

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: William T. Lichter, Village Manager

DATE: December 1, 2006 (COW)(B of T) December 7, 2006

TITLE: Finance Committee Recommendation on 2007 Insurance Program

SUBMITTED BY: Timothy Sexton, Assistant Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The Village's 2007 Risk Management Program will be presented by staff and the Village's Risk Management Consultant, Mike Nugent, to the Finance Committee at their meeting on Thursday, November 30, 2006. The consultant's reports on the subject are attached.

The Finance Committee recommendation will be presented to the President and Board of Trustees at their regular meeting on December 7, 2006. Village Board approval of the Finance Committee's recommendation will allow staff to execute the necessary contracts and agreements to assure that coverage is in place for January 1, 2007.

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X Timothy Sexton Date 11/29/06  
Village Manager X W. T. Lichter Date 11/29/06

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.



**NUGENT CONSULTING GROUP**  
INSURANCE AND RISK MANAGEMENT CONSULTING

November 21, 2006

Mr. Len Flood  
Village of Lombard  
255 East Wilson  
Lombard, IL 60148

Re: 2007 Insurance Renewal

Dear Len:

The purpose of this letter is to provide a summary of and recommendation on the 2007 renewal terms. I have attached a spreadsheet that compares renewal costs to the current plan.

There is only one structural change in the program for 2007. The self-insured retention for workers compensation claims will be split between Police/Fire and all other Village employees. Police and Fire self-insured retention will increase from \$400,000 each claim to \$500,000. The reasons for the increase in the self-insured retention are both past Village loss experience (two recent large claims) and continued deteriorating industry results on workers compensation for Police and Fire.

The overall costs will increase slightly for 2007. All of the increase can be attributed to the increase in the tax interruption value at Yorktown to \$10,000,000.

There are no other coverage or structure changes for the 2007 renewal.

Sincerely,

*Mike Nugent*

Michael D. Nugent

**VILLAGE OF LOMBARD  
2007 RENEWAL**

		1	2	3	4
<i>Item</i>	<i>2005</i>	<i>2006</i>	<i>2007 Budget (July 2006)</i>	<i>2007 Proposed</i>	
1 Excess Property	\$ 48,076	\$ 52,224	\$ 52,224	\$ 56,320	
2 Primary Package	\$ 143,817	\$ 143,817	\$ 143,817	\$ 153,588	
3 Excess Liability	\$ 164,783	\$ 157,776	\$ 157,776	\$ 155,919	
4 Boiler	\$ 3,840	\$ 3,144	\$ 3,144	\$ 3,144	
5 Crime	\$ 12,568	\$ 11,681	\$ 11,681	\$ 11,661	
6 TPA	\$ 41,442	\$ 49,005	\$ 50,000	\$ 35,840	
7 Broker Fee	\$ 33,957	\$ 35,000	\$ 38,500	\$ 36,400	
8 Consulting	\$ 15,000	\$ 15,500	\$ 16,000	\$ 16,000	
9 Workers Compensation	\$ 33,962	\$ 29,997	\$ 35,000	\$ 33,382	
<b>10 Premium/Fees</b>	<b>\$ 497,445</b>	<b>\$ 498,144</b>	<b>\$ 508,142</b>	<b>\$ 502,254</b>	
<b>11 Est. Retained Losses</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	
<b>12 Total Estimated Cost</b>	<b>\$ 1,097,445</b>	<b>\$ 1,098,144</b>	<b>\$ 1,108,142</b>	<b>\$ 1,102,254</b>	
<b>13 WC SIR - All Other</b>	<b>\$ 350,000</b>	<b>\$ 400,000</b>	<b>\$ 450,000</b>	<b>\$ 400,000</b>	
<b>14 WC SIR - Police/Fire</b>	<b>\$ 350,000</b>	<b>\$ 400,000</b>	<b>\$ 450,000</b>	<b>\$ 500,000</b>	
<b>15 Property SIR</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	
<b>16 Liability SIR</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	
<b>17 Auto Physical Damage</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	
<b>18 All Lines Aggregate</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	
<b>19 WC Aggregate Only</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	