

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
APRIL 17, 2012 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Renewal of Protected Self-Insurance Program for Property, Casualty and Excess Liability Coverage	Resolution Ordinance ✓ Motion Discussion Only	Chanay Mackey Risk Manager

SYNOPSIS

A motion is requested for the purchase of re-insurance coverage for property, casualty, workers compensation and excess liability for the Village and for payment of the additional audited workers compensation premiums for 2007-2009.

STRATEGIC PLAN ALIGNMENT

The goals for 2012-2018 include *Steward of Fiscal and Environmental Sustainability*.

FISCAL IMPACT

The FY12 budget includes \$1,872,812 in the Risk Fund for all risk related expenses including premiums and claims. The total premium fee is \$416,043. The payment for the additional audited workers compensation premium due is \$34,867.85.

RECOMMENDATION

Approval on the April 17, 2012 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 \$1,000,000 for General/Auto Liability and a \$550,000 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. On April 30, 2012 the predominance of the Village’s property and casualty coverage will expire.

On March 13, 2012, the Village entered into an agreement with the Owens Group, Inc. to serve as its broker of record for placement of insurance services and to conduct intensive risk management services. Since entering into the agreement, the Owens Group has sought proposals for insurance renewals. The following table summarizes the recommended coverage.

Coverage Type	Current Coverage	Current Year Carrier	Current Premium	Proposed Coverage	Proposed Carrier	Proposed Premium
Excess General Liability/ Auto Liability	\$15M Excess Insurance, \$1M (self-insured retention)	Star Indemnity Insurance	\$115,668	\$10M Excess Insurance, \$1m (self-insured retention); \$25K Auto Physical Damage (self-insured retention)	Munich Insurance	\$129,000
General / Auto Liability and Umbrella	\$20M	Traveler's Liability Umbrella Insurance Policy	\$42,800	\$25M	Torus Insurance/ Houston Casualty	\$76,875
Excess Workers Compensation Stop Loss \$550,000	Statutory limits	Safety National	\$100,786	Statutory limits	Safety National	\$138,417
Property & Crime Insurance	Full Replacement Cost	Chubb Insurance	\$62,453	Full Replacement Cost	Chubb Insurance Travelers Crime Insurance	\$71,751
TOTAL PREMIUM			\$321,707			\$416,043

The insurance premiums for 2012 are \$94,336 higher than last year. The increase is due to

- o Increase cost for Excess General Liability/Auto Liability due to required changes in the structure of the policy (\$13,332)
- o Purchase of \$5 million of additional General/Auto Liability Umbrella coverage to address coverage gaps identified by the Owens Group (\$34,075)
- o Increase cost for Excess Workers Compensation Stop Loss due to claims experience (\$37,631)
- o Purchase of \$1.5 million of additional crime insurance and an increase in the total value of the Village-owned property covered under this policy (\$9,298)

In addition to the program changes, an annual audit of new payroll classification codes was conducted by the current workers compensation carrier, Safety National. The audit revealed that the Village owes an additional \$34,867.85 for premiums due to changes in payroll classification codes.

ATTACHMENTS

**VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY**

INITIATED: Risk Management **DATE:** April 17, 2012
(Name)

RECOMMENDATION FROM: _____ **FILE REF:** _____
(Board or Department)

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to authorize the purchase of re-insurance for property, casualty and excess liability coverage.

SUMMARY OF ITEM:

Adoption of this motion will accept insurance renewal quotes to replace the expiring property, general liability, excess liability and workers compensation coverages for the Village.

RECORD OF ACTION TAKEN:
