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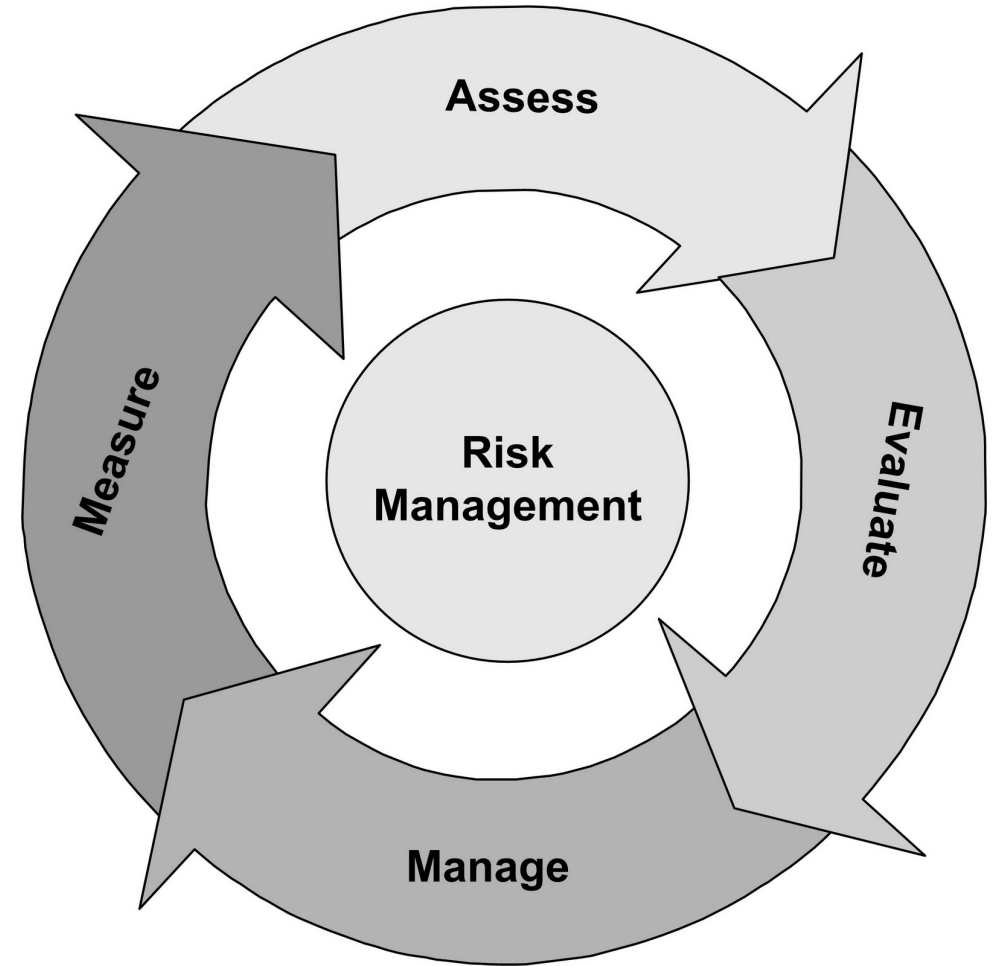
Illinois Tollway Risk Management Program

April 22, 2021

Risk Management Philosophy

The Illinois Tollway's Risk Management Program seeks to identify, assess and manage risks within Tollway's risk appetite framework and in accordance with the applicable statutes.

The goal is to reduce the uncertainty associated with the execution of the Tollway's vision to relieve congestion and improve mobility, focus on our customers and strengthen cultural and environmental vitality, all within a fiscally responsible manner.



Applicable Statutes

605 ILCS Act 10 Tollway Highway Act

Allows the Authority to be subject to civil action to recover damages for injury to person or property without any form of tort immunity unlike the state and most public bodies.

Trust Indenture Section 715 Maintenance of Insurance

The Authority shall at all times maintain, to the extent reasonably obtainable, the following kinds and the following amounts of insurance, such variations shall be reasonably required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductible as are ordinarily required.

Certificates by the Consulting Engineer made pursuant to this section shall be in writing and filed with the Authority and Trustees annually within 30 days of the close of each fiscal year.



Illinois Tollway Key Statistics

Property

- 294 miles/2,290 lane miles
- 684 bridges
- 188 total facilities
- 778 vehicles/1,571 other equipment

Customers

- 5.7 million I-PASS accounts
- 2.8 million daily toll transactions

Contracts Summary - *Move Illinois Program (2012-2020)*

- 367 construction contracts
- 274 Professional engineering service contracts



Illinois Tollway Statistics

Information Technology

- 89 toll plazas, 13 maintenance sites and 3 offices
- 1,500 physical and virtual servers
- More than 1,500 network devices
- 6,800+ user accounts

Employees

- 2020 Budgeted headcount 1,462
- 689 HMO/570 PPO
- Average 140 workers' compensation claims per year



Risks and Vulnerabilities

Liability risks (property and commercial)

- All bridges, buildings and facilities as well as loss of toll revenues due to damage for the Tollway assets
- Injuries to persons and properties
- Contractor's liability/claims

