



**AGENDA ITEM EXECUTIVE SUMMARY**

**Agenda Item Number: IC**

<b>Title:</b>	Recommendation to authorize the Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2020 in the amount of \$761,554.
<b>Presenter:</b>	Chris Minick, Finance Director

**Meeting:** City Council Meeting

**Date:** November 2, 2020

Proposed Cost: \$761,554

Budgeted Amount: \$688,839

Not Budgeted:

**Executive Summary** *(if not budgeted please explain):*

The City has retained Assurance Agency as its consultant for the risk insurance program. Typically, insurance programs are taken to market on a comprehensive basis every 3-4 years. At the City’s request, Assurance marketed and quoted the risk insurance program for the renewal years beginning December 1, 2015 and December 1, 2017. For the 2020 renewal, Assurance fully marketed the risk insurance package, in accordance with the normal 3-4 year planned marketing cycle.

The total cost quoted for the renewal for the year beginning December 1, 2020 is \$761,554. This compares to a cost of \$671,029 for the 2019 renewal or an overall increase of approximately 13.5%. Several different companies were approached to provide quotes of various aspects of the City’s insurance coverages as part of the comprehensive marketing effort. Five companies were approached to provide quotes on the City’s general liability insurance package, seven firms were approached to quote on the City’s property insurance, and five companies were approached to quote on the City’s Worker’s Compensation lines of coverage. The most competitive quotes received have been included in the renewal premium amounts noted above.

Assurance has noted that the insurance market has undergone a severe tightening in response to various natural disasters and political situations that have occurred over the past couple of years and the City’s quoted premiums reflect the results of that tightening. The increases noted, while significant, are reflective of lower premium increases than Assurance is experiencing for other clients.

For 2020, the renewal policy coverage limits remain essentially consistent with the 2019 package; there have been no negative substantive changes to any of the City’s coverage limits, deductibles, or self-insured retention (SIR) amounts. The only change is a coverage enhancement on the City’s Cyber liability policy. Staff has requested an enhancement to the policy coverage limit which is reflected in the policy amounts reflected above. This coverage enhancement increased our policy limit by \$1,000,000 and resulted in \$4,092 of additional premium.

No changes are being proposed to the companies providing coverage; Travelers has the City’s liability package, Chubb has the City’s property package, IPRF has the Workers Compensation policy coverage, and Corvus/Hudson has the Cyber Liability on the City’s behalf. All of the carriers have extensive experience in public entity insurance coverage. Staff is satisfied with the results of the marketing of the renewal as indicated and recommends its approval as presented.

**Attachments** *(please list):*

**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, 2020 in the amount of \$761,554.**

## Premium *summary*

The following is a summary of the insurance carrier premiums quoted and payment plan options. For comparison purposes, we also included your expiring premium adjusted to current payroll and sales totals. The figures used in this calculation are as follows:

Item	Prior Year Values	Current Values	Increase or Decrease
Payroll	\$23,527,138	\$23,865,129	+\$337,992 (+1.4)
Property Values	\$213,427,816	\$202,755,102	-\$10,672,714 (-5%)
Power Units	144	146	+2 (+1.4%)
Trailers	59	63	+4 (+6.8%)
Budget Expenditures	\$167,485,913	\$196,611,576	+29,125,663 (+17.4%)
Employee Count	246 Full time 76 Part time	241 Full time 54 Part time	5(-2.0%) -22(-28.9%)
Law Enforcement Officers	57	58	+1(+1.8%)

Carrier/AM Best Rating Coverage Payment Plan	Expiring Premium	Renewal Premium
Travelers / A++, XV General Liability Annual Payment: Agency Bill	\$76,498	\$91,106
Travelers / A++, XV Law Enforcement Liability Annual Payment: Agency Bill	\$31,322	\$32,222
Travelers / A++, XV Public Officials & Employment Practices Liability Annual Payment: Agency Bill	\$52,492	\$58,599
Travelers / A++, XV Automobile Annual Payment: Agency Bill	\$59,016	\$65,628
Travelers / A++, XV Umbrella Annual Payment: Agency Bill	\$68,147	\$82,592
Travelers / A++, XV Government Crime Wrap Annual Payment: Agency Bill	\$1,730	\$1,730
	<b>Subtotal</b>	<b>\$289,205</b>
		<b>\$331,877</b>

## Premium *summary continued*

Carrier/AM Best Rating Coverage Payment Plan	Expiring Premium	Renewal Premium
Chubb / A+, XV Property Annual Payment: Agency Bill	\$213,348	\$244,636
Chubb / A+, XV Inland Marine Annual Payment: Agency Bill	\$7,533	\$7,980
Illinois Public Risk Fund / Not Rated Workers Compensation* 12 Installments: Direct Bill	\$131,728	\$140,452
Corvus – Hudson Excess / A, XV Cyber (\$4,000,000 limit Annual Payment: Agency Bill	\$29,215	\$36,609
Travelers Claim Fund	\$0	\$0
<i>Subtotal</i>	<i>\$381,824</i>	<i>\$429,677</i>
<i>Subtotal Prior Page</i>	<i>\$289,205</i>	<i>\$331,877</i>
<b>Total Premium</b>	<b>\$671,029</b>	<b>\$761,554</b>

\* Subject to annual audit

\*\* Hudson has offered a \$3M limit for \$32,517 and a \$5M limit option for \$40,579 – same subjectivities apply

Note: Deposit premiums due upon binding

Please note: Assurance Agency Annual Service Fee of \$32,500 is billed in 2 semi-annual installments. The first installment of \$16,250 was billed June 2020. The second installment will be billed December 2020 at \$16,250 minus any commissions received.

**IPRF Safety Grant for 2021 is \$16,405**