

ATTACHMENT IX-D

ATTACHMENT IX-D: Prairie State Insurance

Suggested Motion: Approve North Boone's commitment to Prairie State Insurance Cooperative for the July 1st, 2021 renewal.

Recommended Action: Approve the motion

North Boone CUSD 200 has been a member of Prairie State Insurance Cooperative (PSIC) since 2011-2012 school year. PSIC provides property/liability and workman's comp insurance for North Boone under a cooperative model. This cooperative model benefits North Boone by providing equity in the organization, risk management programs, protection of risk by being in a large pool and additional coverages.

Our total increase in premiums since 2012-2013 is \$29,428. Currently North Boone has about \$122,000 in equity in PSIC. We have been refunded \$51,200 during our time in the cooperative.

Prairie State Insurance Cooperative

Board of Education Meeting
February 16, 2021

History

Prairie State Insurance Cooperative is a specialized insurance and risk management program for public school districts in Illinois.

Property/Casualty Program: 214 members

Worker's Comp: 173 members

North Boone CUSD 200 joined Prairie State Insurance Cooperative in 2011-2012.

North Boone joined the cooperative in an effort to save money and at that time needed to find a new insurance carrier due to a large claim.

Lines of Coverage Provided

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Property and related coverages

- General Liability
- Auto Liability & Physical Damage
- Sexual Abuse and Molestation
- School Board Legal Liability
- Excess Liability
- Crime
- Boiler & Machinery
- Workers' Compensation
- Employee Benefit Liability
- Bonds
Treasurer/Life Safety/Notary Public
- Student Accident Insurance
- On site pollution coverage
- Network Security and Privacy Liability
- Fiduciary Liability
- Gallagher Crisis Protect Coverage

Renewal Process



March 1

District Commitment

Districts must commit to Prairie State (PSIC) by March 1st for next renewal period.



March-May

PSIC Market Insurance

PSIC markets the cooperative to over 35 carriers for property insurance and 30 for liability



May-June

Premium Notice

School Districts are notified of their premium for the next policy year



July 1st

Policy Begins

Insurance Policy starts for school district

Commitment

When PSIC goes out to shop the insurance all districts are merged together as one risk. If a district decided to leave PSIC after pricing is already determined, it would change the risk profile of the cooperative and have an impact on the overall pricing/rates for all member districts.

Renewal

PSIC Board makes final decisions about pricing formula.

Portion of bill are program rates based upon reported exposures and marketplace changes.

The other portion for self-insured fund is determined by a third party actuary based upon claims history and exposure.

Claim History

	Incident	Total
2015-2016	NB Upper Roof	\$38,774
2016-2017	Transportation	\$1,090
2016-2017	PG Lighting Strike	\$9,311
2017-2018	Transportation	\$3,652
2019-2020	NBHS Leak in Gym	\$28,022
2019-2020	Transportation	\$18,711
2020-2021	NBHS Lighting Strike	\$9,791
Pending	PG Boiler	
	Total	\$109,351

Renewal History

	Liability	Workman's Comp	Total	Change
2011-2012	\$62,579	-	-	
2012-2013	\$91,682	\$90,795	\$182,477	
2013-2014	\$86,825	\$98,498	\$185,323	\$2,846
2014-2015	\$94,183	\$94,036	\$188,219	\$2,896
2015-2016	\$95,002	\$100,103	\$195,105	\$6,886
2016-2017	\$91,909	\$86,539	\$178,448	(\$16,657)
2017-2018	\$90,778	\$93,923	\$184,701	\$6,253
2018-2019	\$88,143	\$101,270	\$189,413	\$4,712
2019-2020	\$88,378	\$89,698	\$178,076	(\$11,337)
2020-2021	\$117,039	\$90,465	\$207,504	\$29,428

Since 2012-2013 the total
increase of North Boone's
premium has been

\$25,027

(Corrected on 2/16)

Estimate for FY22 is 10-15% for
Property/Casualty with
workman's comp stable

Estimated District Total of
6-10%

Increase in FY20

- ◉ Midwest weather trends with tornadoes and strong winds that bring hail damage
- ◉ Concerns with sexual abuse/molestation cases
- ◉ Cyber-attacks on the rise
- ◉ State of the insurance market has changed. 2017-2018 was the 2nd worst year on record for industry losses with 97% of the losses being driven by catastrophic weather

Increase in FY21

- ◉ Insurance market for schools is a difficult as it has been in nearly 30 years.
- ◉ Increases due to property, auto, sexual abuse and cyber lines of coverage. The claims on the above are outpacing collected premium for the last five years so the industry has to adjust.

Return of Equity

	Return
2018	\$14,522
2019	\$19,066
2020	\$16,000

North Boone has \$122,000 in equity in PSIC

Benefits of PSIC

- Equity (~\$122,000)
- Risk management programs
- Professional development on current topics (cyber security, etc.)
- Additional coverages such as increased abuse coverage, cyber coverage and violent event coverage
- Clout in the market due to large size

Risk of leaving PSIC

- District at risk for high deductibles
- If we have a high claim we are at risk of not being renewed
- District is more vulnerable in a stand alone position for this type of insurance.

Other Options

- Stand Alone
 - Third Party Administrator
- Cooperative Model
 - Examples such as
 - CLIC
 - Illinois County Risk Management Trust

Thank you

ANY QUESTIONS?

