

# MEMO

DATE: May 29, 2026  
TO: Douglas Eccarius  
FROM: Maureen A. Jones  
SUBJECT: 2026-27 CLIC Property Casualty Insurance Renewal

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District #89 is a member of an insurance cooperative made up of 195 school districts in Illinois that serve over 500,000 students and 44,000 teachers. This cooperative called Collective Liability Insurance Cooperative (CLIC) negotiates with a national insurance broker, Arthur J. Gallagher Risk Management Services, to provide insurance protection for property (buildings and contents), mobile equipment, automobile, general liability, boiler/machinery, employee dishonesty, crime, student accident, pollution liability, cyber liability, and school board liability for all member districts.

Claims made by an individual district through CLIC are first subject to a maintenance deductible; after the deductible, the cooperative's self-insured retention (SIR) acts as the next layer of coverage before traditional fully insured products are accessed. This means that the cooperative pays claims that fall within the SIR through an established loss fund which each member contributes to each year. Finally, for very large or extraordinary claims, traditional excess insurance coverage is held by the cooperative.

The CLIC Property/Casualty program enters the 2026-2027 renewal cycle with a significant uptick in liability claims well into the six figures, and over one million in several cases. Overall program costs came in at an increase of just under 8% over the expiring policy term, consistent with early projections and driven primarily by loss experience rather than insurer pricing. Favorable results on several lines of coverage like Cyber and Property helped offset pressure from liability losses generating reinsurer rate increases and additional funding needs for self-insured risk.

The most significant change continues to be liability loss severity and volatility. Over the past year, the average severity of large liability claims increased approximately 35%, with a meaningful rise in claims exceeding \$400,000. Nearly \$27.5 million of adverse development over the last three years has impacted more excess layers, resulting in a 23% increase in excess liability costs.

The property program delivered strong relief, with a rate decrease of just under 5% despite property value increasing by 2.5%. This produced approximately \$485,000 in premium savings, with no changes to wind, hail, or flood deductibles.

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Despite increased claims activity in recent years Cyber liability premiums decreased 19%, supported by competitive market pressure and improved terms, including higher cyber-crime sublimits. To ensure the significant decrease is not artificial and counter-acted next year, CLIC’s cyber insuring partner provided a rate guarantee tied to loss performance. Optional excess limits to individual districts are available and D89 has elected to pick up an extra \$2M in coverage for cyber liability.

School Board Legal Liability renewed flat for the second year and incorporated CLIC’s independent actuarial review of member deductibles through Milliman. D89’s deductible remained unchanged from the prior year at

The total preliminary renewal premium for 2026-27 is \$157,833 compared to \$155,140 last year. The district’s total premium increased by 1.7% over the prior year. Package premium saw an increase of 11.47% & the Loss Fund saw an increase of 52.93%. Aggregate Stop Loss continues to be self-insured by CLIC based on loss history. The total premium is comprised of fixed and variable costs. Overall, fixed costs decreased by 3.2% over the prior year from \$134,696 to \$130,419, including cyber liability. Many of the fixed costs for different lines of coverage experienced small decreases year over year. However, the Excess Liability saw a 21.6% increase.

The District also opted to add a new line of coverage this school year under Cyber Crime. These types of incidents are no longer covered under regular crime coverage policies. The total for this new additional annual premium is \$4,600, making our full premium for the year \$162,433. This new coverage is not reflected on the attached outline of insurance.

Variable costs include the loss funds necessary to maintain the cooperatives’ SIR of \$1M. The cooperative implements an actuarial modification factor to our loss fund premium based on each district’s loss experience for the past 5.5 years. Each district’s experience in the pool is compared to all others to determine if a specific district has experienced higher or lower than average claims in the pool. For this renewal, the D89 modification factor was initially determined at 25% and applied directly to our loss fund renewal premium, thus increasing our premium. Similarly, the loss fund for the school board legal liability for D89 was decreased by 9.1% when compared to the cooperative as a whole, which decreased our contribution.

Feeling that the increase in our modification factor seemed excessive, as I did not recall any large property/casualty claims in my tenure in D89, I compared our five-year loss experience to this increase in our modification factor (from 4.8% last year to 25.0% this year). I discovered that CLIC had erroneously applied a \$40,000 claim/settlement to D89. After speaking with our broker at Gallagher, they will be issuing D89 a check back in July for \$7,500 for this error. This mistake only affected the current year’s loss fund premiums and no prior years.

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CLIC members are responsible for a maintenance deductible of \$2,500 per claim for all real and personal property, loss of income, mobile equipment and automobile physical damage. Losses in excess of this amount, up to the Self-Insurance Retention (SIR) limit of \$1,000,000, per occurrence, are paid from the established Loss Fund of the cooperative. The excess property liability carriers pay any losses in excess of the SIR up to \$4,560,000 per occurrence. Savings are realized if the total losses at the end of the year are less than the Loss Fund. The Protected Self-Insurance Program is designed so that no single loss or catastrophe can deplete the Loss Fund. General, automobile and employee benefit liability have no maintenance deductible and the SIR is \$1M per claim for those lines of coverage. Crime losses are also subject to a maintenance deductible of \$2,500 and a \$1,000,000 SIR per occurrence, with the excess carriers covering losses up to an additional \$2,000,000 for employee dishonesty, forgery and money/securities fraud. The CLIC cooperative also carries reinsurance with unlimited aggregate protection in excess of the established Loss Fund of \$16,793,000 (funded through member contributions) through Great American Ins. Co.

The student accident insurance coverage is handled directly through the Gerber Life Insurance Company; Gallagher does not administer those claims. The District carries both mandatory (up to \$25,000 per claim) and catastrophic coverage (up to \$7,000,000 per claim) for all student accidents that occur at a school-sponsored event. Student Accident coverage is in year three of a rate guarantee

The school board legal liability (including Employment Practices Liability and IEP Hearing) coverage includes a \$30,000 maintenance deductible per claim based on the district's past experience. Likewise, the CLIC SBLL loss fund covers the first \$150,000 of each claim. The CLIC cooperative also carries reinsurance with \$2,000,000 aggregate protection in excess of the established Loss Fund of \$2,454,421 (funded through member contributions) through Lexington Insurance Company.

The CLIC cooperative also carries several first dollar policies, including boiler & machinery, pollution liability, cyber liability and crisis protection. This means that the CLIC cooperative does not have a loss fund for these lines of coverage. Each district has a maintenance deductible of generally \$5,000-\$35,000 per occurrence, and then the insurance takes effect as traditional insurance.

All the companies providing coverage are rated A- or better by A.M. Best Company, Inc, who annually publishes comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada.

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