

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
12/17/2019

SUBJECT:	SUBMITTED BY:
Extension of Protected Self-Insurance for Property, Casualty and Excess Liability Coverage through 12/31/20	Chanay Mackey Risk Management

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 12/31/19 through 12/31/20.

STRATEGIC PLAN ALIGNMENT

The goals for 2019-2021 include *Steward of Fiscal and Environmental Sustainability*.

FISCAL IMPACT

The FY20 Budget provides \$595,063 in the Risk Management Fund for this program. The total premium fee is \$574,266.

RECOMMENDATION

Approval on the December 17, 2019 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, 2019, the predominance of the Village's property and casualty coverage will expire.

Coverage	Expiring Carrier	Expired Premium 2019	Proposed Carrier	Proposed Premium 2020	% Change
General Liability (includes TRIA)	Safety National	\$155,239	Safety National	\$156,383	+1%
Auto Liability	Safety National	Included	Safety National	Included	N/A
Auto Physical Damage	Safety National	Included	Safety National	Included	N/A
Law Enforcement Liability	Safety National	Included	Safety National	Included	N/A
Public Officials and Employment Practices	Safety National	Included	Safety National	Included	N/A
Property	Chubb Group	\$64,937	Chubb Group	\$71,430	+10%
Pollution	ACE	\$11,106	ACE	\$11,548	+4%
Crime and Cyber(Incr to \$5M)	Travelers	\$33,180	Travelers	\$33,180	0%
Umbrella (\$10M XS \$10M) SNC is \$8M XS \$2M (incl)	Starstone	\$51,135	Berkely Net	\$59,085	+15%
Excess (\$15M XS \$10M) quote of share	Markel	\$35,564	Markel	\$50,000	+41%
Workers' Compensation	Safety National	\$196,331	Safety National	\$187,704	-4%
Corporate Council Professional Liability*	Zurich	\$4,936	Zurich	\$4,936	0%
Total		\$552,428		\$574,266	+3%

Marketing

Within the past two years, Safety National has expanded into all major lines of coverage provided to municipalities. Safety National was the primary carrier in the Excess Workers' Compensation market for municipalities and has recently merged with Tokio Marine (A++ Rated). With aggressive pricing, coverages, on-line training and support; Safety National has quickly established themselves as the premier carrier in the municipality insurance sector. The Village's program was marketed to every insurance carrier that underwrites municipalities in the state of Illinois. Safety National had the best overall pricing, which is a 4% decrease from last year.

Over all, the market is turning slowly. Today, some insureds are seeing 5-10% rate increases, even with positive claims histories. This is due to the larger number of catastrophic claims in both the Property and Liability sectors in the past few years. Wild fires, wind storms, the increased repair costs due to advancements in auto technology, etc. have contributed to the increase in insurance rates. However, Safety National's proposed package program places the Village at an overall premium increase of 1% from the expiring year.

The Excess market is the most active with Starstone pulling out of the Municipality sector completely. Allied Public Risk and Markel Insurance Co. offered renewal terms with 98% and 88% rate increases respectively. In recent years, the excess carriers are paying higher rates to re-insurers and the effects are unfortunately trickling down to the insureds. The Owens Group was successfully able to limit the excess increase to 25% by marketing the Village's account to over fifteen different carriers.

The proposed program cost is \$574,266, or a 3% increase over the expiring cost of \$552,434.

Risk Management & Loss Control

The Village has a very strong Risk Management and Loss Control program. Working in coordination with Underwriters Safety & Clams (Third Party Claims Administrators), Safety National and The Owens Group (Broker), the Village's Risk Management program has seen vast improvements in employee safety, claims reporting, mitigation and reduction as well as on-site training.

Safety National is very impressed with the Village's efforts including tracking and monitoring of claims utilizing aggressive claims management, tracking safety statistics, implementation of tighter controls in all departments, continual participation with CALEA, driver training, the flood mitigation program, and the DRIVE CAM Program.

ATTACHMENTS

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