

MEMO

DATE: May 29, 2026
TO: Doug Eccarius
FROM: Maureen A. Jones
SUBJECT: 2026-27 Workmen's Compensation Insurance Renewal

District #89 is a member of an insurance cooperative made up of 156 school districts in Illinois. This cooperative called the Collective Liability Insurance Cooperative (CLIC) negotiates with a national insurance broker, Arthur J. Gallagher Risk Management Services, to provide insurance protection for workmen's compensation claims for all member districts. In addition, Arthur J. Gallagher provides CLIC member districts loss control services.

The CLIC Workers' Compensation program enters the 2026-27 renewal cycle with stable overall performance but increasing loss pressure, driven primarily by rising claim severity. For the 2026-27 renewal, the cooperative's incumbent Worker's Compensation partner, Safety National, has given CLIC a competitive renewal for both the premium and loss fund. CLIC's retention will remain at \$1M, based on loss history and the cooperatives growth since last year.

The most notable financial change is within the loss fund, which is increasing for the full cooperative by 9% over expiring. This increase is driven by average claim severity increasing which is attributable to higher medical costs and rising employee compensation. Current actuarial analysis shows the four (4) policy terms between 2021-2025 all exhausting the loss fund with projected stop-loss recoveries from our insuring partner Safety totaling over eight million dollars.

While loss trends are showing shifts towards higher severity and frequency, catastrophic claims impacting excess insurance layers remain relatively low and stable which is reflected in the slight premium rate reduction. The renewal also reflects broader rate pressures within the NCCI environment, with an overall modest increase (~2.5%) occurring across classifications with impacts varying by employee group category (i.e. Teachers / Custodial / Drivers / Cafeteria). Despite this, the program's structure and prior funding decisions have allowed CLIC to maintain a modest overall program increase of just over 8%.

Overall, the 2026-27 renewal reflects a proactive financial strategy—holding the line on premium rates, or fixed costs, while increasing loss funding, or variable costs, to address emerging severity trends. This approach

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positions the program to remain financially stable, actuarially sound, and responsive to evolving claim cost pressures.

The total renewal premium for 2026-27 is \$81,247 compared to \$72,112 last year. The district’s total premium increased by 12.7% from the prior year. The overall fixed program costs (insurance premium, program administration, claims administration and loss control) increased from \$13,030 to \$13,694 or 5.1%; while the variable costs for the loss fund increased from \$59,082 to \$67,553 or 14.3% for our district after accounting for the decrease in our debit/credit adjustment. D89 is experiencing a larger loss fund increase due to the decrease in our debit/credit adjustment, which is directly related to our five-year loss history increase.

The fixed costs include fees for the two third party administrators for our worker’s compensation program. Arthur J. Gallagher serves as the administrator and broker for the cooperative; Gallagher’s fees increased by 5.0% this year to \$5,877. Sedgewick CMS serves as the cooperative’s third-party administrator for claims processing as well as administrator for the cooperative’s loss control program. Sedgewick CMS fees increased by 5.07% this year over the prior year to \$4,742. The fixed costs also include our actual workmen’s compensation premium for losses above and beyond our loss fund. For CCSD89, these costs increased 5.31% from the prior year from \$2,921 to \$3,076. This increase is based on a 3.5% increase in payroll as well as a decrease in CCSD89’s experience modification factor due to an increase in claims from the 2024-25 school year.

Every member of CLIC including District 89 goes through the same formula for determining renewal costs each year. In addition to our payroll amounts, CLIC uses a blended formula when looking at our claims that uses a three-year claim history (captured in our Experience Modification Factor) as well as a five-year claims history in a formula examined by the CLIC independent actuary. Our prior three-year claims picture improved, however our five-year claims history worsened. In short, the CLIC actuary thinks we are appropriately priced given our historical claims and payrolls.

The CLIC cooperative maintains a Self-Insurance Retention (SIR) of \$1,000,000, which pays all claims up to that amount from the established Loss Fund of the cooperative of \$29,700,356. The loss fund is funded by member contributions. The cooperative also carries aggregate excess coverage of \$5,000,000 over the annual aggregate attachment point of \$29,700,356 with a \$2,000,000 limit on Employer’s Liability coverage.

Safety National Casualty Corporation will provide the specific excess coverage and the aggregate stop loss insurance and is rated A+ XV 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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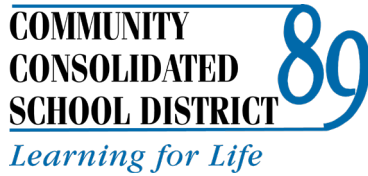
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Finally, the CLIC Executive Board announced a return of equity for all member districts. Checks will be cut in the upcoming months. D89 will receive an equity return check of \$20,285.

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