

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
APRIL 10, 2007 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Re-Insurance Property, Casualty and Excess Liability Coverage	Resolution Ordinance ✓ Motion Discussion Only	Wesley Morgan Director of Human Resources

SYNOPSIS

A motion is requested to authorize the following actions

- Selection of Hilb Rogal & Hobbs (HRH) as the broker of record for property, casualty and excess liability in an amount not to exceed \$25,000.
- Authorization to purchase of re-insurance coverage for property, casualty and excess liability for the Village with the following insurance carriers:

Coverage	Current Year Carrier	Current Premium	Recommended Low Compliant Bidder 2007-08	2007-08 Premium
Excess General Liability/Auto Liability	Illinois National Insurance \$10 M Excess Insurance (\$1M self-insured retention)	\$ 133,326	Illinois National Insurance \$15M Excess Insurance (\$1M self - insured retention)	\$ 139,920
General Liability/Auto Liability umbrella	Ace /Westchester Liability \$20M umbrella Insurance policy	\$ 74,000	Ace /Westchester Liability \$20M umbrella insurance policy	\$ 48,697
Excess Workers Compensation Stop Loss of \$450,000	Safety National	\$ 72,703	Safety National	\$ 78,656
Property Insurance	Chubb Insurance	\$ 45,075	Chubb Insurance	\$ 46,663
	Total Premiums	\$ 325,104	Total Premiums	\$ 313,936

STRATEGIC PLAN ALIGNMENT

The Village goals for 2011 include exceptional municipal organization. A supporting objective of this statement is to provide responsible stewardship of Village finances and resources.

FISCAL IMPACT

The FY07 budget provides \$374,317 for this annual cost within the Risk Management Fund budget.

RECOMMENDATION

Approval on the April 17, 2007 Consent Agenda.

BACKGROUND

The Village of Downers Grove is Self-Insured for General Liability, Auto Liability and Workers Compensation. The Village maintains a Self-Insured Retention (SIR) of \$1M for General/Auto Liability and a \$450,000 SIR for Workers Compensation. The Village purchases excess coverage for General/Auto

Liability and Workers Compensation. The Village also purchases a stand alone Property Insurance policy for Village owned property.

The recommended renewal for casualty and umbrella insurance coverage enhances the Village's self-insurance program. The first layer of \$15 million increases the Village's insurance limits for Law Enforcement, Employment Practices, Errors and Omissions, Employee Benefit Practices and Public Officials from \$10 million upon renewal. The proposed \$20 million Umbrella policy maintains the Village level of coverage for excess General & Auto Liability. It should also be noted, that the recommended broker, HRH has a commitment from Safety National for excess workers' compensation insurance and Chubb Group for property insurance that the rate for calculating premiums will be locked for two years.

In total, the deduction in premiums with increase in excess general liability is very positive to the Village and is reflective of the reduction of premiums for General Liability due to the competitive quotes received.

On February 20, 2006, by Resolution No. 00-02238, the Village Council selected Hilb Rogal & Hobbs (HRH) as the broker for the Village's self-insured General Liability, Auto Liability and Workers Compensation. This action, gave HRH first right to market to the Village's insurance needs to the designated market which HRH represents.

In January 2007 the Village issued a Request for Qualification for insurance brokers for the above described policies. The specifications, consistent with past practice, required the prospective brokers to include proposed markets in their response. Four insurance brokers responded to the request for quotes, including HRH. Two of the respondents were disqualified as they did not represent distinct markets. The Village communicated with both HRH (the current broker) and the Bartlett Insurance Group to advise that they were deemed qualified to obtain competitive quotes for insurance coverage with a full market search. These prospective brokers were aware that upon submission of a final insurance package to the Village, a recommendation would be made to the Council as to the most competitive respondent and the broker and insurance would be concurrently selected.

In March 2007, the Bartlett Insurance Group contacted the Village and advised they would not be able to meet the Village's RFQ and provide insurance quotes by March 30, 2007 and were disqualified following submittal of an incomplete response.

ATTACHMENTS

N/A.