



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title:	Recommendation to Approve a Resolution Authorizing the Finance Director to Execute the Risk Insurance Program Renewal for the Year Beginning December 1, 2015.
Presenter:	Chris Minick, Finance Director

Please check appropriate box:

<input checked="" type="checkbox"/>	Government Operations (10/19/15)		Government Services
	Planning & Development		City Council
	Public Hearing		

Estimated Cost:	\$562,342	Budgeted:	YES	<input checked="" type="checkbox"/> X	NO	
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If NO, please explain how item will be funded:

Executive Summary:

The City retained a new broker/consultant, Assurance Agency, for the risk insurance program for the 2014-2015 renewal year. During the past year, Assurance has become familiar with City operations and processes and took the liability package insurance program to the market soliciting proposals for the renewal year beginning December 1, 2015.

The renewal for December 1, 2015 features enhancements to coverage limits while providing significant cost savings for the liability package. We were able to lower automobile collision deductibles from \$25,000 to \$10,000 and have added coverage for "failure to supply electrical" service. At the same time, the quote from Travelers (recommended by staff) is providing the enhanced coverage at a premium cost savings of \$99,111 for the package liability coverages. In order to realize the savings, we will need to terminate coverage with the City's current liability package provider, ICRMT.

Excess Workers Compensation and Property insurance package lines are competitive and remaining with current carriers, Safety National and Chubb Insurance respectively. Both are quoting small increases to premiums and SIR limits for Police, Fire and Electrical Line workers are increasing from \$650,000 to \$750,000 (per City staff recommendation).

To summarize, premium costs for the renewal are expected to be \$562,342, representing savings of \$95,795 (approximately 15%) compared to 2014 costs. In addition to the savings, liability coverage limits are significantly enhanced, and Workers Compensation retention limits are slightly higher for certain high risk positions. More detailed analysis is attached on the following pages.

Attachments: *(please list)*

Executive, Marketing and Pricing Summaries, Resolution

Recommendation / Suggested Action *(briefly explain):*

Recommendation to approve a Resolution Authorizing the Finance Director to Execute the Risk Insurance Program Renewal for the Year Beginning December 1, 2015.

For office use only:

Agenda Item Number: 5a



An Insurance Program Proposal for
City of St. Charles

Effective: *12/1/2015 to 12/1/2016*

Presented on: 10/12/2015

Presented by:

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Executive Summary

We appreciate the opportunity to present this proposal to you. Our proposal was developed with your specific insurance and risk management needs in mind. If upon review, there is additional information you will need to facilitate your decision making process, please let us know.

For this year's Property & Casualty insurance renewal, it was determined that we would market specific lines of the city's insurance program. Based on conversations with City staff, the current Excess Workers' Compensation arrangement with Safety National and CCMCI is working extremely well and the pricing for this coverage remains very competitive in the marketplace. In addition, many Excess Workers' Compensation carriers require a \$1,000,000 retention level for Police & Fire employees, which is significantly higher than your retention levels. On the Property insurance, the incumbent carrier, Chubb Insurance Co., is providing an aggressive rate structure and has agreed to a slight rate reduction to offset some of the increased property values of the city's portfolio. Therefore, we have conducted a thorough marketing exercise of the remaining lines of coverage, with significant positive results from both a financial and coverage position.

As you will see, we are proposing three options for the Package lines of coverage. Your incumbent carrier, Illinois Counties Risk Management Trust (ICRMT), Travelers Insurance Company and Alteris Insurance Company have all three provided quotes.

Listed below is a summary of the financial results of this year's insurance renewal:

Property

- Property values increased by 6.7%
- Total premium increase is \$5,992, or 3.8%, which reflects a rate decrease of -2.8%

Workers' Compensation

- Payroll estimate is increasing only slight by .8%
- Premium option to keep same retentions is increasing \$9,020, or 7.4%
- Premium option to increase retention (police/fire) is decreasing \$2,747, or -2.2%

Package (Liability Coverage)

- ICRMT renewal is \$12,050 (-3.3%) less than expiring
- Travelers renewal is \$99,111 (-26.8%) less than expiring
- Alteris renewal is \$94,435 (-25.5%) less than expiring

From a coverage standpoint, the primary liability self-insured retention remains consistent at \$100,000 per occurrence for all three available options. In addition, the total liability limit of \$20,000,000 per occurrence remains the same for all three available options. Both Travelers & Alteris are offering a \$1,000,000 limit for Failure to Supply Electrical, which has not previously been included. In addition, both Travelers & Alteris are providing a lower Automobile physical damage deductible at \$10,000, rather than the \$25,000 current deductible.

As you can clearly see, the results of our renewal marketing provide the City of St. Charles the ability to save a significant amount of premium – in excess of \$95,000 or 14% of its annual Property & Casualty cost.

