



## 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.



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