



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, 2022.		
Presenter & Title:	Benjamin McCready, ACA/DOAS		
Date:	April 4, 2022		
Please Check Appropriate Box:			
<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 -
Associated Strategic Plan Goal/Objective: EMS-II			
Estimated Cost: \$668,398	Budgeted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Funding? <input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If "Other Funding," please explain how the item will be funded:</i>			
Executive Summary:			
The City's commercial insurance packages include coverage for City property, general liability, employment practices, law enforcement, public officials', automobile liability and physical damage, crime, cyber liability, umbrella liability, excess errors and omissions, electric utility, and workers' compensation insurance. The attached memorandum from Arthur J. Gallagher, Inc. outlines the renewal proposal for these coverages set to expire April 30, 2022.			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Memorandum • Resolution & Premium Summary 			
Voting Requirements:			
<i>This motion requires a simple majority of 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 vote; 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>(how the item should be listed on agenda)</i>			
Recommend approval of a resolution authorizing acceptance of proposal to bind coverage as presented at a total cost of \$668,398			



March 28, 2022

City of Geneva
22 South First Street
Geneva, IL 60134

RE: 2022 Insurance Renewal

Dear Mayor and City Council,

Gallagher is pleased to present this year's terms for the City's Property, Casualty, and Workers' Compensation renewal. Given the current state of the marketplace, our team is pleased with the terms and pricing negotiated.

The insurance marketplace in general has sustained record breaking losses over the previous 3 years. As detailed in our quarterly market update this trend impacts multiple coverage lines and is reflected in rate increases. The marketplace for municipalities in Illinois continues to evolve. This is due to the following concerns:

1. Midwest Property losses continue to skyrocket. Large claims due to wind, hail, flood, and lightning continue to occur. Insurance carrier's appetite for property in the Midwest is shrinking.
2. The current law enforcement landscape.
3. Civil unrest.
4. Presumption as it relates to workers' compensation and COVID-19.
5. Interest rates effecting reinsurance investment.
6. Employment practices claims (discrimination, sexual harassment, wrongful termination) continue to rise.
7. Public entities are a strong target for ransomware attacks and cyber hacks.
8. Inflation and supply chain issues (material cost).

The marketplace is currently the most volatile it has been in decades, however we are seeing signs of settling. As always, we will continue to keep you aware of current and/or changing marketplace trends throughout the year.

In addition to market trends, Geneva's renewal reflects increases in property values, net expenditures, the City's payroll, vehicle values and an increase to law enforcement officer count from the previous renewal. Given the above information, we were able to obtain an overall premium increase of **13%**. This is within the range of what was discussed at pre-renewal and consistent with what other communities are seeing.

The largest percentage of increase is the City's Cyber Liability. Average cyber renewals for public entities are between 150-200% depending on size, exposure and loss history. Cyber liability capacity has shrunk in the public entity space, combined with severe losses across the country. A majority of carriers are now requiring multi-factor authentication (MFA) in order to offer terms. The City should anticipate the need to continue evaluating its policies and procedures related to network access and computer usage. Given this increase, we did evaluate the possibility of moving forward without cyber coverage, however it is still our recommendation to purchase cyber liability given both the frequency and severity of claims amongst your peers. Our team will continue to work with staff to evaluate this and identify other premium and risk reduction strategies.

Additional increases compared to the expiring program are a reflection of increasing property values, material and replacement costs, and the reinsurance market as it relates to property coverage for utilities. Industry-wide losses in the utility coverage market are continuing to affect rates.

To help offset the increase, the City has been awarded an \$11,560 safety grant from your workers' compensation carrier, IPRF (Illinois Public Risk Fund). This grant reflects strong performance in workers' compensation this year and minimal claims. The fact this grant has increased the past 3 years attests to the City's strong commitment to safety and risk management practices implemented by City staff and Department Directors.

All carriers and deductibles remain the same as last year. Limits remain the same across the board except for the City's Excess Liability. As we've seen amongst most excess carriers in the past 12 months, they are now only offering \$5M of coverage due to carrier restrictions and overall appetite. Given the current market and prohibitive pricing for obtaining additional coverage, we recommend purchasing \$15M of liability coverage instead of \$20M.

After a full marketing process of your policies last year, we didn't replicate last year's process – however the City did receive interest from a carrier new to the Illinois landscape. They were able to match terms and limits, but were not competitive on price. Overall, the 2022 – 2023 recommended renewal is competitive and maintains the City's current carriers and deductibles. If the City renews with the recommended program, the total premium increase is **\$77,388** more than the expiring program.

We appreciate the City's work in providing timely renewal information and schedules, and look forward to continuing our relationship with the City.

We wish everyone a safe and healthy Spring!

Your Gallagher team,

Ethan Salsinger

Deb Canning

RESOLUTION NO. 2022-56

**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, 2022**

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, 2022 as presented in Exhibit A.

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 ___th day of April, 2022.

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

Approved by me this ___th day of April, 2022.

Mayor

ATTEST:

City Clerk

Premium Comparison

	2021-2022 Expiring Program Structure	Option I Recommended	% Change	Option II No Cyber Coverage	% Change
Propety	Liberty Mutual	Liberty Mutual		Liberty Mutual	
Premium	\$193,694	\$254,505	31%	\$254,505	31%
Equipment Breakdown	Axa XL	Axa XL		Axa XL	
Premium	\$34,937	\$38,313	10%	\$38,313	10%
Package + Excess	Trident - No TRIA	Trident		Trident	
Premium (Excluding TRIA)	\$160,593	\$169,458	6%	\$169,458	6%
Excess Liability	American Alternative (\$10 Million)	American Alternative (\$5 Million)		American Alternative (\$5 Million)	
Premium (Excluding TRIA)	\$25,890	\$15,000	-42%	\$15,000	-42%
Crime	Travelers	Travelers		Travelers	
Premium	\$1,883	\$1,883	0%	\$1,883	0%
Cyber	Axis	Axis			
Premium incl T&F	\$10,973	\$25,035	128%	\$0	-
Workers' Compensation	IPRF	IPRF		IPRF	
Premium incl admin fee	\$132,337	\$132,580	0%	\$132,580	0%
Gallagher Bokerage Fee	\$30,703	\$31,624	3%	\$31,624	3%
TOTAL PREMIUM	\$591,010	\$668,398	13%	\$643,363	9%