

ATTACHMENT NO. IX-H: Workers Compensation Insurance Renewal

Potential motion: Move to approve the Renewal for Workers Compensation, Treasurer's Bond, School Board Legal Liability and Student Accident Insurance as provided by the Worker's Compensation Self-Insurance Trust (WCSIT)

Recommended action: Approve the motion

It is recommended that the Board approve the renewal of insurance as provided by the Worker's Compensation Self-Insurance Trust (WCSIT). In 2009/10, the district agreed to a three-year Multi-year Rate Option. The 2011-2012 fiscal year will be the last year of this commitment.

The renewal amount of \$106,645 is based upon estimated payroll amounts within job classifications. The 2010-11 renewal was \$104,127. Actual wages paid are reviewed each year for premium adjustments.

If the board wishes to have the Business Services Committee review the bid further, the motion could be held until a future board meeting.

North Boone C.U.S.D. #200
Illinois Association of School Boards - Sponsored
Workers' Compensation Self-Insurance Trust (WCSIT)
Renewal Contribution Calculation

Coverage Term 7/01/2011 - 7/01/2012

THIS PROPOSAL IS BASED ON RATES UTILIZED PER THE GUARANTEE AGEEMENT.

Code	Description	Estimated Annual Payroll	Current Rate	Manual Contribution
7380	Drivers/Garage Employees	\$490,500	\$10.41	\$51,061
8868	Professional & Clerical	\$8,513,675	\$0.62	\$52,785
9101	All Other Employees	\$580,250	\$5.61	\$32,552
Total Manual Contribution				\$136,398

<u>Employer's Liability</u>	\$2,000,000 limit
Additional Benefits to Qualified WCSIT Members	
The estimated savings is based on your:	
* Treasurer's Bond <i>(except for Cook County if participating in the Township Treasurer's Bond)</i>	\$5,730,315
* School Board Legal Liability Coverage	\$10,000,000 limit
* Student Accident Coverage	Invaluable
* School Leaders Risk Management Association Membership	Invaluable
Estimated Value of Additional Benefits:	\$15,971
Note: Treasurer's Bond and School Board Legal Liability are subject to our receipt, review, and approval of a Treasurer's Bond application and a School Board Legal Liability application.	

THE TOTAL CONTRIBUTION DUE IS: \$106,645

This is a Firm Quotation based upon your 2011 experience modification.

For coverage to be effective, the contribution is due and payable by your plan of coverage effective date, July 1, 2011.

For eligible school entries, this includes your Treasurer's Bond, School Board Legal Liability Coverage, Student Accident Coverage and School Leaders Risk Management Association Membership.

PLEASE MAKE YOUR CHECK PAYABLE TO: Workers' Compensation Self-Insurance Trust

6376 Eagle Way

Cc: Brian Feltes & Associates

Chicago, IL 60678-1637

Date Prepared: 6/01/2011

**ILLINOIS ASSOCIATION OF SCHOOL BOARDS
WORKERS' COMPENSATION SELF-INSURANCE TRUST**

**INTERGOVERNMENTAL COOPERATIVE
POOLING AGREEMENT**

As Amended and Restated April 1, 2009

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**ILLINOIS ASSOCIATION OF SCHOOL BOARDS
WORKERS' COMPENSATION SELF-INSURANCE TRUST**

**INTERGOVERNMENTAL COOPERATIVE
POOLING AGREEMENT**

As Amended and Restated April 1, 2009

THIS AGREEMENT is made and entered into by and among the Trustees of the **ILLINOIS ASSOCIATION OF SCHOOL BOARDS WORKERS' COMPENSATION SELF-INSURANCE TRUST** (the "**TRUST**") and eligible public agencies as defined by the Illinois Intergovernmental Cooperation Act.

INTRODUCTION

by law.

The **TRUST** has established joint self-insurance programs to provide for the payment of Section 6 of the Intergovernmental Cooperation Act provides "public agencies" may contract to jointly self-insure against liability or loss in a designated insurable area. 5 ILCS 220/6. Article 7, Section 10 of the Illinois Constitution of 1970 provides that school districts and other units of local government may contract or otherwise associate among themselves or with other governmental bodies to obtain or share services and to exercise, combine, or transfer any power or function, in any manner not prohibited by law. Further, they may contract and otherwise associate with individuals, associations, and corporations in any manner not prohibited workers' compensation and certain other designated liabilities as an alternative to purchasing insurance coverage from commercial insurance carriers. The parties to this Agreement ("**MEMBERS**") are public agencies which have applied for and have been accepted for membership by the Trustees under the terms of the **TRUST AGREEMENT** and the rules and regulations adopted by the Trustees.

