

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
12/1/2015

SUBJECT:	SUBMITTED BY:
Renewal of Protected Self-Insurance Program	Chanay Mackey Risk Manager

SYNOPSIS

A motion is requested for the renewal of the re-insurance for General Liability, Property, Excess Liability and Workers Compensation coverage for the Village, effective 1/1/16 through 12/31/16.

STRATEGIC PLAN ALIGNMENT

The goals for 2015-2017 include *Steward of Financial, Environmental and Neighborhood Sustainability*.

FISCAL IMPACT

The total premium fee is \$491,514. The FY16 Risk Fund budget includes \$537,132.00 for this program expense.

RECOMMENDATION

Approval on the December 1, 2015 consent agenda.

BACKGROUND

The Village 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, as well as stand-alone Pollution, Crime, and Cyber liability policies. The Village renews insurance annually.

The Village's broker of record, the Owens Group, advises the Village in this procurement process. In 2015, after the Owens Group heavily shopped the Village's insurance needs, the Village purchased insurance from Alteris. The Owens Group sought renewal rates for 2015 on behalf of the Village. Staff recommends renewing coverage with Alteris for the 1/1/16-12/31/16 term.

Overall, the Village's premium for these programs will increase by 3%. The Village has seen positive loss trend development in workers compensation claims; however, this area continues to be a loss and associated cost driver. Premiums are slightly higher due to four large, open claims. The Village's aggressive safety strategy, which includes enhanced training programs, tracking and monitoring of claims using aggressive claims management, implementation of tighter controls in all departments, continual participation with CALEA, flood mitigation program, and DRIVE CAM program, benefits the Village's overall insurance

premium. Additionally, the Village conducted a Risk Management assessment in 2015 that resulted in a “Best In Class” high score of 97 out of 100. The assessment was based on several criteria related to safety programming, management, administration, leadership and execution.

ATTACHMENTS

1/1/16-12/31/16 Insurance Renewal Proposal

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Risk Management DATE: December 1, 2015
(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 and workers compensation insurance coverages.



SUMMARY OF ITEM:

Adoption of this motion will authorize the purchase and renewal of general liability, property, excess liability and workers compensation insurance coverages for the Village through December 31, 2016.

RECORD OF ACTION TAKEN:

12/31/15 - 16 Alteris (Argonaut) Program

Coverage	2015 Expiring Carrier	2016 Proposed Carrier	Expired 2015 Premium	Proposed 2016 Premium	Change	% Change	Comments
General Liability	Alteris (Argonaut)	Alteris (Argonaut)	\$ 140,853	\$ 147,066	\$ 6,213	4%	Increase based upon revenues and expenditures & open liability claims that are being monitored
Auto Liability	Alteris (Argonaut)	Alteris (Argonaut)	Included	Included	N/A	N/A	
APD	Alteris (Argonaut)	Alteris (Argonaut)	Included	Included	N/A	N/A	
Law Enforcement Liability	Alteris (Argonaut)	Alteris (Argonaut)	Included	Included	N/A	N/A	
Public Officials and Employment Practices	Alteris (Argonaut)	Alteris (Argonaut)	Included	Included	N/A	N/A	
Property	Chubb Group	Chubb Group	\$ 67,671	\$ 63,664	\$ (4,007)	-6%	
Pollution	ACE	ACE	\$ 8,576	\$ 9,270	\$ 694	8%	
Crime (No Cyber 2012-13; included in 2014)	Travelers	Travelers	\$ 14,100	\$ 14,500	\$ 400	3%	Combined Cyber & Crime Premium 2013-15; increase based upon increase in revenues
Umbrella (\$25M xs \$10MM) quote of share	Torus National	Torus National	\$ 46,856	\$ 46,576	\$ (280)	-1%	Following underlying GL
Excess (\$25M xs \$10MM) quote of share	Houston Casualty	Evanston Insurance	\$ 31,237	\$ 32,431	\$ 1,194	4%	Following underlying GL
Workers Compensation	Safety National	Safety National	\$ 166,444	\$ 178,007	\$ 11,563	7%	Increase due to four open large losses exceeding 1/2 of SIR levels
Total Casualty			\$ 475,737	\$ 491,514	\$15,777	3%	Policies effective 1/1/2016 - 12/31/2016

*Cyber liability covers lost or stolen electronic or hard data resulting from breach of system