

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
APRIL 14, 2009 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 renewal of the Village's insurance brokerage contract with Hilb Rogal & Hobbs. Additionally, a motion is requested for the purchase of re-insurance coverage for property, casualty and excess liability for the Village.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2008-2013 identifies *Exceptional Municipal Organization*. A supporting objective is *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

The FY09 Municipal Budget provides \$374,317 for this annual cost within the Risk Management Fund. The total cost including premium and broker fee is \$366,948.

RECOMMENDATION

Approval on the April 21, 2009 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 \$500,000 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 was the selected bidder. Pursuant to the Village's Purchasing Policy, a 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 an increase over the prior contract by 0.008 percent. It is recommended that the Village renew the contract with HRH based on the competitive renewal rate and its high level of service delivery.

With regard to property, casualty and excess liability coverage, after receiving bids the following recommendations are made:

Recommended Coverage	Current Year Carrier	Current Premium	Low Compliant Bidder 2009-10	2009-10 Premium
Excess General Liability / Auto Liability	Illinois National Insurance \$15M Excess Insurance (\$1M self-insured retention)	\$ 133,326	Illinois National Insurance \$15M Excess Insurance (\$1M self-insured retention)	\$ 138,766
General / Auto Liability Umbrella	Ace / Westchester Liability Liability \$20M Umbrella Insurance Policy	\$ 46,403	Traveler's Liability \$20M Umbrella Insurance Policy	\$ 52,000
Excess Workers Compensation Stop Loss of \$450,000	Safety National	\$ 82,364	Safety National	\$ 93,888
Property Insurance	Chubb Insurance	\$ 54,392	Chubb Insurance	\$ 57,294
TOTAL PREMIUM		\$ 316,485	TOTAL PREMIUM	\$ 341,948

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. An explanation of the premium increases for each type of coverage is provided below:

- The premium increase reflected in General/Auto Liability is due to an increase in vehicle value (\$280,000) and wages.
- The premium increase reflected in Excess Workers Compensation Insurance is a result of the Village's Workers Compensation claims paid and the anticipated increases in personnel wages and the increased value of Village property.
- The premium increase reflected in Property Insurance is due to the increased value of Village property and vehicles.

ATTACHMENTS

N/A.