



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	Consider resolution authorizing acceptance of proposal to bind coverage for property, inland marine, general liability, automobile, employment practices, law enforcement, public officials', crime, cyber, excess liability, and workers' compensation insurance coverage effective May 1, 2019.		
Presenter & Title:	Benjamin McCreedy, ACA/DOAS		
Date:	March 20, 2019		
<i>Please Check Appropriate Box:</i>			
<input checked="" type="checkbox"/>	Committee of the Whole Meeting	<input type="checkbox"/>	Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting	<input type="checkbox"/>	Special City Council Meeting
<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Other -
Estimated Cost: \$502,767	Budgeted?	<u> X </u>	YES NO
<i>If NO, please explain how the item will be funded:</i> No funding Required			
Executive Summary:			
<p>The City's commercial insurance packages include coverage for City property, inland marine, general liability, employee benefits liability, employment practices liability, law enforcement liability, public officials' liability, automobile liability, automobile physical damage, crime, cyber liability, umbrella liability, excess errors and omissions, boiler and machinery coverage, electric utility, and workers' compensation insurance. All coverages are set to expire April 30, 2019. The attached memorandum from Arthur J. Gallagher Risk Management Services, Inc. outlines the renewal proposal for these coverages. New this year is a proposal to move the City's property and inland marine coverage to Liberty Mutual. This change will allow the City to realize a savings of 11.4% or \$64,426 with no change in coverage terms or conditions.</p>			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Memorandum • Premium Summaries • Resolution 			
Recommendation / Suggested Action: <i>(briefly explain)</i>			
<p>Recommend approval of a resolution authorizing acceptance of proposal to bind coverage for property, inland marine, general liability, automobile, employment practices, law enforcement, public officials', crime, cyber, excess liability, and workers' compensation insurance coverage as presented at a total cost of \$502,767.</p>			

RESOLUTION NO. 2019-28

**RESOLUTION AUTHORIZING ACCEPTANCE OF PROPOSAL TO BIND
COVERAGE FOR PROPERTY, INLAND MARINE, CRIME, GENERAL
LIABILITY, AUTOMOBIE, EMPLOYMENT PRACTICES, LAW ENFORCEMENT,
PUBLIC OFFICIALS', CRIME, CYBER, EXCESS LIABILITY, AND WORKERS'
COMPENSATION INSURANCE COVERAGE EFFECTIVE May 1, 2019**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GENEVA,
KANE COUNTY, ILLINOIS, as follows:**

SECTION 1: That the City Administrator is hereby authorized to accept the proposal to bind the City’s property, inland marine, general liability, automobile, employment practices, law enforcement, public officials', crime, cyber, excess liability, and workers' compensation insurance coverage effective May 1, 2019.

SECTION 2: This Resolution shall become effective from and after its passage as in accordance with law.

PA.SSED by the City Council of the City of Geneva, Kane County, Illinois, this 1st day of April, 2019.

AYES: __ NAYS: __ ABSENT: __ ABSTAINING: __ HOLDING OFFICE: __

Approved by me this 1st day of April, 2019.

Mayor

ATTEST:

City Clerk

March 20, 2018

City of Geneva
City Hall
22 South First Street
Geneva, IL 60134

RE: 2019-2020 Renewal of Insurance

Dear Mayor and Aldermen,

Thank you for the opportunity to present our renewal Proposal of Insurance for the 2019-2020 policy term. Here are some key highlights of our marketing efforts:

Property – Chubb Insurance Company

- This year the property policy was marketed to several property insurance carriers. This effort resulted in very favorable results for the City.
- Chubb has seen favorable loss history with the City of Geneva in 2016 – 2017, 2017 – 2018, 2018 – 2019. Due to this, they were able to offer a flat renewal on the City's properties with the expiring deductible of \$5,000.
- In addition, there has been favorable loss history on the Electric Utility properties. Chubb was able to offer favorable renewal on the electric utilities premium which resulted in 17% savings compared to last year's electric utilities renewal. Chubb did however increase the turbine/generator deductible from \$100,000 to \$150,000.
- In total, Chubb was able to offer renewal terms that provide a 10.8% savings or \$23,298 over the expiring premium.
- Liberty Mutual also offered a competitive premium and multiple deductible options on the electric utility property. If the City moves forward with the \$100,000 deductible option, the City will see a savings of 32.7% or \$70,435 over the expiring premium.

Liability Package – Trident Insurance Company

- Trident continues to be impressed with the City's risk management and safety efforts, even with the increased loss experience.
 - The City's auto line of coverage accounted for the majority of the renewal increase. This was a result of the City's auto values increasing 7.5% and auto liability exposure nearly 2%. Compared to last year, the auto premiums are up \$5,299. Auto coverage continues to be a growing concern for insurance carriers, with rates increasing 5-15% nationally.
 - Overall, Gallagher negotiated Trident down to a 4.8% (\$6,603) increase from last year.
- Two years ago the excess liability lines of coverage that sit over Trident Insurance were marketed. Due to the favorable marketing efforts in 2017, the marketing for this layer was bypassed to continue to promote a good relationship with the current carriers. Both Navigators Insurance and American Alternative Insurance offered flat or nearly flat renewals.

