

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
APRIL 13, 2010 AGENDA

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

SYNOPSIS

A motion is requested for the purchase of re-insurance coverage for property, casualty and excess liability for 2010-2011 at a premium fee of \$314,618.

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 FY10 Budget provides \$374,317 in the Risk Management Fund for this item. The total premium fee is \$314,618.

RECOMMENDATION

Approval on the April 20, 2010 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. These insurance policies are secured through Village's Broker of Record, Alliant Insurance Services.

Bids for the above mentioned insurance were submitted to the Village's Broker of Record. After review, the following recommendations are made:

Recommended Coverage	Current Year Carrier	Current Premium	Low Compliant Bidder 2010-11	2010-11 Premium
(1) Excess General Liability / Auto Liability	Illinois National Insurance \$15M Excess Insurance (\$1M self-insured retention)	\$138,766	Everest National Insurance \$10M Excess Insurance (\$1M self-insured retention)	\$ 103,530
(2) Excess General Liability / Auto Liability			Star Indemnity \$5M Excess of 1st \$10 million Excess	\$15,810
(3) General / Auto Liability Umbrella	Traveler's Liability \$20M Umbrella Insurance Policy	\$ 52,000	Traveler's Liability \$20M Umbrella Insurance Policy	\$ 42,850
(4) Excess Workers Compensation Stop Loss of \$450,000	Safety National	\$ 93,888	Safety National	\$ 93,888
(5) Property Insurance	Chubb Insurance	\$ 57,294	Chubb Insurance	\$ 58,540
TOTAL PREMIUM		\$ 341,948	TOTAL PREMIUM	\$ 314,618

The recommended renewal for Casualty and Umbrella Insurance coverage continues to enhance the Village's self-insurance program. The first layer of \$10 million and second layer of \$5 million provide 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. The renewal cost for 2010/11 reflects an overall savings of \$27,330 (8%) from the previous year. An explanation of the premiums for each type of coverage is provided below:

- The premium reduction reflected in General/Auto Liability (grid items 1 and 2) is due to the Broker of Record's marketing of the Village's program and securing the two layers of excess coverage for \$15 million through two different insurance companies with a premium savings of \$19,426
- The premium for General/Auto Liability Umbrella (grid item 3) is reduced due to aggressive marketing and competitive quotes.
- The premium reflected in Excess Workers Compensation Insurance (grid item 4) is a result of the Village's Broker of Record marketing the Village's insurance program last year and negotiating a two year fixed rate in 2009 which resulted in no increase in premium to the Village
- The premium increase of \$1,246 reflected in Property Insurance (grid item 5) is due to the assessed increase value of the Village's real property from last year.

ATTACHMENTS

N/A