MEMORANDUM

TO: Village President Jeff Pruyn, Board of Trustees, and Village Administrator Ergo
FROM: Jessica Spencer, Administrative Services Manager
DATE: December 3, 2019
SUBJECT: Workers’ Compensation Insurance Renewal

Introduction
The Village’s Workers Compensation Insurance with Illinois Public Risk Fund (IPRF) renews January 1, 2020. We recently received our insurance renewal package from Arthur J. Gallagher & Co. and our 2020 premium will be $142,024, a 1.3% increase from our current premium. The increase is driven by the Village’s loss experience in recent years. The Village has seen 43 claims since 2012 and our loss ratio is 40%. In 2019, 3 claims contributed to this total.

Discussion
Two key components are used to determine the annual premium at renewal. One factor is the rate determined by IPRF based on the historical loss ratio and estimated risk exposure for different employee classifications. The second factor is forecasted payroll expenses for the upcoming calendar year. At the completion of each calendar year, IPRF assigns a field auditor to review the payroll records and adjusts the premium to reflect actual risk exposure. A credit or an invoice is issued as a result of the final audit. This time, the audit will be conducted in early 2020, at which time our premium amount might change.

As part of the IPRF, the Village also receives a grant each year which varies based on the performance of the fund, the Village’s risk management efforts, and other variables. The grant funds can be used for approved safety related purchases. In 2019, the $14,076 grant including a $3,735 preferred loss ratio grant purchased flashlights for the public works vehicles; police purchased a manikin for rescue training, safety checkpoint signs, traffic safety vests and AEDs. For 2020, the Village was granted $13,079 including a $3,422 preferred loss ratio grant.

The Village’s efforts to ensure the safety of its workers is another key component in keeping the annual rates at a sustainable level. Additional efforts are being made by staff each year to increase the safety of the Village staff by updating and improving safety policies, scheduling onsite visits with IPRF personnel to highlight areas for improvement, and prioritizing training and certifications for village staff. All of these efforts contribute towards the overall safety of its employees.

Staff Recommendation
Staff recommends the renewal of the Village’s Workers Compensation insurance with Illinois Public Risk Fund effective January 1, 2020 through December 31, 2020 in the amount of $142,024.

Attachments
Client Authorization to Bind
Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 12/18/2019, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

<table>
<thead>
<tr>
<th>COVERAGE/CARRIER</th>
<th>Accept</th>
<th>Reject</th>
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<tbody>
<tr>
<td>Workers' Compensation</td>
<td></td>
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<tr>
<td>Illinois Public Risk Fund</td>
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**TRIA Cannot Be Rejected**

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

_____________________________________________________________________________________________

**Producer/ Insured Coverage Amendments and Notes:**

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**Exposures and Values**

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from our records and we acknowledge it is our responsibility to see that they are maintained accurately. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

**Provide Quotations or Additional Information on the Following Coverage Considerations:**

Gallagher recommends that you purchase the following additional coverages for which you have exposure. By rejecting a quotation for this valuable coverage, you understand that there will be no coverage and agree to hold Gallagher harmless in the event of a loss.

Gallagher's liability to Client arising from any acts or omissions of Gallagher shall not exceed $20 million in the aggregate. Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages or attorneys' fees. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any Services provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher’s Privacy Policy located at https://www.aig.com/privacy-policy/.
I have read, understand and agree that the above-information is correct and has been disclosed to us prior to authorizing Gallagher to bind coverage and/or provide services to us.

By: _______________________________________________________________________
Print Name
_______________________________________________________________________
Title
_______________________________________________________________________
Signature
_______________________________________________________________________

Date: _______________________________________________________________________
