



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 6a

Title:

Recommendation to authorize the Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2022, in the amount of \$955,129.

Presenter:

Bill Hannah, Finance Director

Meeting: Government Operations Committee

Date: October 17, 2022

Proposed Cost: \$955,129

Budgeted Amount: \$878,055

Not Budgeted:

Executive Summary

The City has retained Assurance Agency as its consultant for the City’s risk insurance program. Assurance routinely markets the City’s insurance and needs to many carriers, helping to ensure that the City retains the best coverage at the most reasonable and effective premium cost. Assurance has completed the renewal of the City’s risk management insurance needs for the upcoming year as detailed below.

Cyber Coverage

Last year, for various reasons including changing market dynamics and requirements, the City was unable to procure cost efficient cyber coverage, receiving a quote that was well over \$500,000 in cost for the same amount of \$4 million in coverage the City had in the previous year. Since then, the City Finance and Information Systems teams have worked closely with Assurance to meet the evolving requirements necessary to order to secure competitive cyber coverage. As part of the renewal for this upcoming year, staff is pleased to report that multiple carriers quoted the City’s cyber coverage risk needs, and staff was able to procure \$4 million in coverage from Travelers for \$94,890.

Workers Comp, General Liability, Auto, Property and Other

The total cost quoted for the renewal for the year beginning December 1, 2022 for all of the other City premiums is \$860,239. This compares to a cost of \$845,7949 for the 2021 renewal or an overall increase of approximately 1.7%.

Assurance has noted that the property insurance market has undergone a severe tightening in response to various natural disasters and other situations over the past couple of years. Despite this tightening, Assurance was able to procure property coverage this year from Travelers that was significantly less than Chubb, the prior carrier, by \$46,282. As illustrated in the attached summary, this decrease offset most of the expected increase in premiums in other areas of coverage.

For 2022, the renewal policy coverage limits remain essentially consistent with 2021; there have been no negative changes to any of the City’s coverage limits, deductibles, or self-insured retention (SIR) amounts.

Besides property and inland marine, no other changes are being proposed to the companies providing coverage. Travelers is the proposed carrier for all of the City’s coverages, with the exception that the Illinois Public Risk Fund continues to carry the City’s Workers Compensation policy coverage. Staff is very satisfied with the results of this year’s renewal as indicated and recommends approval as presented. A representative from Assurance will be in attendance at the meeting to provide further information.

Attachments:

Premium Summary

Recommendation/Suggested Action (briefly explain):

Seeking a motion to authorize the Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2022 in the amount of \$955,129.

Premium Summary

The following is a summary of the insurance carrier premiums quoted and payment plan options.

Coverage Carrier/AM Best Rating Payment Plan	Expiring Premium	Renewal Premium
Workers' Compensation* Illinois Public Risk Fund / Not AM Best Rated 12 Installments: Direct Bill	\$143,537	\$162,151
General Liability* Travelers / A++, XV Annual Payment: Agency Bill	\$92,106	\$98,608
Law Enforcement Liability Travelers / A++, XV Annual Payment: Agency Bill	\$39,144	\$43,921
Public Officials' Liability & Employment Practices' Liability Travelers / A++, XV Annual Payment: Agency Bill	\$64,099	\$70,458
Automobile Travelers / A++, XV Annual Payment: Agency Bill	\$70,953	\$78,844
Umbrella Travelers / A++, XV Annual Payment: Agency Bill	\$91,214	\$112,299
Government Crime Wrap Travelers / A++, XV Annual Payment: Agency Bill	\$1,961	\$1,961
Property Travelers / A++, XV Annual Payment: Agency Bill	\$331,956	\$285,674
Inland Marine Travelers / A++, XV Annual Payment: Agency Bill	\$10,824	\$6,323
Travelers Claim Fund	\$0	\$0
Subtotal Premium	\$845,794	\$860,239

* Subject to annual audit

Note: Deposit premiums due upon binding

IPRF Safety Grant for 2022 is \$19,363

IPRF Safety Grant for 2023 is currently being calculated

Coverage Carrier/AM Best Rating Payment Plan	Limit: \$4,000,000 Retention: \$50,000
Cyber Travelers / A++, XV Annual Payment: Agency Bill	\$94,890
TOTAL PREMIUM	\$955,129