

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

Resolution or Ordinance (Blue) _____ *Waiver of First Requested*
 X Recommendations of Boards, Commissions & Committees (Green)
Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES
FROM: Timothy Sexton, Director of Finance
DATE: November 30, 2021 (COW)(B of T) December 16, 2021
TITLE: Finance and Administration Committee Recommendation on 2022 Insurance Program

BACKGROUND/POLICY IMPLICATIONS:

The Village’s 2022 Risk Management Program was presented by staff and the Village’s Risk Management Consultant, Mike Nugent, to the Finance and Administration (F&A) Committee at their meeting on Monday, November 29, 2021. Mr. Nugent recommended Option 1 which combines Travelers, Safety National, Hartford, Hudson, and BCBS Ins. and results in a total 12.49% increase. Our current insurer, Safety National, initially proposed a 50% increase but lowered to a 25% increase. Mr. Nugent stated that Safety National will continue to raise their premiums in future years. Staff will research options such as IPRF.

The F&A Committee unanimously voted to recommend approval of the 2022 Insurance Program with Option 1 as presented to the President and Board of Trustees. Options 1 combines: Travelers Insurance for liability for property, mobile equipment, flood, earthquake, general employee benefits, automobile (includes garagekeepers coverage), law enforcement, public officials errors & omissions, and employment practices; Safety National Insurance for workers’ compensation, employers liability; Hartford Insurance for crime; Hudson Insurance for Police and Fire Pension Plans fiduciary liability; and BCS Insurance for cyber liability resulting in a total 2022 annual renewal cost **NTE \$558,757**. The Committee also recommended that staff notify the current Risk Management Cooperative (MCSA) that the Village may leave the pool at the end of the year. Village Board approval of the F&A Committee’s recommendation will allow staff to execute the necessary contracts and agreements to assure that coverage is in place for January 1, 2022.

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X *Timothy Sexton* _____ Date 12/9/21
Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



MEMORANDUM

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: November 22, 2021

Subject: Village Insurance Renewal

Please find attached the report from our Risk Management Consultant, Mike Nugent, on the 2022 insurance renewal program. There are two options that involve two different excess workers compensation insurers (Safety National and Illinois Public Risk Fund (IPRF)). Mr. Nugent will be at the Finance and Administration Committee meeting on November 29, 2021 to discuss both options.

Mr. Nugent is recommending Option 1 with Safety National for workers compensation. Option 1 will result in an overall total increase of 12.49% or \$62,028 compared to the 2021 renewal costs. Gallagher just recently presented the option to join IPRF because the premiums continue to increase significantly with Safety National. Staff will work with Mr. Nugent over the next few months to thoroughly analyze the pros and cons of joining IPRF. After researching, staff will provide additional information to the F&A Committee in 2022.

The Finance staff requests that the Finance and Administration Committee recommend the insurance renewal to the Village Board.



NUGENT CONSULTING, LLC
INSURANCE & RISK MANAGEMENT CONSULTING

November 18, 2021

Mr. Tim Sexton
Village of Lombard
255 East Wilson Avenue
Lombard, IL 60148

Re: 2022 Insurance Renewal

Dear Tim:

Attached is the summary of the renewal options Gallagher was able to provide in an exceedingly difficult insurance market.

The insurance market continues to be as challenging as it has been since the mid 80s. A combination of catastrophic weather events, Midwest hail exposures, social inflation and post George Floyd law enforcement environment makes municipal insurance the toughest market right now.

There are 2 options that involve two different excess workers compensation insurers. Incumbent excess workers compensation insurer Safety National initially proposed a 50% increase in premium. Gallagher has been able to negotiate that down to a 25% increase. Gallagher also approached the Illinois Public Risk Fund (IPRF - a pool of governmental agencies) and their premium quote is just higher than Safety National but has a lower self-insured retention. There are some interesting potential benefits of the IPRF option but there is quite a bit of vetting which cannot be completed before the renewal. Safety National has signaled their intention to continue to increase premiums to Lombard so this will be a viable option in 2022.

I recommend you approve Option 1 for the 1/1/22 renewal.

Sincerely

Michael Nugent