



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, 2020.		
Presenter & Title:	Benjamin McCreedy, ACA/DOAS		
Date:	April 20, 2020		
<i>Please Check Appropriate Box:</i>			
	Committee of the Whole Meeting		Special Committee of the Whole Meeting
X	City Council Meeting		Special City Council Meeting
	Public Hearing		Other -
Estimated Cost: \$522,650	Budgeted?	<u> X </u>	YES NO
<i>If NO, please explain how the item will be funded:</i>			
Executive Summary:			
The City's commercial insurance packages include coverage for City property, inland marine, general liability, employment practices, law enforcement, public officials', automobile liability, automobile physical damage, crime, cyber liability, umbrella liability, excess errors and omissions, electric utility, and workers' compensation insurance. All coverages are set to expire April 30, 2020. The attached memorandum from Arthur J. Gallagher, Inc. outlines the renewal proposal for these coverages.			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Memorandum & Premium Summaries • Resolution 			
Voting Requirements:			
<i>This motion requires 6 affirmative votes for passage.</i>			
<i>The Mayor may vote on three occasions: (a) when the vote of the aldermen or trustees has resulted in a tie; (b) when one half of the aldermen or trustees elected have voted in favor of an ordinance, resolution, or motion even though there is no tie votes; or (c) when a vote greater than a majority of the corporate authorities is required by state statute or local ordinance to adopt an ordinance, resolution, or motion.</i>			
Recommendation / Suggested Action: <i>(briefly explain)</i>			
Recommend approval of a resolution authorizing acceptance of proposal to bind coverage as presented at a total cost of \$522,650.			

RESOLUTION NO. 2020-27

**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, 2020**

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

SECTION 1: That the City Administrator, or designee, 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, 2020.

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

PASSED by the City Council of the City of Geneva, Kane County, Illinois, this 20th day of April, 2020.

AYES: _ NAYS: _ ABSENT: _ ABSTAINING: _ HOLDING OFFICE: _

Approved by me this ____ day of April, 2020.

Mayor

ATTEST:

City Clerk

April 20, 2020

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

RE: 2020-2021 Renewal of Insurance

Dear Mayor and Aldermen,

Thank you for the opportunity to present our renewal Proposal of Insurance for the 2020-2021 policy term.

State of the Insurance Marketplace:

Despite the record losses delivered in 2017, rate increases did not develop in 2018 as anticipated. Instead, capacity remained abundant and the majority of our clients experienced stable renewal pricing. This trend changed in the first quarter of 2019, with most renewals experiencing more significant rate increases and changes in terms and conditions through the first quarter in 2020.

The Midwest property market is changing daily due to the catastrophic claims of floods, tornados and severe storms that bring strong winds and devastating hail. Profitable risks with little claims or catastrophic claim activity have seen slight rate increases while risks with poor claims experience or located in high hazard modeling zones are seeing property rates increases of 30%-150% or more.

In regards to the Casualty marketplace, it showed signs of hardening in 2019. It has continued to harden through 2020, especially as the cost of litigation rises. Many municipal insurers have heightened concerns of sexual abuse/molestation, sexual harassment in the workplace, excessive force/shootings in law enforcement, and employment practice liability claims. These factors have caused insurers to look closely at each individual risk, their loss ratios, and adjust coverage limits and deductibles.

COVID-19 has also brought unforeseen disruption to the world, this includes to the insurance marketplace and insurance carriers. This too will be a factor in market place changes as the situation continues to develop, claims are made, and how the overall economy is affected.

Below are some key highlights of our marketing efforts:

Property – Liberty Mutual Insurance Company

- This year the property policy was not marketed as it was done last year. Last year the City switched carriers to Liberty Mutual and saw a savings of 32.7% or \$70,435 from the previous year.
- As a benefit of being a Liberty Mutual client, the City has access to complimentary appraisal services. Duff and Phelps, industry recognized experts, appraised all properties valued over \$1M. As a result, values were adjusted to ensure adequate coverage.
- Due to an overall increase in values, Liberty Mutual remained flat on rate this year. This is exceptional given the current market conditions.

Liability– Trident Insurance Company/American Alternative Insurance Corporation

- This year we marketed the package lines to 7 carriers.
- Trident continues to be the best carrier partner for the City.
 - The City's values are up about 4% overall. Trident increased their rate about 5% to account for loss experience. In total trident's renewal increase is 9.4%.
- The excess liability was marketed to several carriers and several program structures were reviewed as well. This allowed for savings overall.
- Trident was able to provide an option of \$10M to have their total layer be \$10M opposed to the \$1M previously provided.
- American Alternative Insurance Corporation provided the most competitive option for the next \$10M. This brings the liability limits to a total of \$20M.

Cyber Liability – AXIS Insurance Company

- This line of coverage was marketed to ensure the City is receiving the best terms. We approached 3 additional carriers. Axis Insurance Company remained the most competitive with a near flat renewal.

Workers' Compensation – Illinois Public Risk Fund (IPRF)

- IPRF provided a decrease in rates and offered a flat renewal.
- The City received a safety grant from IPRF for \$4,393. This grant can be utilized for any safety related items the city deems necessary.
- IPRF has a robust loss control program. City staff are working with IPRF loss control representatives to identify training needs and limit losses.

