

# VILLAGE OF HOMEWOOD



## **BOARD AGENDA MEMORANDUM**

**DATE OF MEETING: December 9, 2025**

**To:** Village President and Board of Trustees

**Through:** Napoleon Haney, Village Manager

**From:** Amy Zukowski, Director of Finance

**Topic:** Resolution – IRMA Deductible Increase

### **PURPOSE**

Staff is requesting that the Village Board approve a resolution increasing the Village's deductible amount with the Intergovernmental Risk Management Agency (IRMA), from \$10,000 to \$50,000, in order to assist in strengthening internal claims and risk management to reduce losses and to lessen the disproportionate share of losses that the IRMA pool has been subsidizing over the last ten (10) years.

### **PROCESS**

The Intergovernmental Risk Management Agency (IRMA) Pool has provided risk management insurance lines of coverage (auto, liability, worker's compensation, buildings) to the Village of Homewood since the late 1990s. This pool has 72 municipal members and has been the most economical, efficient way for the Village to handle risk management insurance coverage.

#### *IRMA's Request*

In 2015, the Village increased the deductible from \$2,500 to \$10,000. However, in recent years, the Village has experienced a higher volume and level of risk management claims (worker's compensation and general liability). Because of this, IRMA has formally requested that the Village transition to a \$50,000 deductible level for the 2026 coverage year. The current breakdown of IRMA membership deductible levels is listed below.

| <b>Percent of IRMA Membership</b> | <b>Deductible Level</b> |
|-----------------------------------|-------------------------|
| 35%                               | \$2,500                 |
| 31%                               | \$25,000                |
| 18%                               | \$10,000                |
| 10%                               | \$50,000                |
| 6%                                | \$100,000               |

Effective January 1, 2026, the minimum deductible for all IRMA members will be \$5,000.

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### *Deductible Credit*

If a higher than minimum deductible is chosen, the IRMA member receives a credit that may be used to offset the total annual premium cost or may be deposited into a reserve account with IRMA. This reserve account is maintained separately for each member, earns investment income at the same rate as all IRMA investments (approximately 7%), and may be used throughout the year to help pay deductible expenses.

### *How does a \$50,000 deductible help Homewood and IRMA?*

Through IRMA's review of the Village's losses over the last ten (10) years, moving to a \$50,000 deductible would continue to be financially advantageous to the Village as the estimated credit of \$352,000 is more than our historically paid losses over the last ten (10) years. Also, the transition to a higher deductible may promote greater accountability across all Village departments and assist in strengthening internal claims and risk management practices. Lastly, with the Village's much higher than average losses over the last several years, a higher deductible will help lessen the need for the IRMA pool to continue subsidizing a disproportionate share of our losses.

### *Staff Recommendation*

Staff recommends moving forward with a \$50,000 deductible. The Village would pay the total annual contribution or premium for the 2026 coverage year (\$1,466,874) in full and have the estimated credit of \$352,000 deposited into an optional deductible reserve fund with IRMA. These funds will be invested by IRMA and may be accessed if deductible expenses are higher than the amount that is budgeted during the fiscal year.

## **OUTCOME**

Approval of this resolution will allow the Village to transition to a \$50,000 deductible as requested by IRMA, which in turn may help strengthen our claims and risk management practices, thereby reducing overall losses. The deductible will be evaluated at this time next year to ensure that the same deductible is appropriate for 2027 coverage.

## **FINANCIAL IMPACT**

None

## **LEGAL REVIEW**

Completed

## **RECOMMENDED BOARD ACTION**

Pass a resolution electing to increase the Village's deductible amount with the Intergovernmental Risk Management Agency from \$10,000 to \$50,000 in order to assist in strengthening internal

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claims and risk management to reduce losses and to lessen the disproportionate share of losses that the IRMA pool has subsidized over the last ten (10) years.

### **ATTACHMENT(S)**

- Resolution
- Request Letter from IRMA
- Optional Deductible Analysis