

BUDGET FOOTNOTES INSURANCE FUND

1. **Employee / Retiree / Other Contributions: (\$517,000)** Full-time employees participating in the Village's health benefits plan pay for 20% of the total projected costs for the plan year by payroll deduction. Retired and separated employees choosing to continue participation in the health plan pay 100% of their budgeted costs.
2. **Medical Stop Loss Reimbursements: (\$0)** The Village purchases stop loss insurance to protect itself from very large medical claims associated with its participating employees. The Village pays the first \$50,000 in total claims for each individual participant each plan year. Amounts over \$50,000 are reimbursed by our stop loss insurance provider and shown in this account.

Due to the difficulty in predicting these reimbursements, no budget amount is set each year. Reimbursements are recorded as revenue as they are received.

3. **IRMA Refunds: (\$0)** The Village ended its participation in the IRMA risk pool on December 31, 2001. Through January, 2007, the Village has received refunds of its remaining IRMA reserves (with interest) totaling \$1,721,000. Final reserves of about \$90,000 will be returned to the Village at such time as all IRMA claim years are closed through the Village's 2001 withdrawal date.
4. **State Unemployment Tax: (\$0)** Due to continued increases in the State's unemployment tax rates, the Village in January, 2006 elected to begin directly paying the unemployment claims of its employees rather than pay an unemployment tax.

Beginning with the FY06/07 budget, all unemployment claims have been budgeted and paid by the Fund/Department incurring the claim.

5. **Employee Assistance Program: (\$0)** Beginning in FY07/08, these costs have been consolidated into the Risk Management budget line item (60000-520870).
6. **Risk Management: (\$20,000)** The Risk Management account funds such items as the Village's safety program, educational seminars and materials, employee assistance program, testing of various types, and equipment for the Civic Center exercise room.
7. **Liability Insurance: FY07/08 Estimated Actual (\$575,000)** The Village experienced a significant increase in its annual premium due to the Municipal Insurance Cooperative Agency (MICA) as a direct result of its poor claims experience for the preceding year. The MICA pool utilizes a premium allocation model which weights member premiums based on experience (2/3) and loss exposure (1/3). The Village has benefitted from reduced premiums in past years where claims experience was more favorable.

FY08/09 Budget (\$575,000) This amount represents estimated premiums (\$556,000) payable to the MICA insurance pool for property, liability, workers compensation and other general insurance coverages (\$4,000) as well as deductible payments (\$15,000) for claims incurred. No increase in MICA premiums has been projected as the Village's claims experience has improved compared to the prior year.

8. **Health Benefits / Life Insurance:** (\$1,725,000) Our renewal for health benefits plan year 2008 which began October 1, 2007 projected a decrease of 5.0% in total plan costs for the plan year ending September 30, 2008, representing a recovery from a period of unusually high medical claims in the preceding year.
9. **Fund Increase/(Decrease):** (\$375,000) Contributions from various Village departments and Funds for FY08/09 have been reduced by \$375,000 in total to draw down unneeded reserves in the Insurance Fund to a projected level of \$2 million by the end of FY08/09.