

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
APRIL 7, 2008 AGENDA

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

SYNOPSIS

A motion is requested to authorize the following actions

- Renewal of brokerage contract with Hilb Rogal & Hobbs (HRH) for \$25,000 for services related to the renewal of insurance and obtaining competitive quotes.
- 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 2008-09	2008-09 Premium
Excess General Liability/Auto Liability	Illinois National Insurance \$15M Excess Insurance (\$1M self-insured retention)	\$ 139,920	Illinois National Insurance \$15M excess Insurance (\$1M self - insured retention)	\$ 133,326
General Liability/Auto Liability umbrella	Ace /Westchester Liability \$20M umbrella Insurance policy	\$ 48,697	Ace /Westchester Liability \$20M umbrella insurance policy	\$ 46,403
Excess Workers Compensation Stop Loss of \$450,000	Safety National	\$ 78,656	Safety National	\$ 82,364
Property Insurance	Chubb Insurance	\$ 46,663	Chubb Insurance	\$ 54,392
	Total Premium	\$ 313,936	Total Premium	\$ 316,485

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2007-2012 identifies *Exceptional Municipal Organization*. A supporting objective is *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

The FY08 Municipal Budget provides \$374,317 for this annual cost within the Risk Management Fund. The total cost including premium and broker fee is \$341,485.

RECOMMENDATION

Approval on the April 15, 2008, 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 \$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. Currently these insurance policies (shown above) have been secured through insurance broker Hilb Rogal & Hobbs.

On January 29, 2007, the Village accepted bids for insurance broker services. From the four insurance brokers responding, HRH (incumbent) was the selected bidder. Pursuant to the Village's Purchasing Policy, a successful bidder's contract may be renewed for an additional two years, if contract costs do not increase more than 2 percent. HRH's quote for renewal is 0.008 percent. It is recommended that the Village renews the contract with HRH based on the competitive renewal rate and its high level of service delivery.

The recommended renewal for Casualty and Umbrella Insurance coverage continues to enhance the Village's self-insurance program. The first layer of \$15 million provides the Village's insurance limits for Law Enforcement, Employment Practices, Errors and Omissions, Employee Benefit Practices and Public Officials. Purchasing the \$20 million Umbrella continues to provide the Village a total of \$35 million of excess General/Auto Liability insurance coverage. Based on the positive experience of the Village's Risk Management program, the Village secured a reduced premium rate for those policies.

The minimal premium increases reflected in Excess Workers Compensation and Property Insurance are due to anticipated increases in personnel wages and the increased value of Village property.

ATTACHMENTS

N/A.