THIS POOLING AGREEMENT sets forth certain operating and membership requirements of the **TRUST's** self-insurance programs.

IT IS AGREED:

SECTION 1
MEMBERS

1.1 Participation in Joint Self-Insurance Programs

All public agencies that applied and were accepted for membership by the Trustees before April 1, 1994 participated in the **TRUST's** joint self-insurance program for the pooling of workers' compensation and employers' liability obligations (collectively, "Workers' Compensation Liabilities") as set forth in the Workers' Compensation and Employers' Liability Coverage Agreement issued by the **TRUST**, as amended from time to time (the "Workers' Compensation Coverage Agreement"). Public agencies that apply and are accepted for membership by the Trustees on and after April 1, 1994 may elect to participate in the pooling of Workers' Compensation Liabilities and/or to participate in the **TRUST's** joint self-insurance program for the pooling of the liabilities covered by the School Board Legal Liability Coverage Agreement issued by the **TRUST**, as amended from time to time (respectively, the "School Board Legal Liabilities" and the "Liability Coverage Agreement"). Public agencies may elect to participate solely in the Trust's joint self-insurance program for the pooling of liabilities covered under the Excess Workers' Compensation Liability Coverage Agreement (respectively, "Excess Workers' Compensation Liabilities" and "Excess Workers' Compensation Coverage Agreement"). The Workers' Compensation Coverage Agreement, Liability Coverage Agreement and Excess Workers' Compensation Coverage Agreement shall be referred to collectively as "Coverage Agreements".

1.2 Membership Classes

1.2.1 Those **MEMBERS** that participate in the pooling of Workers' Compensation Liabilities and are covered under the Workers' Compensation Coverage Agreement may also be eligible, as determined by the Trustees in their sole discretion, for additional benefits of membership in the **TRUST** described in Subsection 4.5 of this Agreement ("**FULL MEMBERS**"). **FULL MEMBERS** shall be eligible for the receipt of dividends or return of surplus pursuant to Section 10 of this Agreement and shall be subject to special assessment pursuant to Subsection 8.5 of this Agreement.

1.2.2 Those **MEMBERS** that elect to participate solely in the pooling of School Board Legal Liabilities and are covered under the Liability Coverage Agreement shall not be covered under the Workers' Compensation Coverage Agreement and shall not be eligible for and shall not receive additional benefits of membership in the **TRUST** described in Subsection 4.5 of this Agreement ("**LIMITED MEMBERS**"). **LIMITED MEMBERS** shall not be eligible for the receipt of dividends or return of surplus described in Section 10 of this Agreement and shall not be subject to special assessments described in Subsection 8.5 of this Agreement.

1.2.3 Those **MEMBERS** that elect to participate solely in the pooling of Excess Workers' Compensation Liabilities and are covered under the Excess Workers' Compensation Coverage Agreement shall not be eligible for and shall not receive additional benefits of membership in the **TRUST** described in Subsection 4.5 of this Agreement ("**POOL 2 MEMBERS**"). **POOL 2 MEMBERS** shall not be eligible for the receipt of dividends or return of surplus described in Section 10 of

this Agreement and shall not be subject to special assessments described in Subsection 8.5 of this Agreement.

1.2.4 Those **MEMBERS** that elect to participate in the pooling of Workers' Compensation Liabilities and are covered under the Workers' Compensation Coverage Agreement, but shall not be eligible for and shall not receive additional benefits of membership in the **TRUST** described in Subsection 4.5 of this Agreement shall be **POOL 3 MEMBERS**. **POOL 3 MEMBERS** shall be eligible for the receipt of dividends and return of surplus pursuant to Section 10 of this Agreement and shall be subject to special assessment pursuant to Subsection 8.5 of this Agreement.

SECTION 2 **THE FUND**

The Trustees shall pay all contributions received from **MEMBERS** and all reinsurance proceeds and other amounts collected on behalf of the **TRUST** into a single reserve fund ("**FUND**") that shall be available for the payment of all benefits, dividends and costs payable in connection with the **TRUST's** joint self-insurance programs. The respective rights of each class of **MEMBERS** with respect to the payment of benefits and dividends out of the monies held in the **FUND** and the respective obligations of each class of **MEMBERS** to pay contributions for the maintenance of the **FUND** are set forth in this Agreement.

SECTION 3 **FISCAL YEAR**

The **FUND** and **TRUST** shall operate on a fiscal year from 12:01 a.m. July 1 to 12:01 a.m. July 1 of the following year. The membership term of the undersigned applicant shall commence on the date shown on the signature page of this Agreement or as otherwise designated by the Trustees and may be terminated by either the **MEMBER** or the **TRUST** in accordance

with the provisions of Section 9 of this Agreement. Appropriate adjustments of contributions may be made by the Trustees for those **MEMBERS** who became **MEMBERS** other than at the beginning of the year.

SECTION 4 **BENEFITS**

4.1 Plans of Coverage

The Trustees have developed written plans of joint self-insurance for the coverage of the Workers' Compensation Liabilities, School Board Legal Liabilities, and Excess Workers' Compensation Liabilities. These plans of joint self-insurance are set forth in, and shall be implemented, respectively, by the Workers' Compensation Coverage Agreement, Liability Coverage Agreement and Excess Workers' Compensation Coverage Agreement (collectively, the "Coverage Agreements"). In their sole discretion, the Trustees may revise the plans of joint self-insurance and the Coverage Agreements from time to time to add or delete types of coverage, to raise or lower limits of coverage and to change the terms of coverage.

4.2 Workers' Compensation Coverage

In consideration of the payment of contributions by a **FULL MEMBER** and a **POOL 3 MEMBER**, the **TRUST** shall perform all of its obligations under the terms and conditions of the Worker's Compensation Coverage Agreement issued to the **FULL MEMBER** or **POOL 3 MEMBER**, including the payment of all benefits required to be paid to the employees of the **FULL MEMBER** or **POOL 3 MEMBER** pursuant to the Illinois Workers' Compensation and Workers' Occupational Diseases Acts in connection with injuries caused by accidents occurring during the term of the Workers' Compensation Coverage Agreement with the **FULL MEMBER** or **POOL 3 MEMBER** or by certain diseases as provided in such Agreement.

4.3 Excess Workers' Compensation Coverage

In consideration of the payment of contributions by a **POOL 2 MEMBER**, the **TRUST** shall perform all of its obligations under the terms and conditions of the Excess Worker's Compensation Coverage Agreement issued to the **POOL 2 MEMBER**, including the payment of all benefits required to be paid to the employees of the **POOL 2 MEMBER** pursuant to the Illinois Workers' Compensation and Workers' Occupational Diseases Acts in connection with injuries caused by accidents occurring during the term of the Excess Workers' Compensation Coverage Agreement with the **POOL 2 MEMBER** or by certain diseases as provided in such Agreement.

4.4 School Board Legal Liability Coverage

In consideration of the payment of contributions by or on behalf of any **FULL** or **LIMITED MEMBER**, the **TRUST** shall pay all amounts due and perform all of its other obligations under the terms and conditions of the Liability Coverage Agreement with such **MEMBER**. Coverage under such Agreement shall be provided on a "claims-made" basis and shall only apply to claims for which a proper notice of claim is filed within the time period(s) specified in the Liability Coverage Agreement.

4.5 Additional Benefits Solely for FULL MEMBERS

In the exercise of their sole discretion, the Trustees may utilize any surplus accumulated by the **TRUST** to purchase surety bonds issued by an insurer licensed by the Illinois Division of Insurance for the treasurers of or with respect to those **FULL MEMBERS** who are determined to be eligible by the Trustees, in the amounts required by Illinois law, provided that either each treasurer for whom such a bond is issued is acting as treasurer only for the **FULL MEMBER** or, if such treasurer is acting as treasurer for one or more school districts located in a Cook County, Illinois township, in addition to the **FULL MEMBER**, the treasurer purchases the required bond for such additional school districts from the same insurer from which the Trustees obtain the