Below is a recap of our renewal discussion/planning meeting:

- The City's continued strategy is to market the property and liability lines in opposite years to reduce the City's footprint in the marketplace. This has not changed from previous years. Going out too often discourages carriers from providing a competitive option. Given the hardening market conditions, it made sense to market all of the liability lines. During this meeting we reviewed loss control initiatives and the City's loss history. In addition, prior to the meeting, I discussed what to expect with the carriers including Liberty Mutual. Due to Liberty's assurance of favorable terms, we opted to only market the property if necessary.

If the City decides to renew with the recommended program, the total premium is \$522,650 or 4% more than expiring. On behalf of the entire Gallagher Service team, we want to thank you for your partnership and for the opportunity to continue to work with you. We sincerely appreciate your assistance and loyalty. I look forward to working with you another year!

Best Regards,

Tia Incapreo
Senior Account Executive – Public Sector

Deb Canning
Client Service Manager

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 (21 Mil X Primary)		PROGRAM 1 (As expiring 21 Mil x Primary)		PROGRAM 2 (RECOMMENDED – 20 Mil x Primary)	
Property	Estimated Cost TRIA	Liberty Mutual Fire Insurance Company	\$74,339 Excluded	Liberty Mutual Fire Insurance Company	\$94,673 \$6,527 AP	Liberty Mutual Fire Insurance Company	\$94,673 \$6,527 AP
Property - Electric Utility	Estimated Cost TRIA	Liberty Mutual Fire Insurance Company	\$70,456 Excluded	Liberty Mutual Fire Insurance Company	\$72,185 \$2,515 AP	Liberty Mutual Fire Insurance Company	\$72,185 \$2,515 AP
Package	Estimated Cost TRIA	Argonaut Great Central Insurance Company (1M Excess)	\$132,951 Excluded	Argonaut Great Central Insurance Company (Argo Group) (1M Excess)	\$145,128 \$1,463 AP	Argonaut Great Central Insurance Company (10 M Excess)	\$162,746 \$1,992 AP
Excess Liability - American Alternative	Estimated Cost TRIA	American Alternative Insurance Corp (Munich Re America Corporation Group) (10M x1M x P)	\$38,365 Excluded	American Alternative Insurance Corp (Munich Re America Corporation Group) (10M x 1M x P)	\$37,156 \$3,716 AP	American Alternative Insurance Corp (Munich Re America Corporation Group) (10M x10M x P)	\$25,000 \$2,500AP
Excess Liability - Navigators	Estimated Cost TRIA	Navigators Insurance Company (10M x10M x1M x P)	\$20,000 Excluded	Navigators Insurance Company (10M x10M x 1M x P)	\$28,000 3%AP	N/A	N/A
Excess Workers' Compensation	Premium Srchrq & Asmnt Estimated Cost TRIA	Illinois Public Risk Fund	\$127,117 Included	Illinois Public Risk Fund	\$123,951 \$3,719 \$127,670 Included	Illinois Public Risk Fund	\$123,951 \$3,719 \$127,670 Included

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM(S)			
		ESTIMATED COST (21 Mil X Primary)		PROGRAM 1 (As expiring 21 Mil x Primary)		PROGRAM 2 (RECOMMENDED – 20 Mil x Primary)	
Cyber Liability	Estimated Cost	AXIS Insurance Company	\$8,481	AXIS Insurance Company	\$8,684	AXIS Insurance Company (\$8,684
Crime	Estimated Cost	Travelers Casualty and Surety Co of America (The Travelers Companies, Inc.)	\$1,768	Travelers Casualty and Surety Co of America	\$1,883	Travelers Casualty and Surety Co of America	\$1,883
AJG Risk Management Service Fee			\$28,941		\$29,809		\$29,809
Total Estimated Program Cost (Excluding TRIA)			\$502,418		\$545,188		\$522,650

Quote from **Argonaut Great Central Insurance Company (Argo Group)** is valid until **5/1/2020**

Quote from **AXIS Insurance Company (AXIS Capital Holdings Limited)** is valid until **3/25/2020**

Quote from **American Alternative Insurance Corp (Munich Re America Corporation Group)** is valid until **5/1/2020**

Quote from **Navigators Insurance Company (Navigators Insurance Group)** is valid until **XX/XX/XXXX**

Quote from **Liberty Mutual Fire Insurance Company (Liberty Mutual Holding Company, Inc.)** is valid until **5/1/2020**

Quote from **Illinois Public Risk Fund (Illinois Public Risk Fund)** is valid until **5/1/2020**

Quote from **Travelers Casualty and Surety Co of America (The Travelers Companies, Inc.)** is valid until **3/27/2020**

Quote from **Liberty Mutual Fire Insurance Company (Liberty Mutual Holding Company, Inc.)** is valid until **5/1/2020**

Quote from **American Alternative Insurance Corp (Munich Re America Corporation Group)** is valid until **XX/XX/XXXX**

Gallagher is responsible for the placement of the following lines of coverage:

- Property**
- Property - Electric Utility**
- Package**
- Excess Liability- American Alternative**
- Excess Liability - Navigators**
- Excess Workers' Compensation**
- Cyber Liability**
- Crime**

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.