



City of Rochelle Human Resources/Risk

Memo

To: David Plyman
From: Nancy Bingham
Date: November 3, 2015
Re: Renewal of Risk Insurance

The Risk Insurance Plan for the City of Rochelle provided by Illinois Municipal League Risk Management Association, IMLRMA, expires on December 31st. The City has participated in this program with IMLRMA since 1997.

The staff solicited risk insurance proposals from other agencies in the recent years and chose to remain with IMLRMA. No other quotes were solicited for 2016. For the 2017 renewal plan, we shall send out RFP's to again check the competitors and market prices.

The IMLRMA has issued the renewal rates for 2016, with two renewal options available again this year. The current option, Standard renewal option and the Min-Max Program option, both include an early payment option. The Standard option is based on a flat amount, whereas the Min-Max option provides an incentive to control and reduce losses. However, if losses and claims costs are greater than anticipated, penalties could occur and contributions of approximately 21.5% extra would result.

After reviewing the options, staff believes that best option is to continue with the IMLRMA Standard Option. If the premium is paid before November 20th, the City can take advantage of the 1% discount offered for a total premium of \$640,790.37.