

VILLAGE OF DOWNERS GROVE
Report for the Village
12/4/2018

SUBJECT:	SUBMITTED BY:
Renewal of Protected Self-Insurance Program - 2019	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 January 1, 2019 through December 31, 2019. The total premium fee is \$552,428.

STRATEGIC PLAN ALIGNMENT

The goals for 2017-2019 include *Steward of Financial, Environmental and Neighborhood Sustainability*.

FISCAL IMPACT

The FY19 Budget includes \$565,024 in the Risk Management Fund (Page 4-9, line 18) for this program.

RECOMMENDATION

Approval on the December 4, 2018 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 a stand-alone Property Insurance policy for Village-owned property. The Village purchases stand – alone Pollution, Crime, and Cyber liability policies. On December 31, 2018 the predominance of the Village’s property and casualty coverage will expire.

Coverage	Expiring Carrier	Expired Premium 2018	Proposed Carrier	Proposed Premium 2019	% Change
General Liability (includes TRIA)	Safety National	\$156,376	Safety National	\$155,239	-1%
Auto Liability	Safety National	Included	Safety National	Included	N/A
APD	Safety National	Included	Safety National	Included	N/A
Law Enforcement Liability	Safety National	Included	Safety National	Included	N/A
Public Officials and Employment Practices	Safety National	Included	Safety National	Included	N/A
Property	Chubb Group	\$64,011	Chubb Group	\$64,937	1%
Pollution	ACE	\$10,834	ACE	\$11,106	2%
Crime and Cyber(Incr to \$5M)	Travelers	\$15,499	Travelers	\$33,180	53%
Umbrella (\$25M XS \$10M) SNC is \$10M XS \$1M	Torus	\$49,035	Starstone	\$51,135	4%
Excess (\$25M xs \$10MM) quote of share	Markel	\$34,094	Markel	\$35,564	4%
Workers Compensation	Safety National	\$203,773	Safety National	\$196,331	-4%
Corporate Council Professional Liability*	Zurich	\$5,139	Zurich	\$4,936	-4%
Total		\$538,761		\$552,428	3%

The Village entered into a partnership with Safety National on a comprehensive basis for the 2017-18 policy term, (Safety National has written WC coverage with the Village for over 13 years), Safety National offered to write the Package policies inclusive of the Public Officials and Law Enforcement liability coverage for a third year with their in – house division. By writing the Package and first excess layer with Safety National, the Village continues to save on the WC premium as well as enjoys a lower package premium for the third consecutive year. A light marketing effort was conducted with Liberty Mutual however Liberty was unable to match the terms and conditions provided by Safety National. Old Republic quoted last year however they are unable to package all of the policies at a competitive rate. The Village’s overall liability loss trends are continually improving through diligent work in the risk management program. That work continues to promote sustained, healthy, competition from Carriers. The Village has enjoyed cost savings through competition for several consecutive years with The Owens Group (commensurate with rated exposures).

Safety National’s proposed program places the Village at an overall premium decrease of 1% from the expiring year. The Village experienced a slight up – tick in WC losses and associated severity (dollar amounts) in 2014 and 2016, yet through proactive risk mitigation strategies, has managed to reduce losses in 2017 and 2018 to result in a 4% decrease. This decrease has allowed the Village to increase Cyber coverage to \$5 mil and include Garage Keepers Coverage. It is prudent to continue to use the Safety National program to spread the risk amongst the other lines of coverage and thereby provide cost relief. The liability program continues to trend better and as a result, Safety National was able to provide very competitive pricing.

The Village maintains Corporate Counsel professional liability coverage placed with Illinois National Insurance Company. This coverage was moved to be commensurate with the predominance of the Village's policies in 2016-17. This year follows with an effective date of January 1, 2019 through December 31, 2019. That coverage is placed separately from the package lines.

ATTACHMENTS

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Risk Management DATE: December 4, 2018
(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, professional 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, professional liability and workers compensation insurance coverages for the Village through December 31, 2019.

RECORD OF ACTION TAKEN:
