg** 

\$50,000 Sublimit for Mold & Legionella

\$10,000 - \$25,000 **Maintenance Deductible** (depends on type of claim)

Student Accident

**Pollution Liability** 

**Security & Privacy** Liability \$1,000,000 Per Member \$75,000,000 Max Limit

75,000 Affected Records Limit (Min 100 persons) for Per Person Privacy **Event Coverage.** including credit monitoring and notification costs

\$100,000 Sublimit for **Regulatory Action** \$25,000 Sublimit for Public Relations/Data Recovery

\$10,000 - \$25,000 **Maintenance Deductible** (depends on type of claim)

> Cyber Liability/ **Identity Theft**

#### **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

#### **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

#### **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

#### 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

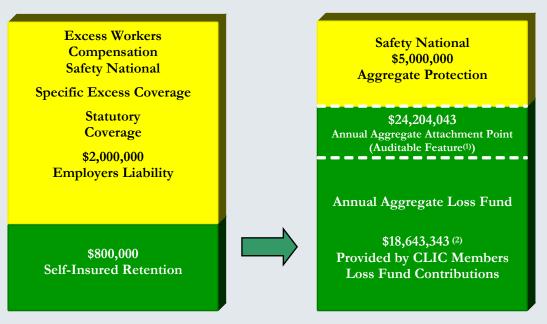
\$89,621

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%

Workers' Compensation Structure Program Structure 2013-2014

133 Members





#### **Workers Compensation**

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.

#### 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

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 hudgeted under your Tort Fund		

