Approved by the Board of Trustees

July 20, 2023

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 Board Meeting

 July 20, 2023

ROLL CALL

APPROVE REVISION TO THE UNIVERSITY’S LIABILITY SELF-INSURANCE PLAN

**Action:** Approve Revision to the University’s Liability Self-Insurance Plan

**Funding:** No New Funding Required

 The Board of Trustees (Board) authorized the establishment of a program of self-insurance on July 21, 1976, for the purpose of paying certain types of liability claims that may be asserted against the University, Board members, officers, employees, and students arising from the scope of their University duties, relationships, or employment. Entitled the *University of Illinois Liability Self-Insurance Plan* (the Plan), it was made effective August 1, 1976, and has been amended periodically to update Plan language as needed. Amendments are prepared and presented by the vice president/chief financial officer and comptroller (VP/CFO), approved as to form by University counsel, and submitted to the president of the University of Illinois System for subsequent consideration by the Board.

 The Plan covers the Board as a whole and members and officers of the Board, as well as various employees and agents acting on behalf of the University within the scope of their duties. This includes employees and students who provide healthcare services at both University-owned locations and non-University locations. This aspect of the Plan constitutes a significant portion of its coverage, given the large number of procedures performed at the hospital and clinics and the relatively litigious environment in Cook County.

 The Office of Risk Management (Risk), which, under the direction of the VP/CFO, oversees the Plan, requests a change to the Plan document, Article IX.3, due to a change in the July 1, 2023, commercial excess offsite medical professional liability renewal. Offsite refers to services provided by University medical personnel at non-university sites. Risk purchases excess commercial insurance to protect the Plan assets and provide additional coverage limits to participants. During the July 1, 2023, renewal negotiations for the commercial offsite medical professional liability, it became clear that the University’s self-insured retention (SIR) under the insurance policy would increase. Specifically, a buffer layer (additional SIR amount, which is anticipated to continue going forward) would be added between the University’s SIR and the policy attachment. Before July 1, 2023, the SIR was $1.0 million per claim. With the buffer layer, the University will need to pay more than the $1.0 million SIR. For example, on a $5.0 million claim and with a $2.0 million per claim and aggregate buffer, the University would pay the $1.0 million SIR, the buffer amount per claim (for a total of $3.0 million), and then the policy would attach for the remaining $2.0 million of the claim. When the aggregate buffer is exhausted, the normal SIR returns on every claim for the remainder of the policy period. Currently, the Plan document states that $1.0 million per claim with a $3.0 million aggregate is the most that may be paid out of Plan funds for any one claim or occurrence. Due to the addition of the buffer layer and the current Plan language, a coverage gap now exists. Risk proposes that the Plan document be amended to reflect that payment out of Plan funds will be equal to the SIR on the commercial excess policy.

 The revised Plan document setting forth the recommended change to Section IX. 3, to be effective July 1, 2023, accompanies this item and is incorporated herein. The redlined version of the current Plan document showing the proposed change is also attached.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

 The University counsel concurs with this recommendation to approve the revisions of the Plan as shown.

 The president of the University of Illinois System recommends approval.