



MEMO

To: David Plyman
From: Nancy Bingham
Date: November 8, 2016
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 again for 2017. There is a marginal increase in the 2017 premium of 3.36%.

The IMLRMA has issued the renewal rates for 2017, with two renewal options available again this year. The Standard renewal option, our 2016 choice and the Min-Max Program option; both premium types 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 cost are greater than anticipated, additional contributions could occur due to the large claims. These additional contributions beyond the minimum will be required up to maximum contribution, for a total of \$217,117, which is a 36% increase. These additional contributions are determined during semi-annual review in June and paid based on claims, up to the maximum contribution rate. The City is still experiencing additional contributions for 2011.

After reviewing the options, staff believes that best option is to continue with the IMLRMA Standard Option. If the premium is paid before November 23rd, the City can take advantage of the 1% discount offered for a total premium of \$668,988.54.