

## INSURANCE FUND

The Insurance Fund serves as a centralized cost center for the health and general liability/workers compensation insurance costs for all Village departments. The principle revenues of the Insurance Fund are transfers from other funds and departments based on their proportionate share of total budgeted costs.

Health Benefits Plan – The Village’s health benefits plan provides medical, dental, prescription, vision, life and disability benefits to full-time staff and to retired employees (who choose to pay the 100% monthly budgeted cost), and a few others. The Glenbard Wastewater Authority and Glen Ellyn Public Library are also participants in the plan and contribute their proportionate share of budgeted costs each year. (The plan year renews each October 1<sup>st</sup>.)

The health benefits plan is a self-funded plan whereby the Village and its participants/beneficiaries contribute the total anticipated costs of health benefit claims, “stop loss” insurance, and plan administration each year. The Village retains a health benefits consultant to perform plan analysis, benefit reviews and cost projections, and also uses a third party administrator to handle the payment of claims. Employee participants currently pay 19% of the total budgeted plan costs, in addition to usage deductibles and co-payments, while retired employees pay 100% of the total budgeted cost. Contributions from staff members are scheduled to increase to 20% of total budgeted plan costs beginning October, 2005.

Our renewal for health benefits plan year 2005 which began October 1, 2004 projected a 11% **decrease** in total plan costs for the plan year ending September 30, 2005. This was due to a very favorable 2004 plan year which concluded on September 30, 2004 with final plan costs 23% below originally expected, especially due to reduced usage/claims. A national trend increase of 10% was added to the FY06 budget in anticipation of renewal increases in October, 2005 which is planned to cover the remaining seven months of FY06.

Contributions to the Insurance Fund from participating Village departments and agencies (Glenbard Wastewater and Glen Ellyn Library) for FY06 were reduced in total by \$150,000 from the calculated contributions as a “rebate” for the excellent plan year results which ended September 30, 2004. The amount of this rebate/contribution reduction is about one half of the 2004 total plan year surplus of \$327,000 and is not needed for additional cash reserves in the Insurance Fund.

Liability/Workers Compensation Insurance – This category includes all other types of insurance carried by the Village, other than the employee health benefits program, and includes coverages for property, liability, auto, workers compensation, boiler, public official’s liability and the like.

On January 1, 2002, the Village began pooling its general liability / workers compensation insurance coverages with the Municipal Insurance Cooperative Agency or MICA, a privately administered insurance pool consisting of 20 municipal and other local government agencies within Illinois. Prior to this, the Village participated in a similar, but much larger insurance pool, the Intergovernmental Risk Management Agency (IRMA) consisting of 80 local government participants in the Chicago metropolitan area.