

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

<u>Resolution or Ordinance (Blue)</u>	<u>Waiver of First Requested</u>
<u>X</u>	<u>Recommendations of Boards, Commissions & Committees (Green)</u>
	<u>Other Business (Pink)</u>

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Timothy Sexton, Director of Finance

DATE: December 3, 2024 (COW)(B of T) December 5, 2024

TITLE: Finance & Administration Committee Recommendation on 2025 Insurance Program

BACKGROUND/POLICY IMPLICATIONS:

The Village's 2025 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 2, 2024. Mr. Nugent and staff recommended that the Village purchase an additional \$5 million of excess liability coverage, increasing the Village's primary liability coverage 10%. Also of note, the property insurance premium is decreasing due to a reduction in coverage, as tax interruption coverage will no longer be provided. The total increase compared to the 2024 renewal is 10.92%. However, without the increased liability limit, costs would increase less than 4%. When preparing the 2025 budget, an estimated increase of 8% was included.

The F&A Committee unanimously voted to recommend approval of the 2025 Insurance Program as presented to the President and Board of Trustees. The renewal 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 AmTrust for cyber liability resulting in a total 2025 annual renewal cost **Not To Exceed \$770,243**. 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, 2025.

Review (as necessary):

Village Attorney X _____ Date _____
 Finance Director X _____ Date _____
 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: November 26, 2024

Subject: Village Insurance Renewal

Please find attached the report from our Risk Management Consultant, Mike Nugent, on the 2025 insurance renewal program. Mr. Nugent will be at the Finance and Administration Committee meeting on December 2, 2024, to discuss his recommendation.

Staff and Mr. Nugent are recommending that the Village purchase an additional \$5 million of excess liability coverage, increasing the Village's primary liability coverage 10%. Also of note, the property insurance premium is decreasing due to a reduction in coverage, as tax interruption coverage will no longer be provided. Overall, without the increased liability limit, costs would increase less than 4%.

The Finance staff requests that the Finance and Administration Committee recommend the 2025 insurance renewal as recommended by Staff and Mr. Nugent to the Village Board at their December 5, 2024, Village Board of Trustees meeting.

November 25, 2024

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

Re: 2025 Insurance Renewal

Dear Tim:

Attached is a spreadsheet comparing the expiring cost to the renewal terms from current insurers. Chubb, the Village's property insurer, advised at last renewal that they would no longer provide tax interruption coverage for this renewal. Gallagher attempted to find alternate insurers that could provide the coverage. A full marketing effort produced one option (Travelers) that had much less coverage and only offered minimal tax interruption coverage. The property premium will decrease recognizing the reduction in coverage.

The primary liability coverage will increase 10% as the liability market continues to be challenging. I am recommending the Village purchase an additional \$5 million of excess liability coverage. The current limit has not been increased in 20 Plus years. Jury verdicts across the country have risen significantly since Covid.

There are no other material coverage changes year over year. Without the increased excess liability limit, costs would increase less than 4%, which is well under my August projection and where the overall market is currently.

Sincerely

Michael Nugent

	Village of Lombard 2025 Renewal Budget						
	Item	2021	2022	2023	2024	2025	% Change
1	Excess Property	\$ 82,794	\$ 91,557	\$ 97,557	\$ 120,731	\$ 115,649	-4.21%
2	Liability and Excess	\$ 212,434	\$ 225,957	\$ 249,429	\$ 239,474	\$ 313,466	30.90%
3	Boiler	\$ 2,767	\$ 2,805	\$ 3,200	\$ 3,399	\$ 4,015	18.12%
4	Crime	\$ 10,415	\$ 10,519	\$ 11,287	\$ 11,381	\$ 11,488	0.94%
5	Ex Workers Compensation	\$ 100,122	\$ 125,008	\$ 166,415	\$ 179,252	\$ 184,084	2.70%
6	Cyber	\$ 14,500	\$ 26,447	\$ 36,524	\$ 32,911	\$ 31,162	-5.31%
7	National Flood Insurance	\$ 1,800	\$ 1,800	\$ 2,399	\$ 2,399	\$ 2,800	16.72%
8	Police & Fire Pension Fiduciary	\$ 12,524	\$ 13,786	\$ 13,786	\$ 13,786	\$ 13,786	0.00%
9	Broker Fee	\$ 37,773	\$ 38,528	\$ 39,229	\$ 40,478	\$ 41,693	3.00%
10	Consulting	\$ 21,600	\$ 22,350	\$ 23,700	\$ 24,600	\$ 25,600	4.07%
11	TPA Fees	\$ 72,026	\$ 78,291	\$ 26,000	\$ 26,000	\$ 26,500	1.92%
12	Total Costs	\$ 568,755	\$ 637,048	\$ 669,526	\$ 694,411	\$ 770,243	10.92%
	Terms						
13	WC SIR - All Other	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	
14	WC SIR - Police/Fire	\$ 750,000	\$ 750,000	\$ 500,000	\$ 500,000	\$ 500,000	
15	Property SIR	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
16	Liability SIR	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 200,000	
17	Auto Physical Damage	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
18	Boiler Deductible	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	
19	Total Liability Limits	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 16,000,000	
20	Crime Retention	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
21	Cyber Limit	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	
22	Cyber Deductible	\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000	\$ 25,000	
	Increased Liability Limit Options						
			\$5 Mil excess \$16 Mil			\$ 51,770	
			\$5 Mil excess \$21 Mil			\$ 53,324	