

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
11/22/2016

SUBJECT:	SUBMITTED BY:
Extension of Protected Self-Insurance Program for Property, Casualty and Excess Liability Coverage through 12/31/2017	Chanay Mackey Risk Manager

SYNOPSIS

A motion is requested for the renewal of the re-insurance for property, casualty, workers compensation and excess liability coverage for the Village, effective 12/31/16 through 12/31/17. The total premium fee is \$513,080.

STRATEGIC PLAN ALIGNMENT

The goals for 2015-2017 include *Steward of Financial, Environment and Neighborhood Sustainability*.

FISCAL IMPACT

The FY17 Budget provides \$579,000 in the Risk Management Fund (Page 4-9, Line 18) for this program expense.

RECOMMENDATION

Approval on the November 22, 2016 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 \$600,000/\$650,000 SIR for Workers Compensation. The Village purchases excess coverage for General/Auto Liability and Workers Compensation. The Village also purchases stand-alone policies for Property Insurance policy for Village-owned property, and for Pollution, Crime, and Cyber liability as well. On December 31, 2016, the Village's property and casualty coverage will expire.

For the new term of 12/31/16-17, Safety National, the Village's current Workers Compensation (WC) carrier, offered the Village rates that would provide a savings of \$14,300 on both the WC premium and the package premium versus the rates provided by the current carrier, Alteris. The comparison of 2016 premiums to the proposed 2017 premiums with the Safety National rates is listed in the table below:

Coverage	Expiring Carrier	Expired 2016 Premium	Proposed 2017 Carrier	Proposed 2017 Premium	% Change
General Liability (incl. TRIA)	Alteris (Argonaut)	\$147,066	Safety National	\$155,298	6%
Auto Liability	Alteris (Argonaut)	Included	Alteris (Argonaut)	Included	N/A
APD	Alteris (Argonaut)	Included	Alteris (Argonaut)	Included	N/A
Law Enforcement Liability	Alteris (Argonaut)	Included	Alteris (Argonaut)	Included	N/A
Public Officials & Employment Practices	Alteris (Argonaut)	Included	Alteris (Argonaut)	Included	N/A
Property	Chubb Group	\$63,664	Chubb Group	\$63,965	0%
Pollution	ACE	\$9,270	ACE	\$10,234	10%
Crime (No Cyber 2012-13; incl. 2014-present)	Travelers	\$14,500	Travelers	\$15,200	5%
Umbrella (\$25M xs \$10M). SNC is \$10M xs \$1M	Torus	\$46,576	Starstone	\$48,922	5%
Excess (\$25M xs \$10MM) quote of share	Markel	\$32,431	Markel	\$34,020	5%
Workers Compensation	Safety National	\$178,007	Safety National	\$185,441	4%
Total Casualty		\$491,514		\$513,080	4%

Safety National's proposed program places the Village at an overall premium increase of 4% from the expiring year. The Village experienced a slight increase in the number of WC losses and associated severity (dollar amounts) in 2016, driving the price up slightly. Using the Safety National program spreads the risk amongst the other lines of coverage, and thereby provides cost relief. The liability program continues to trend better, and as a result, Safety National was able to provide very competitive pricing.

Safety National is impressed with the work the Village is doing to reduce the Village's risk and liabilities. Additionally, the Village conducted a Risk Management assessment in 2015 that resulted in a score of 97 out of 100. The assessment was based on several criteria related to safety programming, management, administration, leadership and execution. Safety National looks forward to continuing the partnership with the Village to build a sustainable insurance environment.

ATTACHMENTS

12/31/2016 - 2017 Insurance Renewal Proposal

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Risk Management DATE: November 22, 2016
(Name)

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

NATURE OF ACTION:

STEPS NEEDED TO IMPLEMENT ACTION:

- Ordinance
- Resolution
- Motion
- Other

Motion to authorize the purchase and renewal of general liability, property, excess liability and workers compensation insurance coverages.



SUMMARY OF ITEM:

Adoption of this motion will authorize the purchase and renewal of general liability, property, excess liability and workers compensation insurance coverages for the Village through December 31, 2017.

