

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
12/6/2022

SUBJECT:	SUBMITTED BY:
Extension of Protected Self-Insurance for Property, Casualty and Excess Liability Coverage through 12/31/23; Approval of Insurance Broker Agreement	Enza Petrarca Village Attorney

SYNOPSIS

A motion is requested for the renewal of the re-insurance for property, casualty, cyber, law enforcement, excess workers compensation, excess liability, and attorney’s professional liability coverage for the Village for 2023, and a Resolution has been prepared authorizing execution of an agreement between the Village and Alliant Insurance Services, Inc.

STRATEGIC PLAN ALIGNMENT

The goals for 2021-2023 include *Steward of Fiscal, Environmental and Neighborhood Sustainability*

FISCAL IMPACT

The FY23 Budget has sufficient funds in the Risk Management Fund for this program. The total annual premium is \$987,990.

RECOMMENDATION

Approval on the December 6, 2022 consent agenda.

BACKGROUND

The Village of Downers Grove is self-insured for General Liability, Auto Liability, and Workers Compensation with Self-Insured Retention (SIR) levels of \$1,000,000 for Liability and for Workers Compensation. The Village also purchases Excess Liability, Property, Pollution, Law Enforcement, Public Officials, Crime, and Cyber Liability policies.

Each year the Village, through its insurance broker, conducts a comprehensive and competitive process to select insurance providers and establish annual premiums. The number of carriers providing coverage for public entities is diminishing each year due to adverse losses within the industry. Because of adverse law enforcement claims throughout the United States, many insurers, including the Village’s current liability provider (Liberty Mutual), are capping law enforcement limits of liability at \$5,000,000. Other carriers, such as Allied World, are no longer offering law enforcement liability coverage. Additional markets were sought to fulfill limits of liability, negotiations were conducted to keep rates flat where standard market rates are being assessed throughout the industry, and program limits were structured and maintained according to available capacity in the market.

The Village is experiencing an increase of 21% overall in premium for the 2022-23 policy term. The premium increase is attributed to the correction of an error on the part of the insurance company regarding the number of police officers reflected on the expiring policy and an expansion of the cyber liability coverage. The Village

has expiring cyber liability limits of \$5,000,000. The existing policy has sub-component limits (for example: \$250,000 limit on cyber extortion claims). The proposed policy provides up to \$3,000,000 in coverage above a \$1,000,000 retention. The premium for this revised policy is \$71,226. Staff is recommending securing coverage at the \$3,000,000 limit for cyber liability coverage as shown in the enclosed premium summary sheet.

Earlier this year the Village issued an RFP for insurance and broker and risk management services in order to minimize losses and control exposures. Staff is recommending approval of an agreement with Alliant to provide those services. In addition to providing insurance brokerage services, Alliant provides in-house loss control and risk management services at no additional cost for the upcoming year for customary services.

The following table summarizes the coverage and associated premiums for the expiring and renewal programs. All policies are effective December 31, 2022, through December 31, 2023.

	Expiring 2021-2022	Renewal 2022-2023	% Change
Package Liability & All Lines (TRIA Included)	Liberty Mutual	Liberty Mutual	
General Liability	\$50,366	\$66,872	33%
Automobile Physical Damage & Liability	\$67,464	\$79,305	18%
Law Enforcement Liability	\$14,968	\$38,359	156%
Public Officials Liability	\$10,911	\$12,368	13%
Employment Practices Liability	\$30,502	\$37,950	24%
Employment Practices Liability - Excess Layer	Indian Harbor	Indian Harbor	
	\$18,003	\$21,686	20%
Excess Liability - 1st Layer	Liberty Mutual	Liberty Mutual	
\$9M XS \$1M			
	\$76,636	\$107,619	40%
Excess Liability - 2nd Layer	Allied World	WH Green	
\$10M XS \$10M			
	\$78,448	\$117,668	50%
Excess Liability - 3rd Layer	Berkley	Berkley	
\$10M XS \$20M			
	\$78,458	\$94,150	20%
Excess Liability - 4th Layer	Markel	Markel	
\$5M XS \$30M			
	\$38,064	\$45,319	19.06%
Excess Workers Compensation	Arch	Arch	
\$1M SIR	\$171,174	\$187,152	9%
Property	Chubb	Chubb	
	\$80,800	\$89,650	11%
Employed Lawyers	Zurich	Zurich	
	\$4,936	\$4,936	0%
Cyber Liability & Crime Combined*	Travelers	Travelers	
	\$47,580	\$71,226	50%
Pollution Liability	Chubb	Chubb	
	\$13,323	\$13,731	3%
Risk Management Service Fee	\$35,000	\$0	-100%
ESTIMATED PROGRAM TOTAL	\$816,633	\$987,990	21%

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Village Attorney DATE: December 6, 2022
(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, professional liability, law enforcement, cyber, and workers compensation insurance coverages.



SUMMARY OF ITEM:

Adoption of this motion will authorize the purchase and renewal of general liability, property, excess liability, professional liability, law enforcement, cyber and workers compensation insurance coverages for the Village through December 31, 2023.

RECORD OF ACTION TAKEN:

