

ATTACHMENT NO. XII-K

ATTACHMENT NO. XII-K: Renewal of Workers Compensation Insurance and Property/Liability/Auto/Umbrella Insurance

Suggested motion: Move to renew Prairie State Insurance Cooperative Insurance coverage

Recommended action: Approve the motion

It is recommended that the Board approve the 2020-2021 renewal of workers compensation insurance as proposed by the Prairie State Insurance Cooperative, Inc. The cost for 2020-2021 worker’s compensation coverage will be \$90,465. This is a 1% increase over the prior year’s renewal amount of \$89,698.

It is also recommended that the Board approve the 2020-2021 renewal of property / liability / auto / umbrella insurance as provided by the Prairie State Insurance Cooperative. The cost for 2020-201 coverage would be \$117,039. This is a 32% increase from the 2019-2020 renewal of \$88,378. This renewal also includes the Board legal liability and student accident insurance.

The increase in the liability/auto/umbrella insurance for the District is due to the insurance marketplace. Catastrophic weather as well as predicative modeling for weather has an impact on the increase in the renewal.

Year	Property/Auto/Liability	Workman’s Comp	Total
2020-2021	\$117,039	\$90,465	\$207,504
2019-2020	\$88,378	\$89,697	\$178,075
2018-2019	\$88,143	\$101,270	\$189,413
2017-2018	\$90,778	\$93,923	\$184,701
2016-2017	\$91,909	\$86,539	\$178,448

PRAIRIE STATE INSURANCE COOPERATIVE (PSIC) – 2020/2021 PROPERTY CASUALTY (PC) PROGRAM COST COMPARISON

District: North Boone Community Unit School District #200

Statistical Information	2019-2020	2020-2021	% CHANGE
Total Insurable Values (Includes APD)	\$78,199,346	\$80,081,097	2%
Pre-K/Elementary/Junior Students	1,146	1,139	-1%
High School Students	487	462	-5%
Teachers	130	130	0%
Buses	30	29	-3%
All Other Vehicles	7	7	0%

Fixed Cost	2019-2020	2020-2021
Package premium - includes actuarial debit/credit in [] *	[-12.6%] \$8,190	[0.0%] \$10,822
Excess Property	\$10,979	\$28,152
Boiler & Machinery	\$1,792	\$2,424
Pollution Liability	\$1,556	\$1,561
Excess Liability (\$10,000,000 xs \$2,000,000)	\$3,123	\$4,501
Student Accident – Mandatory (\$25,000)	\$8,513	\$8,286
Student Accident – Catastrophic (\$5,000,000 xs \$25,000)	\$2,450	\$2,402
Cyber Liability/Identity Theft	\$3,292	\$3,686
Crisis Protect	\$1,839	\$1,805
AJ Gallagher Administration/Brokerage Fee	\$6,174	\$6,360
Associated Risk Managers of Illinois Local Agents' Fee	\$6,174	\$6,360
Gallagher Bassett Claims Administration Fee	\$629	\$625
Gallagher Bassett Loss Control Fee	\$1,008	\$1,006
PSIC Operating Expense Fee	N/A	N/A
Total Fixed Costs	\$55,720	\$77,989
% Change		40%

Variable Cost	2019-2020	2020-2021
Loss Fund – Package -includes actuarial debit/credit in [] *	[-7.7%] \$32,658	[0.0%] \$39,050
% Change		19.6%

Total Property Casualty Cost	2019-2020	2020-2021
PC Contribution on a Maximum Cost Basis	\$88,378	\$117,039
% Change		32%

*Please note, the actuarial debit/credit system for the 2020/2021 renewal is based on 2019/2020 individual member annual contribution. This system is based on 5 years of incurred losses by member as well as 2020/2021 exposures by member.

There is no debit/credit applied for the 2020-2021 policy term.