At Assurance, each of our dedicated professionals is driven by a single promise to inspire the trust and confidence of our clients. We are confident that we will deliver on this promise and earn your loyalty. Thank you and we look forward to a long-term partnership with the City of St. Charles.

Marketing Summary

The following is a summary of the markets we approached on your behalf for your insurance renewal:

Carrier	Coverages Submitted	Response or Status
ICRMT	General Liability, Law Enforcement, Automobile, Public Officials, Excess Liability, Crime, Cyber	Quote
Travelers	General Liability, Law Enforcement, Automobile, Public Officials, Excess Liability, Crime, Cyber	Quote
Alteris	General Liability, Law Enforcement, Automobile, Public Officials, Excess Liability, Crime	Quote
Chubb	Property & Inland Marine	Quote
Safety National	Workers Compensation	Quote – 2 SIR options
Munich Re	Excess Liability	Quote \$10M xs Alteris \$10M umbrella

IMPORTANT NOTE: The coverage represented is a summary of important elements of the actual insurance being procured. The policy, when issued, contains complete details of the coverage, and therefore, supersedes this proposal. Copies of the actual policy forms will be provided upon request.

Subjectivities:

If an insurance carrier we approached on your behalf indicated that there is additional information required to confirm their quote or to complete their file, it is indicated below as a subjectivity.

Carrier	Subjectivities
Travelers	<ul style="list-style-type: none"> - Completed/Signed Employment Practices Application - Signed UM/UIM Rejection Form - Complete drivers list with Name, Date of Birth & License #. - Completed/Signed Travelers Cyber Application - Signed Claim Service Agreement
Alteris	<ul style="list-style-type: none"> - Completed/Signed Request to Bind Coverage - Completed/Signed Terrorism Form - Signed Claim Service Agreement
Munich Re	<ul style="list-style-type: none"> - Completed/Signed Application - Schedule of Underlying Coverage
ICRMT	<ul style="list-style-type: none"> - Signed Acceptance Statement
Lloyds	<ul style="list-style-type: none"> - Signed/Dated Application

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	Comments
Payroll	\$21,179,898	\$21,354,619	+0.82%	
Total Property Values	\$166,151,614	\$177,250,685	+6.68%	
Number of Vehicles	#199	#196	-1.51%	

Carrier/AM Best Rating Coverage Payment Plan	Expiring Premium	Renewal Premium WC Option 1 (\$550k/\$650k)	Renewal Premium WC Option 2 (\$550k/\$750k)	
Safety National / A+, XIII Workers' Compensation* Annual Payment: Direct Bill	\$122,653	\$131,673	\$119,906	
Chubb/Federal Insurance / A++, XV Property Annual Payment: Agency Bill	\$159,239	\$165,231	\$165,231	
Chubb/Federal Insurance / A++, XV Inland Marine Annual Payment: Agency Bill	\$6,514	\$6,585	\$6,585	
SUBTOTAL	\$288,406	\$303,489	\$291,722	
	ICRMT	ICRMT	TRAVELERS	ALTERIS
General Liability	\$202,693	\$190,429	\$70,916	\$150,189
Law Enforcement Liability	included	included	\$24,931	included
Public Officials & Employment Practices Liability	included	included	\$42,675	included
Automobile	included	included	\$46,811	\$49,505
Crime	included	included	\$1,517	\$10,579
Umbrella	\$148,011	\$148,207	\$64,937	included
Excess Umbrella	included	included	included	\$27,478
Cyber Coverage	\$19,027	\$19,045	\$18,833	\$19,045
Claim Service Fee	included	included	included	\$18,500
SUBTOTAL	\$369,731	\$357,681	\$270,620	\$275,296

Note: Deposit premiums due upon binding.

* Subject to annual audit

**City of St. Charles, Illinois
Resolution No. _____**

**A Resolution Authorizing the Mayor and City Clerk
of the City of St. Charles to Authorize the Finance Director to
Execute the Risk Insurance Program Renewal for the
Year Beginning December 1, 2015**

**Presented & Passed by the
City Council on _____**

BE IT RESOLVED by the City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, that the Mayor and City Clerk be and the same are hereby authorized to execute that certain Risk Insurance Program Renewal in substantially the form attached hereto and incorporated herein as Exhibit "A", by and on behalf of the City of St. Charles.

Presented to the City Council of the City of St. Charles, Illinois this _____ day of November, 2015.

Passed by the City Council of the City of St. Charles, Illinois this _____ day of November, 2015.

Approved by the Mayor of the City of St. Charles, Illinois this _____ day of November, 2015.

Mayor Raymond P. Rogina

ATTEST: _____
City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Abstain:

Absent: