

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: December 12, 2023 (COW)(B of T) December 21, 2023

TITLE: Finance and Administration Committee Recommendation on 2024 Insurance Program

BACKGROUND/POLICY IMPLICATIONS:

The Village’s 2024 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, December 12, 2023. Mr. Nugent and staff recommended Option 2 which increases the liability self-insured retention (SIR) from \$100,000 each occurrence to \$200,000 each occurrence. This change will reduce the Village’s insurance cost by \$30,000. The total increase for Option 2 compared to the 2023 renewal is 3.7% compared to the 11% estimated for the 2024 budget.

The F&A Committee unanimously voted to recommend approval of the 2024 Insurance Program with Option 2 as presented to the President and Board of Trustees. Option 2 combines: Travelers Insurance for liability for property, mobile equipment, flood, earthquake, general employee benefits, automobile (includes garagekeepers coverage), law enforcement, public officials errors & omissions, employment practices, boiler and machinery; Illinois Public Risk Fund (IPRF) for workers’ compensation, employers liability; Hartford Insurance for crime; Hudson Insurance for Police and Fire Pension Plans fiduciary liability; and Houston Casualty Company for cyber liability resulting in a total 2024 annual renewal cost **Not To Exceed \$694,411**. 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, 2024.

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X *Timothy Sexton* \_\_\_\_\_ Date 12/12/23  
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: December 8, 2023

Subject: Village Insurance Renewal

Please find attached the report from our Risk Management Consultant, Mike Nugent, on the 2024 insurance renewal program. There are two options that involve the level of self-insured retention (SIR) related to the Village's liability policy. Mr. Nugent will be at the Finance and Administration Committee meeting on December 11, 2023 to discuss both options.

Staff and Mr. Nugent are recommending Option 2 that raises the SIR level to \$200,000. Staff had been asking Mr. Nugent for several years to look into options of raising the SIR from its current \$100,000 level, as most legal cases now that involve any discovery and depositions were hitting this level, and insurance takes over the claim from the Village. However, in past years, there was very little savings for increasing the SIR above \$100,000. This year that has changed, and the Village can save \$30,000 by raising the SIR to \$200,000.

It should be noted that the property portion of this recommendation may change before the meeting on Monday evening. Mr. Nugent received a more competitive proposal late Thursday evening, and will be evaluating that information. An update on this will be provided Monday evening.

The Finance staff requests that the Finance and Administration Committee recommend the insurance renewal as recommended by Staff and Mr. Nugent to the Village Board.

December 6, 2023

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

Re: 2024 Insurance Renewal

Dear Tim:

The insurance market continues to be a challenge from a combination of weather related catastrophes and significant increase in litigation costs.

Attached is a spreadsheet comparing the expiring cost and terms with two renewal options. The first option is identical to the existing insurance program with all the same insurers. Option 2 increases the liability self-insured retention (SIR) from \$100,000 each occurrence to \$200,000 each occurrence. This change will reduce the Village's insurance cost by \$30,000 and is recommended. Travelers, and all municipal liability insurers are pushing the increase in the SIR to catch up with years of inflation.

I recommend you accept the proposed Option 2 for the 2024 renewal.

Sincerely

Michael Nugent

**Village of Lombard 2024 Renewal**

		2021	2022	2023	Budget 2024	Actual Option 1 2024	Actual Option 2 2024	Notes
	<b>Item</b>							Reminder that emergency vehicle changes must be reported to Travelers
1	Excess Property	\$ 82,794	\$ 91,557	\$ 97,557	\$ 135,000	\$ 120,731	\$ 120,731	Chubb increased building values at Village Hall and Police station
2	Primary Package	\$ 212,434	\$ 225,957	\$ 249,429	\$ 275,000	\$ 269,659	\$ 239,474	Chubb will offer tax interruption coverage in 2024 but not in 2025
3	Boiler	\$ 2,767	\$ 2,805	\$ 3,200	\$ 3,850	\$ 3,399	\$ 3,399	Cyber coverage sublimits have been increased
4	Crime	\$ 10,415	\$ 10,519	\$ 11,287	\$ 12,500	\$ 11,381	\$ 11,381	TPA fees are new non-WC claims and run off WC claims - it is an estimate
5	Broker Fee	\$ 37,773	\$ 38,528	\$ 39,229	\$ 40,000	\$ 40,478	\$ 40,478	Travelers quoted the property with a lower premium but much less coverage
6	Consulting	\$ 21,600	\$ 22,350	\$ 23,700	\$ 24,600	\$ 24,600	\$ 24,600	Payroll increase is 5.7% of the 7.8% increase in WC.
7	Ex Workers Compensation	\$ 100,122	\$ 125,008	\$ 166,415	\$ 172,500	\$ 179,252	\$ 179,252	
8	Cyber	\$ 14,500	\$ 26,447	\$ 36,524	\$ 38,000	\$ 32,911	\$ 32,911	
9	Police & Fire Pension Fiduciary	\$ 12,524	\$ 13,786	\$ 13,786	\$ 14,500	\$ 13,786	\$ 13,786	
10	National Flood Insurance	\$ 1,800	\$ 1,800	\$ 2,399	\$ 2,399	\$ 2,399	\$ 2,399	
11	TPA Fees	\$ 72,026	\$ 78,291	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	
12	<b>Total Costs</b>	<b>\$ 568,755</b>	<b>\$ 637,048</b>	<b>\$ 669,526</b>	<b>\$ 744,349</b>	<b>\$ 724,596</b>	<b>\$ 694,411</b>	
					11%	8.2%	3.7%	