**PRAIRIE STATE INSURANCE COOPERATIVE (PSIC) – 2020/2021
WORKERS' COMPENSATION (WC) PROGRAM COST COMPARISON**

District: North Boone Community Unit School District #200

Statistical Payroll Information (unaudited)	2019-2020	2020-2021	% CHANGE
7380 Drivers	\$577,992	\$545,216	-6%
8868 Professional Employees	\$9,788,649	\$10,278,066	5%
9082 Cafeteria	\$228,952	\$235,927	3%
9101 All Other (Maintenance)	\$662,257	\$557,785	-16%
Total Payroll	\$11,257,850	\$11,616,994	3%
Experience Modification Factor (MOD)	0.89	0.90	
Modified Premium	\$89,428	\$83,133	-7%

Fixed Cost	2019-2020	2020-2021
Workers' Compensation Premium	\$8,138	\$7,565
Sedgwick Claims Service Fee	\$3,000	\$3,000
Gallagher Administration/Brokerage Fee	\$6,606	\$6,805
Associated Risk Managers of Illinois Local Agents' Fee	\$6,606	\$6,805
PSIC Management Operating Expense	N/A	N/A
Gallagher Bassett Loss Control Service Unit Days	(1 Day) \$1,000	(1 Day) \$1,000
Total Fixed Costs	\$25,351	\$25,174
% Change		-1%

Variable Cost	2019-2020	2020-2021
Loss Fund – includes actuarial debit/credit in [] *	[-10.4%] \$64,347	[-5.0%] \$65,291
% Change		1.47%

Total Workers Compensation Cost	2019-2020	2020-2021
Workers' Compensation Program Contribution	\$89,698	\$90,465
% Change		1%

*Please note, the actuarial debit/credit system for the 2020/2021 renewal is based on 2019/2020 individual member annual contribution. This system is based on 5 years of incurred losses by member as well as 2020/2021 exposures by member.

**PRAIRIE STATE INSURANCE COOPERATIVE (PSIC)
2020-2021 TOTAL PROGRAM COST COMPARISON**

District: North Boone Community Unit School District #200

Variable Cost (PC/WC combined)	
Total Variable Costs %	50%

Total PSIC Program Costs *	2019-2020	2020-2021	% Change
Property Casualty Costs	\$88,378	\$117,039	32%
Workers Compensation Costs	\$89,698	\$90,465	1%
Total PSIC Cost 2020-2021	\$178,076	\$207,504	17%

Total Work Comp Equity Surplus to be Returned To Participating Members – July 2020	\$1,000,000
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* Subject to individual district property exposure, student exposure, auto exposure and payrolls, if applicable

Prairie State Insurance Cooperative

Individual Member Property/Casualty Loss Ratio

As of December 31, 2019

Member: North Boone Community Unit School District #200

Policy Term	Total Paid & Reserved Losses	PSIC Loss Fund Collected	Loss Ratio
2014/15	\$6,819	\$27,591	25%
2015/16	\$49,175	\$27,846	177%
2016/17	\$0	\$30,454	0%
2017/18	\$3,652	\$29,761	12%
2018/19	\$37,582	\$32,082	117%
5-Year Total	\$97,228	\$147,734	66%

Please note the above figures do not contain any trending or development factors that are known to increase open claims.

Prairie State Insurance Cooperative

Individual Member Workers Compensation Loss Ratio

As of December 31, 2019

Member: North Boone Community Unit School District #200

Policy Term	Total Paid & Reserved Losses	PSIC Loss Fund Collected	Loss Ratio
2014/15	\$8,525	\$70,209	12%
2015/16	\$150,679	\$101,044	149%
2016/17	\$4,518	\$95,241	5%
2017/18	\$10,725	\$69,354	15%
2018/19	\$56,727	\$76,932	74%
5 Year Total	\$231,173	\$412,780	51%

Please note the above figures do not contain any trending or development factors that are known to increase open claims.

In addition, the 12/31/19 loss data was utilized in the calculation of the 2020/2021 debit/credit allocations