above-mentioned bonds. Neither the **TRUST** nor the **FUND** shall have any liability in connection with any payments due from the insurer that issues these bonds. In the exercise of their sole discretion, the Trustees may also utilize any surplus accumulated by the **TRUST** to purchase coverage under the Liability Coverage Agreement and under the Student Accident Coverage Agreement issued to the **TRUST** on a group basis by the Illinois School District Agency for those **FULL MEMBERS** who are determined to be eligible by the Trustees. The benefits under this Subsection 4.5 to be paid out of surplus accumulated by the **TRUST** are solely for **FULL MEMBERS**. Although **LIMITED MEMBERS, POOL 2 MEMBERS** and **POOL 3 MEMBERS** are not eligible for and shall not receive the additional benefits that are provided solely to **FULL MEMBERS** pursuant to this Subsection 4.5, such **MEMBERS** may purchase one or more of the coverages described in this Subsection 4.5 using their own funds, and in consideration of the payment of contributions, the **TRUST** shall perform all of the obligations under the terms and conditions of the Coverage Agreements with such **MEMBERS**.

4.6 Tort Immunity

The Liability Coverage Agreement shall not waive any defenses or immunities of **MEMBERS** provided by the Illinois Tort Immunity Act or any other applicable statute or common law.

4.7 Reinsurance and Excess Insurance

The Trustees shall purchase reinsurance covering one hundred percent of the risks assumed by the **TRUST** under the terms of the Liability Coverage Agreement, subject to such limitations on the reinsurer's liability (such as annual aggregate limits) as the Trustees shall consider prudent. In addition, in their sole discretion, the Trustees may purchase reinsurance or excess insurance in such amounts and on such terms as appear prudent to the Trustees for the purpose of controlling the costs of, and enhancing the continuity and stability of, the coverage provided under the Workers' Compensation Coverage Agreement and/or the Excess Workers'

Compensation Coverage Agreement. Excess insurance or reinsurance purchased by the Trustees shall protect the **TRUST** and the **FUND**, and no **MEMBER** shall have any individual right of recovery thereunder.

4.8 Exclusivity

No **MEMBER** (including former and terminated **MEMBERS**) nor any other person, partnership, corporation or association shall have any right, title or interest in or to the **TRUST** or the **FUND** except when, and to the extent that, indemnity and/or expense is payable under the terms of the Coverage Agreements as determined by the Trustees, or except as provided elsewhere in this Agreement or in the Workers' Compensation Self-Insurance Trust Agreement between the Illinois Association of School Boards and the **Trustees**, as amended and restated from time to time (the "Trust Agreement").

SECTION 5 **MEMBERSHIP APPLICATION**

A public agency applying for membership shall file such forms as are approved by the Trustees and shall designate whether it is applying for membership as a **FULL MEMBER**, **LIMITED MEMBER**, **POOL 2 MEMBER** or **POOL 3 MEMBER**. The applicant shall furnish all information required by the Trustees or by any governmental authority. The applicant, if approved for membership, shall comply with the requirements of participation in the **TRUST** and **FUND** as set forth herein and in the Trust Agreement.

SECTION 6 **TRUST GOVERNANCE**

The Trustees shall govern all aspects of the **TRUST** and **FUND**, including participation in the **TRUST**, the investment of **FUND** monies and assets and interpretation of the Coverage Agreements and other applicable documents. The Trustees shall approve all individuals or organizations providing legal, actuarial, accounting, loss prevention and claims management services as required or appropriate to operate the **TRUST** and **FUND**.

SECTION 7
TRUST ADMINISTRATOR

The Trustees may engage one or more administrators and consultants who may:

7.1 Present recommendations with respect to applicants for consideration by the Trustees based on underwriting standards and other considerations.

7.2 Recommend contribution rates to the Trustees, based on the factors set forth in Section 8 below.

7.3 Recommend policies to the Trustees on the return of funds to **FULL MEMBERS** and **POOL 3 MEMBERS** in the form of dividends or return of surplus.

7.4 Compute adjustments in **MEMBERS'** contributions based on payroll audit or other relevant documents following each coverage year.

7.5 Provide administrative services to enable current and prospective **MEMBERS** to obtain information concerning the general administrative and financial aspects of the program.

7.6 Provide periodic reports and accountings to the Trustees, **FULL MEMBERS** and **POOL 3 MEMBERS** on **TRUST** finance, claims management and claim reserves, and activities pertaining to loss prevention.

