

TO: Village Council and Mayor Brown
FROM: Finance Committee, Rob Bartlett - Chair
RE: Risk Management Insurance
DATE: August 1, 2023

The Finance Committee met on Tuesday, August 1, 2023 at 3:00 pm to discuss renewing the Village's risk management insurance. Present at the meeting were Finance Committee Chair Rob Bartlett, Finance Committee Member Kelly Rankin, Mayor Bill Brown, Senior Administrative Assistant Joanee Van Pelt, Part Time Administrator Chuck Barlow and Karie Novesl from Hylant.

The Finance Committee reviewed the proposal for risk management coverage from Hylant for 2023. If we did not change any of the coverage levels in the plan, the Village's cost would go from \$36,021 in 2022 to \$38,666 in 2023, an increase of \$2,645 or 7.3%. Karie Novesl from Hylant shared that the increase in the insurance rate was just 0.19% and that almost all of the increase in the premium was due to higher property and equipment values for the Village (+\$414,624), and an increase in operating expenditures of +\$112,789/year.

The Finance Committee also discussed with Ms. Novesl the deductible associated with our cyber liability coverage. Currently, there are four different types of cyber issues that could lead to claims. Each cyber issue currently has a deductible of \$25,000, so if there was a cyber event that led to a claim in each area, that would mean the Village would be liable for up to \$100,000. At an additional cost of only \$421, the deductible for each of the cyber areas would be reduced to \$10,000, reducing the Village's exposure to \$40,000 in total. Given that we have had a cyber issue in the past four years, and that Eli Wendler will be stepping down as our IT manager at the end of this year, the Finance Committee believes it is prudent to spend the additional \$421/year for the lower deductible levels, for a total increase in cost of \$3,066.

The Finance Committee members in attendance voted unanimously to recommend the \$10,000 deductible for cyber coverage, resulting in a cost of \$39,087 for risk management insurance in 2023. If council agrees with this recommendation, this needs to be passed via resolution. Also, it needs to be effective by August 26, 2023, so the legislation will need to be passed as an emergency measure at the first council meeting in August.

Respectfully Submitted,

Rob Bartlett, Chairman

Marcy Lewis, Vice-Chairman

Kelly Rankin, Member