RECORD OF ACTION TAKEN:

12/31/16-17 Safety National Package Program

Coverage	Expiring Carrier	Proposed Carrier	Expired 2015 Premium	Expired 2016 Premium	Proposed Premium 2017	Change	% Change	Comments
General Liability (includes TRIA)	Alteris (Argonaut)	Safety National	\$ 140,853	\$ 147,066	\$ 155,298	\$ 8,232	6%	Increase based upon revenues and expenditures & open liability claims that are being monitored
Auto Liability	Alteris (Argonaut)	Safety National	Included	Included	Included	N/A	N/A	
APD	Alteris (Argonaut)	Safety National	Included	Included	Included	N/A	N/A	
Law Enforcement Liability	Alteris (Argonaut)	Safety National	Included	Included	Included	N/A	N/A	
Public Officials and Employment Practices	Alteris (Argonaut)	Safety National	Included	Included	Included	N/A	N/A	
Property	Chubb Group	Chubb Group	\$ 67,671	\$ 63,664	\$ 63,965	\$ 301	0%	Includes TRIA (2016) at \$487
Pollution	ACE	ACE	\$ 8,576	\$ 9,270	\$ 10,234	\$ 964	10%	
Crime (No Cyber 2012-13; included 2014- present)	Travelers	Travelers	\$ 14,100	\$ 14,500	\$ 15,200	\$ 700	5%	5% increase in revenues; 7% increase employee count; Option for \$18K @ \$1M limits
Umbrella (\$25M XS \$10M) SNC is \$10M XS \$1M	Torus	Starstone	\$ 46,856	\$ 46,576	\$ 48,922	\$ 2,346	5%	Following underlying GL
Excess (\$25M xs \$10MM) quote of share	Markel	Markel	\$ 31,237	\$ 32,431	\$ 34,020	\$ 1,589	5%	Following underlying GL
Workers Compensation	Safety National	Safety National	\$ 166,444	\$ 178,007	\$ 185,441	\$ 7,434	4%	Increase due to large losses exceeding 1/2 of SIR levels
Total Casualty			\$ 475,737	\$ 491,514	\$ 513,080	\$ 21,566	4%	Policies effective 12/31/2016 - 12/31/2017

Program Structure Safety National



Chubb

Property

TIV
\$86,898,427

Buildings
\$69,037,578

Personal Property
\$8,659,193

EDP
\$2,409,656

Business Income
\$5,000,000

Mobile Equipment
\$1,792,000

**Deductible
\$10,000**

Travelers_

Crime/Cyber Liability
Employee Theft
\$1,000,000

Forgery or Alteration
\$1,000,000

On Premises
\$1,000,000

In Transit
\$1,000,000

Network Security
\$1,000,000
Retro 12/31/13

**Deductible
\$25,000**

ACE_

Pollution Liability

Aggregate Limit
\$2,000,000

Per Pollution Condition
\$1,000,000

Retroactive Date
12/31/12

**Deductible
\$25,000**

Starstone/Market Insurance
\$25MM XS \$10MM
(Quote of Share)

Safety National
\$8,000,000/\$8,000,000 XS \$2,000,000
(other than products/comp ops)

<u>Package</u>	<u>Package</u>	<u>Package</u>
Safety National	Safety National	Safety National
General Liability \$2M/\$4M Per Occurrence	Law Enforcement \$2M/\$2M Occurrence	Public Officials \$2M/\$2M Claims Made
Auto Liability \$2,000,000 CSL	Employee Benefits Included Per Occ.	Employment Practices \$2M/\$2M
Auto Physical Damage \$1Per File Per Accident (Total limit – no excess applies)	Wrongful Acts Liability \$2MM/\$2MM Claims Made	Sexual/Abuse Harassment \$2M/\$2M Claims Made

Retroactive Date: 12/31/12
Retentions: \$25K APD / \$1MM All Others

Safety National

Excess Aggregate Limit
\$3,000,000

Two Year Loss Fund
\$4,457,725

Safety National

Excess Workers Compensation

Specific Limit
Statutory

Employers Liability
\$1,000,000

Retention
\$650K EMT/Police/Fire
\$600 All Others