Cyber Liability – AXIS Insurance Company

- This line of coverage marketing was bypassed in effort to continue a strong relationship with the current carrier. This coverage is continuously changing, and we will continue to keep up with the trends on the City's behalf. AXIS offered flat renewal terms.

Workers' Compensation – Illinois Public Risk Fund (IPRF)

- Overall projected payroll is up 8% over the prior year.
- Last year the City switched to the Illinois Public Risk Fund. IPRF is the number one program for municipal workers' compensation in Illinois. By doing so, the deductible was decreased to \$250,000. IPRF offered a very competitive renewal with a premium decrease of \$552.
 - The City incurred a total of \$80,126 in workers compensation losses in the 2018-2019.
- The City received its first safety grant from IPRF for \$1,706. This grant can be utilized for any safety related items the city deems necessary.
- IPRF representatives will continue to meet with the City to provide insight and identify training opportunities.

Below is a recap of our January 16th, 2019 renewal discussion/planning meeting:

- The City's current strategy is to market the property and liability lines in opposite years to reduce the City's marketplace footprint. This strategy prevents the City from marketing each line annually and exhausting the marketplace. Going out too often discourages carriers from providing a competitive option. Maintaining a positive relationship with insurance companies helps to ensure that carriers are willing to provide superior coverage and service at a fair cost.
 - We marketed the liability package and the excess liability lines in 2017 given the competitive state of the market. Due to this, we decided to soft market the package carrier to test the market place. By doing so, we would be able to determine if Trident was the most competitive option for the City.
 - Keeping with the current strategy, we discussed marketing the property lines in a changing market place. Property carriers have experienced great loss in the recent years from wildfires, hail, and hurricanes. The industry average increase is 5%. In an effort to negate any increases, it was a good year to assess the market place.
 - IPRF is able to offer a lower self insured retention of \$100,000. Due to larger losses in the 5 year model, this option is not favorable at this time.

If the City decides to renew with the current program, total premium is \$17,359 (3%) less than the prior year. If the City decides to renew the program with Liberty Mutual matching the current property deductibles, the total premium is down \$64,496 or 11.4%.

On behalf of the entire Gallagher Service team, we want to thank you for the opportunity to be of service to the City of Geneva. We sincerely appreciate you partnership and dedication to risk management. I look forward to another great year!

Best Regards,

Tia Incapreo

Tia Incapreo

Account Executive – Public Sector

Premium Summary

The estimated program cost for the options are outlined in the following table:

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM(S)			
		ESTIMATED COST		PROGRAM 1		PROGRAM 2	
Property	Premium	Federal Insurance Company (Chubb Group of Insurance Companies)	\$55,609	Federal Insurance Company (Chubb Group of Insurance Companies)	\$58,569	Liberty Mutual Fire Insurance Company (Liberty Mutual Holding Company, Inc.)	\$144,824
	TRIA Premium		Excluded		\$1,556 AP		\$9,559 AP
Property - Electric Utility	Premium	Federal Insurance Company (Chubb Group of Insurance Companies)	\$157,373	Federal Insurance Company (Chubb Group of Insurance Companies)	\$130,835	Included Above	
	TRIA Premium		Excluded		\$6,569 AP		
Inland Marine	Premium	Federal Insurance Company (Chubb Group of Insurance Companies)	\$2,277	Federal Insurance Company (Chubb Group of Insurance Companies)	\$2,557	Included Above	
Package	Premium	Argo Group (Argo Group)	\$126,448	Argonaut Great Central Insurance Company (Argo Group)	\$132,951		
	TRIA Premium		Excluded	Argonaut Insurance Company	\$1,367AP		
Excess 10 MIL Excess of 1 MIL	Premium	American Alternative Insurance Corp (Munich Re America Corporation Group)	\$38,685	American Alternative Insurance Corp (Munich Re America Corporation Group)	\$38,685		
	TRIA Premium		Excluded		\$3,837AP		

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM(S)	
		ESTIMATED COST		PROGRAM 1	PROGRAM 2
Excess Liability 10 MIL Excess 11 MIL	Premium	Navigators Insurance Company (Navigators Insurance Group)	\$19,900	Navigators Insurance Company (Navigators Insurance Group)	\$20,000
	TRIA Premium		Excluded	\$600 AP	
Workers' Compensation	Premium	Illinois Public Risk Fund (Illinois Public Risk Fund)	\$127,699	Illinois Public Risk Fund (Illinois Public Risk Fund)	\$123,415
	Total Fees				\$3,702
	Estimated Cost				\$127,117
	TRIA Premium			Included	
Cyber Liability	Premium	AXIS Surplus Insurance Company (AXIS Capital Holdings Limited)	\$8,493	AXIS Surplus Insurance Company (AXIS Capital Holdings Limited)	\$8,481
	TRIA Premium				
Crime	Premium	Travelers Casualty and Surety Co of America (The Travelers Companies, Inc.)	\$1,768	Travelers Casualty and Surety Co of America (The Travelers Companies, Inc.)	\$1,768
AJG Risk Management Service Fee			\$28,941		\$28,941
Total Estimated Program Cost Excluding TRIA			\$567,193		\$549,904
					\$502,767