7.7 Provide information on funding levels, loss ratios and specific claims to any of the **TRUST's** reinsurers or excess insurers.

7.8 File reports as required by applicable law and respond to governmental inquiries.

7.9 Provide assistance and advice to legal, accounting, and actuarial personnel as required or appropriate.

7.10 Provide or arrange for the provision of claims management services, as needed, to include claims reporting and investigation procedures, claim reserve procedures, contact with claimants to resolve and settle claims or arrange for rehabilitation or medical assistance, and

delivery of statistical reports on claims to the **TRUST** and each **FULL MEMBER** and **POOL 3 MEMBER**.

7.11 Provide assistance in the selection of counsel and assist in the orderly disposition of litigated matters.

7.12 Provide or arrange for the provisions of loss prevention and safety engineering services for the **MEMBERS**, which may include periodic bulletins and seminars, and physical inspections of the **MEMBERS'** premises when advisable.

7.13 Provide other services requested by the Trustees as required to insure sound management of the program.

SECTION 8 CONTRIBUTIONS AND SPECIAL ASSESSMENTS

8.1 Contributions of FULL MEMBERS

Contributions required of **FULL MEMBERS** shall be calculated to cover estimated benefit payments and related costs under the Workers' Compensation Coverage Agreement and related administrative and operational expenses. The initial contribution due from each **FULL MEMBER** upon its acceptance for membership may include a contribution to the **TRUST's** reserves in an amount determined by the Trustees. Aside from this initial contribution to reserves, contributions of **FULL MEMBERS** shall be calculated in part on the basis of current rates promulgated by the National Council on Compensation Insurance, taking into account experience as a **FULL MEMBER** of the **TRUST**, as such experience develops. As set forth in Subsection 4.5 of this Agreement, the costs associated with the participation of **FULL MEMBERS** in the **TRUST's** joint self-insurance program for the pooling of School Board Legal Liabilities, with the purchase of surety bonds for the treasurers of **FULL MEMBERS** and for coverage of students of **FULL MEMBERS** under the Student Accident Coverage Agreement issued to the **TRUST** on a group basis by the Illinois School District Agency may be paid out of

the surplus accumulated by the **TRUST** and not out of additional or increased contributions from **FULL MEMBERS**. As more fully set forth in Subsection 9.3 of this Agreement and notwithstanding anything in this Agreement to the contrary including termination of membership in WCSIT, a **FULL MEMBER** and a terminated **FULL MEMBER** shall be obligated to pay the total amount of contribution(s) due and/or the total amount that would have been due under Coverage Agreement(s), which were in effect and/or would have been in effect but for termination of such **MEMBER**, during the entire term of any **RATE GUARANTEE AGREEMENT** with such **MEMBER**. **RATE GUARANTEE AGREEMENT** shall mean a written agreement among the **TRUSTEES** and a **MEMBER** pursuant to which the **TRUSTEES** agree that the cost rate(s), which is applied to risk and exposure factors to determine the total contribution due under a Coverage Agreement, shall remain constant for the entire term of such **RATE GUARANTEE AGREEMENT**. Although the cost rate(s) shall remain constant for the entire term of such **RATE GUARANTEE AGREEMENT**, total contributions for a **MEMBER** may change due to changes in its risk and exposure factors.

8.2 Contributions of POOL 2 MEMBERS

Contributions required of **POOL 2 MEMBERS** shall be calculated to cover the benefit/payments and related costs under the Excess Workers' Compensation Coverage Agreement and related administrative and operational expenses. As more fully set forth in Subsection 9.3 of this Agreement and notwithstanding anything in this Agreement to the contrary including termination of membership, a **POOL 2 MEMBER** and a terminated **POOL 2 MEMBER** shall be obligated to pay the total amount of contribution(s) due and/or the total amount of contributions that would have been due under the Coverage Agreement(s), which

were in effect and/or would have been in effect but for termination of such **MEMBER**, during the entire term of any **RATE GUARANTEE AGREEMENT** with such **MEMBER**.

