



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