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Highland Park Joins Three Other Suburbs in Forming Liability Insurance Cooperative.

The City of Highland Park is joining with the villages of Buffalo Grove, Elk Grove Village and Hoffman Estates to form a Suburban Liability Insurance Pool that is expected to save the city between 13 and 37 percent over current insurance costs.

Buffalo Grove proposed forming a pool among similar communities with similar loss histories in 2017. Municipal administrators have been meeting for more than a year with the chosen broker, A.J. Gallagher, to define the structure for a possible cooperative — a first step toward estimating coverage costs and quantifying potential savings.

The Highland Park City Council Sept. 12 approved membership for a three-year term starting Jan. 1. The Buffalo Grove Village Board is scheduled to consider the matter Sept. 17.

According to the city, the Suburban Liability Insurance Pool (SLIP) will maintain a self-insurance loss fund to cover that portion of any claim that exceeds the municipality's deductible but is not yet covered by the pool's insurance carrier.

Funds in the pool's own loss fund will be invested and can earn interest income. Surplus funds can be returned to member municipalities in proportion to their contributions once an actuary has determined the funds are no longer needed to pay claims.

"Right now, if you cut a \$100,000 check to your insurance company and they only pay out \$10,000, they're not giving any of the money back," said Tia Incapreo, a Gallagher representative, during an Aug. 27 presentation to Highland Park city council members. "Being part of a cooperative like this allows you to have more control over your insurance program.

City Finance Director Julie Logan said insurance premiums have tended to go up each year regardless of claims experience.

"Currently, we go to market by ourselves basically and they just kick us up by five percent every year," Logan said.

She said some of the pools managed by Gallagher have gone for five and 10 years without increases.

Highland Park's fixed annual liability insurance costs are expected to drop from about \$407,000 this year to about \$222,000. In addition, the city would make a contribution to the pool's loss fund that could be as high as \$132,000 but is expected to be around \$33,000.

The Chicago Tribune

by Karen Berkowitz

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