Cyber risk

- Data losses caused by cyber-attacks, viruses, and other threats
- Lawsuits against the agency that result from data breaches or the failure to protect sensitive information

Solutions

- Insurance
- Safety
- Risk transfer guidelines



Risks and Vulnerabilities

Workers' compensation

- Claims and reserves

Employee Benefits

- Medical, dental and vision claims
- Self-funded

Solutions

- Safety
- Wellness

Illinois Tollway Insurance Programs

Cyber Liability

Property Insurance

General Liability

Contractor Insurance-transfer

Rolling Owner-Controlled Insurance Program

Equipment Breakdown

Employee Benefits

Public Officials and Employment Practices Liability

Workers' Compensation



Cyber Liability

Cyber liability protects the agency against data losses caused by cyber-attacks, viruses, and other threats.

It covers lawsuits against the agency that result from data breaches or the failure to protect sensitive information that belongs to our customers

Threats – Network security, employee sensitive information and cyber extortion

Note: Customer information tokenized in 2015

Cyber Liability Coverage

Insurance Company - Travelers Casualty and Surety Company of America

Policy period - January 1, 2021-2022

Premium - \$141,730

- | | |
|---------------------------------------|--------------|
| • Policy Aggregate Limit of Liability | \$10,000,000 |
| • Business Interruption | \$10,000,000 |
| • Regulatory Defense | \$10,000,000 |
| • Cyber Extortion | \$10,000,000 |



Property Insurance

The Tollway's property insurance protection includes:

- Blanket insurance coverage – all bridges, buildings and facilities as well as loss of toll revenues due to damage – for Tollway assets
- Separate coverage for the central administration facility, its contents and related EDP equipment as insured through an office building insurance policy

The Tollway's engineering consultants annually certify that insurance proposals received are in accordance with the requirements of the indenture

Property Insurance Coverage

Insurance Companies – RSUI, Westchester and Chubb

Policy period – April 1, 2021-2022

Premium – \$1,740,855

- \$200,000,000 loss limit (subject to \$1,000,000 deductible per loss)
- Earthquake coverage limit is \$100,000,000
- Flood coverage limit is \$50,000,000
- Coverage for Central Administration facility coverage insures to the replacement cost of the building, as well as coverage for the EDP equipment



Commercial Liability Coverage

Insurance Company – Lexington Insurance Company

Policy period - June 1, 2020-2021

Premium - \$1,796,973

- First layer \$5,000,000
- Excess layers total \$145,000,000 in aggregate
 - Hallmark Specialty Insurance Company
 - Allied World Assurance Company
 - Endurance American Specialty Insurance Company
 - Aspen Specialty Insurance Company
 - Westchester Surplus Lines Insurance Company
 - Great American Ins Company
 - Axis Surplus Insurance Company
 - RSUI Indemnity Company
 - Berkley National Insurance Company
 - Arch Insurance Company



Risk Transfer – Contractors' Insurance

Required contractor coverages include

- Commercial general liability
- Automobile liability
- Workers' compensation and employer's liability
- Excess/umbrella liability
- Contractor's pollution liability
- Builder's risk
- Railroad protective (as required by contract)
- Professional liability

Rolling Owner-Controlled Insurance Program

Removing barriers to prime contracting opportunities for small businesses



Provides General Liability insurance coverage on small business contracts, removing a barrier for participation on prime opportunities.



This allows the Tollway to level the playing field for small and diverse businesses and allows more contractors to pursue prime opportunities.

Equipment Breakdown

Insurance Company – Federal Insurance Company

Policy period – August 1, 2020-2021

Premium – \$14,120



- Equipment breakdown insures the agency's assets against damage due to electrical injury including artificially generated current, mechanical breakdown, explosion of steam vessels and piping
- Coverage also includes business income loss

Employee Benefits

Current vendor is Aetna

Two programs, self-insured with stop loss coverage

One PPO program and one HMO program

Current contract expires March 1, 2025, after all renewals



Employee Benefits

Basic term life insurance and AD&D provided at no cost to employees

Dental insurance provided at no additional cost to employees

Optional coverages available include supplemental life insurance, AD&D coverage and voluntary vision



Public Officials & Employment Practices Liability

General Liability policy provides coverage at full limits for the Board of Directors, as well as all employees acting in their official capacity.

As required by Section 7 of the Toll Highway Act, the Tollway procures and maintains a Public Employees Schedule Bond in favor of the People of the State of Illinois, approved by the Governor and Attorney General in the following amounts:

- Board Chairman - \$100,000
- Executive Director - \$100,000
- Directors - \$25,000
- Board Secretary - \$25,000
- Assistant Board Secretary - \$25,000



Workers' Compensation

The Tollway instituted a self-insured Workers' Compensation Program in May 1988.

An independent third party actuary annually prepares a fund reserve amount, which is reviewed and recommended by the consulting engineers.

Corvel, the third party administrator, adjusts the claims.

Claim counts – Average 140 claims per year

Funding for the 2020-2021 program year is \$6,689,000



Thank You