8.3 Contributions of POOL 3 MEMBERS

Contributions of **POOL 3 MEMBERS** shall be calculated to cover benefit payments and related costs under the Workers' Compensation Coverage Agreement and related administrative and operational expenses. Contributions of **POOL 3 MEMBERS** shall be calculated in part on the basis of current rates promulgated by the National Council on Compensation Insurance, taking into account experience as a **POOL 3 MEMBER** of the **TRUST**, as such experience develops. As more fully set forth in Subsection 9.3 of this Agreement and notwithstanding anything in this Agreement to the contrary including termination of membership, a **POOL 3 MEMBER** and a terminated **POOL 3 MEMBER** shall be obligated to pay the total amount of contribution(s) due and/or the total amount of contributions that would have been due under Coverage Agreement(s), which were in effect and/or would have been in effect but for termination of such Member, during the entire term of any **RATE GUARANTEE AGREEMENT** with such **MEMBER**.

8.4 Contributions of LIMITED MEMBERS

Contributions required of **LIMITED MEMBERS** shall be calculated to cover the costs of their coverage under the Liability Coverage Agreement and related administrative and operational expenses. A **LIMITED MEMBER's** contribution shall be calculated in part on the basis of average daily attendance. As more fully set forth in Subsection 9.3 of this Agreement and notwithstanding anything in this Agreement to the contrary including termination of membership, a **LIMITED MEMBER** and a terminated **LIMITED MEMBER** shall be obligated to pay the total amount of contribution(s) due and/or the total amount of contributions that would have been due under Coverage Agreement(s), which were in effect and/or would have

been in effect but for termination of such Member, during the entire term of any **RATE GUARANTEE AGREEMENT** with such **MEMBER**.

8.5 Special Assessments

The Trustees may impose special assessments on **FULL MEMBERS** and past **FULL MEMBERS** and **POOL 3 MEMBERS** and past **POOL 3 MEMBERS** whenever, in the sole discretion of the Trustees, such assessments are required to reduce or eliminate a deficit of the **TRUST**. In calculating the deficit, the Trustees may in their sole discretion include reasonable reserves for all incurred claims, whether or not reported, all production and loss adjustment expenses, net investment income and any other relevant items, including administrative and operational expenses.

8.6 Allocation of Special Assessments

The Trustees shall impose the entire amount of any special assessment on **FULL MEMBERS**, past **FULL MEMBERS**, **POOL 3 MEMBERS** and past **POOL 3 MEMBERS**. The Trustees shall calculate the amount of a special assessment. The amount and timing of any special assessment shall be in the sole discretion of the Trustees.

8.7 Finality of the Trustees' Allocations

The Trustees' good faith allocation of any special assessment among individual **FULL MEMBERS**, past **FULL MEMBERS**, **POOL 3 MEMBERS** and past **POOL 3 MEMBERS** shall be considered final and binding on all such **FULL MEMBERS**, past **FULL MEMBERS**, **POOL 3 MEMBERS** and past **POOL 3 MEMBERS**.

8.8 Duration of Past **FULL MEMBERS**' and past **POOL 3 MEMBERS**' Assessment Liability

The duration of liability of past **FULL MEMBERS** and past **POOL 3 MEMBERS** for special assessments shall be limited to not less than three years following termination of membership. Notwithstanding the above provisions regarding special assessments, the Trustees

may at any time assess or reassess **FULL MEMBERS**, past **FULL MEMBERS**, **POOL 2 MEMBERS**, past **POOL 2 MEMBERS**, **POOL 3 MEMBERS** and past **POOL 3 MEMBERS** for additional contributions based on a determination or redetermination of payroll whether by audit or otherwise. Termination of membership for whatsoever reason shall in no way limit or terminate the liability of a **FULL MEMBER**, **POOL 2 MEMBER**, or a **POOL 3 MEMBER** under this Section 8 for such obligations.

SECTION 9
MINIMUM TERMS OF MEMBERSHIP AND TERMINATION

9.1 Unless a **MEMBER's** participation is involuntarily terminated by the Trustees, the minimum initial term of membership of a **MEMBER** shall coincide with the **TRUST's** fiscal year if the initial term of membership begins on July 1 of any year and shall include the balance of the current fiscal year of the **TRUST** plus the entirety of the next succeeding fiscal year if the initial term of membership begins on a date other than July 1. Provided, however, if a **MEMBER** has entered into a **RATE GUARANTEE AGREEMENT**, such **MEMBER** is obligated to remain a **MEMBER** until the expiration of such **RATE GUARANTEE AGREEMENT**. A **MEMBER** may withdraw at the expiration date of any **RATE GUARANTEE AGREEMENT** or Coverage Agreement, whichever is later, by giving written notice to the Trustees prior to such expiration date, and by following such other rules established by the Trustees from time to time.

