



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title: Recommendation to Authorize the Finance Director to Execute the Risk Insurance Program renewal for the Year Beginning December 1, 2013

Presenter: Chris Minick, Finance Director

Please check appropriate box:

<input checked="" type="checkbox"/>	Government Operations (11/4/13)		Government Services
	Planning & Development		City Council
	Public Hearing		

Estimated Cost:	\$670,484	Budgeted:	YES	<input checked="" type="checkbox"/>	NO	
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If NO, please explain how item will be funded:

Executive Summary:

We have worked with our insurance consultant, Wine Sergi to market the program and receive quotes for the City's risk insurance program for the policy year beginning December 1, 2013.

Total cost of the risk insurance package is increasing by approximately 2.4% for the year. This increase is mainly due to premium increases for the Workers Compensation stop loss policy. Costs for claims in Illinois have increased substantially over the past couple of years and this increase is being reflected in premium levels. Additionally, the base deductible for the excess compensation line item is increasing from \$500,000 to \$550,000. Safety National will not write policies with deductibles under \$500,000. This means that the City's exposure would increase by \$50,000 in the event of a large workers compensation claim.

These increases are not related to the City's claims experience which continues to be good. The increase in Workers Compensation is related to recent changes in the Illinois Workers Compensation law and Safety National's response. Even with these changes, Safety National's program was the most competitive pricing received for the 2013-2014 renewal.

Attachments: (please list)

Premium Summary

Recommendation / Suggested Action (briefly explain):

Recommendation to authorize the Finance Director to execute the Risk Insurance Program renewal for the Year Beginning December 1, 2013

For office use only: Agenda Item Number: 4a

CITY OF ST. CHARLES

Premium Summary

December 1, 2013 to December 1, 2014

(As of October 23, 2013)

	2012 - 2013 Expiring Term Premium	2013 - 2014 Renewal Proposals
Chubb -Property (1)	\$ 137,943	\$ 142,081
- Inland Marine	\$ 6,651	\$ 6,651
NFIP/ or Ins.Co. - Flood Insurance	N/A	\$ tbd
ICRMT Package (2)	\$ 368,411	\$ 368,993
Including General Liability, Public Official Liability, EPL, Professional Liability, Law Enforcement, Auto and Umbrella	Included	Included
Safety National - Excess Workers' Compensation (3)	\$ 106,806	\$ 117,759
Broker Service Fee (4)	\$ 35,000	\$ 35,000
TOTAL	\$ 654,811	\$ 670,484

(1) Property rate, flat, no rate increase, Statement of values: 3% inflationary increase.

a. Deductible increase to \$50,000

(2) Liability renewal final is less than 1% increase

(3) Excess Workers Compensation rate increase from 0.525. to 0.55 per \$100 of Payroll

a. WC SIR/Self-Insured Retention . Safety National increase in Self-insured retention

b. to \$550/\$650K

(4) Broker fee in lieu of commission- no change

Optional proposal from Safety National Casualty Company SIR/Self-Insured Retention
\$500/\$600K (as expiring) at a rate of: 0,62 per \$100 of Payroll. Premium \$132,386

Safety National advise their stance in IL on rate increases are due to IL increased medical costs, low investment rates and increasing severity of losses, the cost of workers compensation has increased dramatically.
