



NUGENT CONSULTING GROUP
INSURANCE AND RISK MANAGEMENT CONSULTING

November 22, 2012

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

Re: 2012 Self-Insurance Plan Renewal

Dear Tim:

Attached to this letter are spreadsheets comparing the 4 different proposals the Village has received from two insurance brokers in response to the request for proposal I issued in September. This letter is a summary of those proposals.

Option 1 from Arthur J. Gallagher & Company is the same structure and insurers as the expiring program. Costs from this option increase 5.63% to \$431,782

Option 2, also from Gallagher is the same structure as expiring and Option 1, but with Argonaut as the package insurer. This option reduces costs 14.7% to \$348,453.

Option 3, is from the Assurance Agency is similar structure as Options 1 and 2, but with the following differences:

1. Total limits from Brit (Option 3) are \$10,000,000 (\$1,000,000 less than Option 2)
2. Defense costs are inside the limit from Brit (In addition to the limit in Option 2)
3. Brit coverage form is a "indemnity form which means Brit will reimburse excess costs when the claim is resolved. Argonaut will pay excess expenses on your behalf as they are due.
4. Crime coverage deductible is \$25,000 higher in Option 3.
5. Brit / C.N.A exclude Flood Zone A locations (2 locations)

Option 3 is the lowest cost option, reducing cost 19.60%.

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Option 4, also from Assurance Agency is the same structure as Option 3 but with higher cost.

I recommend approval of Option 2 for the 2012 self-insurance plan renewal due to the differences noted in Option 3 above.

Please contact me with any questions.

Sincerely,

Mike Nugent

Michael D. Nugent