9.2 **MEMBERS** may be terminated from the **TRUST** under rules set forth in the Trust Agreement or as otherwise established by the Trustees for reasons that include but are not limited to:

9.2.1 Failure to remit or otherwise pay requisite contributions or assessments on the date when due or within the period of time allowed by the Trustees for such payment.

9.2.2. Failure to meet other requirements for continued participation that may be determined by the Trustees to preserve the stability and strength of the **TRUST** and which are consistent with the provisions of the Trust Agreement, including participation in programs or efforts designed to reduce losses or adjust claims in order to carry out the purposes for which the **TRUST** was established.

9.3 A terminated **MEMBER** shall pay to the **TRUST** within thirty (30) days after the effective date of termination (i) all contributions due for coverage under prior Coverage Agreement(s), and (ii) total amount of contributions due and/or total amount of contributions that would have been due under Coverage Agreement(s), which were in effect and/or would have been in effect but for termination of such **MEMBER**, during the entire term of any **RATE GUARANTEE AGREEMENT** with such **MEMBER**.

For purposes of calculating total contributions due after termination, which amount will be due as liquidated damages and not as a penalty, it will be assumed that there are no changes in the risk and exposure factors used to calculate contributions due from such **MEMBER** with respect to the Coverage Agreement during which the **MEMBER** is terminated, unless the Board determines that some other risk and exposure assumptions should be used for calculating such contributions. A terminated **MEMBER** shall also be liable for one or more special assessments that the Board imposes, prior to or subsequent to its termination, on all **MEMBERS** with respect to a year of account in which the **MEMBER** participated pursuant to its Coverage Agreement.

SECTION 10 **EXCESS FUNDS**

In their sole discretion, the Trustees may use any amounts accumulated in the **FUND** in excess of the amounts needed to provide for claim and benefit payments owed to **FULL MEMBERS** and **POOL 3 MEMBERS** under the terms of the Workers' Compensation Coverage Agreement, to **POOL 2 MEMBERS** under the terms of the Excess Workers'

Compensation Coverage Agreement and to **LIMITED MEMBERS** under the terms of the Liability Coverage Agreement and related administrative and operating expenses (“Excess Funds”) to pay the costs of providing coverage to eligible **FULL MEMBERS** under the terms of the Liability Coverage Agreement. In their sole discretion, the Trustees may also use such Excess Funds to purchase surety bonds for the treasurers of or with respect to eligible **FULL MEMBERS** and to purchase coverage under the Student Accident Coverage Agreement for the students of eligible **FULL MEMBERS** as provided in Subsection 4.5 above. If, in the Trustees’ sole discretion, the **FUND** balance remaining after making such payments is in excess of an amount reasonably necessary to fulfill the purposes of the **TRUST**, the Trustees may arrange an equitable apportionment of such excess among **FULL MEMBERS** and **POOL 3 MEMBERS** as a dividend or other return of surplus that shall be subject to the Trust Agreement then in effect and such rules established by the Trustees as may be then in effect.

SECTION 11 **OBLIGATIONS OF MEMBERS**

Each **MEMBER** shall be bound by all of the terms of the Trust Agreement entered into between the Illinois Association of School Boards and the Trustees, as amended and restated from time to time, and shall abide by the rules and regulations promulgated by the Trustees for the administration of the **TRUST**, which shall include, but not be limited to:

11.1 Each **FULL MEMBER**, **POOL 2 MEMBER** and **POOL 3 MEMBER** shall initiate and maintain a safety program to give its employees safe and sanitary working conditions and agrees to follow the general recommendations of the **TRUST**, its Administrator and agents to promote the general welfare of its employees. Each **FULL MEMBER**, **POOL 2 MEMBER** and **POOL 3 MEMBER**, however, shall remain solely responsible for all decisions concerning its safety program and practices and may not rely upon evaluations or recommendations made by

the **TRUST**, its Administrator or agents in making final decisions concerning its safety program and practices.

