

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 18, 2014 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Renewal of Protected Self-Insurance Program for Property, Casualty and Excess Liability Coverage through 12/31/2015	Resolution Ordinance ✓ Motion Discussion Only	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 12/31/14 through 12/31/15.

STRATEGIC PLAN ALIGNMENT

The goals for 2012-2018 include *Steward of Fiscal and Environmental Sustainability*.

FISCAL IMPACT

The total premium fee is \$475,737.

RECOMMENDATION

Approval on the November 18, 2014 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 for Village-owned property, Pollution, Crime, and Cyber liability. On December 31, 2014, the Village's coverages will expire.

The carriers for the stand-alone policies will remain the same. However, with respect to the General/Auto Liability coverage, the Village heavily shopped coverage for a second, consecutive year that resulted in three standard carriers providing competitive terms - Munich RE, Safety National Casualty, and Alteris. Additional carriers provided terms that were not amenable to the Village's comprehensive program and therefore were not considered for presentation.

Alteris, an Argonaut Company with a strong financial rating, presented more competitive terms based upon the Village's aggressive loss control and risk management work that has been underway for the past two years. The Village has seen positive loss trend development in workers' compensation claims and certain components of the liability program. Alteris's pricing reflects the Village's Risk Management strategy, enhanced training programs, tracking and monitoring of claims aggressive claims management, tracking safety statistics, increased safety awareness in all

departments, continual participation with CALEA, driver training, flood mitigation program, and DRIVE CAM program. All of these interventions, amongst others shared with the marketplace, have placed the Village in a very favorable marketing position which resulted in offers of lower premiums from the Workers' Compensation and Liability carrier and rendered enhanced limits of coverage with the proposed liability carrier, Alteris. After analyzing the terms and premiums provided by the three carriers, staff recommends Alteris.

ATTACHMENTS:

12/31/2014 - 2015 Insurance Renewal Proposal

**VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY**

INITIATED: Risk Management **DATE:** November 18, 2014
(Name)

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

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

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



SUMMARY OF ITEM:

Adoption of this motion will authorize the purchase and renewal of property, general liability, excess liability and workers compensation insurance coverages for the Village through December 31, 2015.

RECORD OF ACTION TAKEN:



Insurance Program Proposal Summary

12/31/14 - 15 Renewal Alteris (Argonaut) Program

Coverage	Expiring Carrier	Proposed Carrier	Expired 2013 Premium	Expired 2014 Premium	Proposed 2015 Premium	Change	% Change	Comments
General Liability	American Alternative Insurance Corp.	Alteris (Argonaut)	\$ 140,000	\$ 147,455	\$ 140,853	\$ (6,602)	-5%	Argonaut proposes pricing at \$10 Million limit excess \$1,000,000 SIR (no taxes apply) Includes \$10MM Sexual Abuse coverage
Auto Liability	American Alternative Insurance Corp.	Alteris (Argonaut)	Included	Included		N/A	N/A	
APD	American Alternative Insurance Corp.	Alteris (Argonaut)	Included	Included		N/A	N/A	
Law Enforcement Liability	American Alternative Insurance Corp.	Alteris (Argonaut)	Included	Included		N/A	N/A	
Public Officials and Employment Practices	American Alternative Insurance Corp.	Alteris (Argonaut)	Included	Included		N/A	N/A	
Property	Chubb Group	Chubb Group	\$ 65,042	\$ 68,947	\$ 67,671	\$ (1,276)	-2%	
Pollution	ACE	ACE	\$ 8,123	\$ 8,576	\$ 8,576	\$ -	0%	
Crime (No Cyber 2012-13)	Travelers	Travelers	\$ 4,109	\$ 13,560	\$ 14,100	\$ 540	13%	Combined Cyber & Crime Premium 2013-15; increase based upon revenues
Umbrella (\$25M xs \$10MM) quote of share	Torus National	Torus National	\$ 45,173	\$ 45,314	\$ 46,856	\$ 1,542	3%	Following underlying GL
Excess (\$25M xs \$10MM) quote of share	Houston Casualty	Evanston Insurance	\$ 31,702	\$ 32,116	\$ 31,237	\$ (879)	-3%	Following underlying GL
Workers Compensation	Safety National	Safety National	\$ 138,417	\$ 166,721	\$ 166,444	\$ (277)	0%	2014 Increase due to loss history; rate increases
Cyber Liability	N/A	Travelers	\$ -	\$ -	\$ -	\$ -		New Coverage 2014 (shown above)
Total Casualty			\$ 432,566	\$ 482,689	\$ 475,737	\$ (6,952)	-1%	