11.2 When an injury covered by the Workers' Compensation Coverage Agreement occurs, the affected **FULL MEMBER** or **POOL 3 MEMBER** shall immediately complete an Employer's First Report of Injury form as issued by the Illinois Industrial Commission and file the original and one copy with the claim service designated by the Trustees.

11.3 If a claim covered by any of the Coverage Agreements is made or a suit or other proceeding is brought against the **MEMBER**, the **MEMBER** shall immediately forward to the **TRUST** every demand, notice, summons or other process received.

11.4 The **MEMBER** shall fully cooperate with the **TRUST** and, upon the **TRUST**'s request, in accordance with the terms and conditions of the relevant Coverage Agreement, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and otherwise cooperate in the conduct of suits, hearings and proceedings. The **MEMBER** shall not, except at its own cost that shall not be reimbursed by the **TRUST**, voluntarily make any offer or payment, assume any obligation or incur any expense without prior written authorization of the **TRUST** other than for such immediate medical and other services at the time of injury as are required by the Workers' Compensation or Occupational Diseases Acts.

11.5 Each **MEMBER** shall make prompt payment of all contributions and assessments required under this Agreement.

11.6 Each **FULL MEMBER** and **POOL 3 MEMBER** does hereby appoint the **TRUST** or its Administrator as agent to act in the **FULL MEMBER**'s and **POOL 3 MEMBERS**'s behalf to file reports and to make or arrange for payment of claims, medical expenses and all other things required or necessary insofar as they affect the **FULL MEMBER**'s and **POOL 3 MEMBERS**'s liability under the Workers' Compensation or Occupational

Diseases Acts or such **FULL MEMBER's** and **POOL 3 MEMBERS's** obligation under the rules, regulations and orders of the Illinois Industrial Commission.

11.7 Each **MEMBER** agrees that in the event of the payment of any loss by the **TRUST** under this Agreement, the **TRUST** shall be subrogated to the extent of such payment to all the rights of the **MEMBER** against any person or other entity legally responsible for damages for such loss, and in such event, the **MEMBER** shall render fully all reasonable assistance, other than pecuniary assistance, to effect recovery.

11.8 The Trustees, the Administrator, and any of their agents, servants, employees, agents or attorneys, shall be permitted at all reasonable times to inspect a **FULL MEMBER's** and **POOL 3 MEMBER's** work places, plants, works, machinery, and appliances covered by this Agreement, and shall be permitted at all reasonable times and for at least three years following termination of membership to examine any **MEMBER's** books, vouchers, contracts, documents, and records of any and every kind that show or tend to show or verify contributions that are payable or were paid to the **TRUST**.

11.9 Each **MEMBER** agrees that the **TRUST** is authorized to enforce the obligations described in this Agreement by filing suit in a court of proper jurisdiction within the State of Illinois. Each **MEMBER** further agrees that the **TRUST** shall be entitled to recover the following in connection with enforcing such **MEMBER'S** obligations under this Agreement, regardless of whether the **TRUST** files suit:

- (a) the **TRUST's** costs, including reasonable attorneys fees; together with
- (b) simple interest on any outstanding balance that the **MEMBER** owes the **TRUST** at the rate of 1% per month as liquidated damages and not as a penalty, for each month that the **MEMBER** fails to comply with its obligations.

SECTION 12
ENTIRE AGREEMENT

Upon its effective date, this Agreement contains all of the terms agreed upon by the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, amendments to agreements, arrangements and communications, between the parties concerning such subject matter, whether oral or written, except as specifically provided otherwise in this Agreement. This Agreement shall be subject to the laws of Illinois excluding any provision regarding conflict of law principles.

IN WITNESS WHEREOF, the MEMBERS of the TRUST have caused this Agreement, which may be executed in one or more counterparts, to be executed by the duly authorized Chairman of the Board of Trustees and the applicant MEMBER has caused the Agreement to be executed by its duly authorized representative.

**ILLINOIS ASSOCIATION OF SCHOOL BOARDS
WORKERS' COMPENSATION SELF-INSURANCE TRUST**

MEMBER

By: *Jean M. Christa*
Its Chairman of the Board
Of Trustees

By: _____
Its Board President or
Superintendent

School District Name and Number

Street Address

City Zip

Dated: 5/7/09

Dated: _____

Membership of the applicant shall commence at 12:01 a.m. on
7-1-11