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VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION  
For Inclusion on Board Agenda

\_\_\_\_\_ Resolution or Ordinance (Blue) \_\_\_\_\_ *Waiver of First Requested*  
X Recommendations of Boards, Commissions & Committees (Green)  
\_\_\_\_\_ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES  
FROM: Timothy Sexton, Director of Finance  
DATE: December 7, 2016 (COW)(B of T) December 15, 2016  
TITLE: Finance and Administration Committee Recommendation on 2017 Insurance Program

BACKGROUND/POLICY IMPLICATIONS:

The Village's 2017 Risk Management Program was presented by staff and the Village's Risk Management Consultant, Mike Nugent, to the Finance Committee at their meeting on Monday, November 28, 2016. The consultant's spreadsheet with two options is attached. The Finance and Administration Committee preferred the Safety National (Option 2) because the cost is \$14,000 less than the renewal option from our current provider Argonaut. The overall cost decreased \$12,778 or 3.5% compared to the cost for the 2016 renewal.

The Finance Committee unanimously voted to recommend approval of the 2017 Insurance Program with Safety National (Option 2) to the President and Board of Trustees at their regular meeting on December 15, 2016. Village Board approval of the Finance Committee's recommendation will allow staff to execute the necessary contracts and agreements to assure that coverage is in place for January 1, 2017.

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X Timothy Sexton \_\_\_\_\_ Date 12/5/16  
Village Manager X \_\_\_\_\_ Date \_\_\_\_\_

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.





## MEMORANDUM

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: November 22, 2016

Subject: Village Insurance Renewal

Please find attached the report from our Risk Management Consultant, Mike Nugent, on the 2017 insurance renewal program. There are two options for the Village to consider this year. Mr. Nugent will be at the Finance and Administration Committee meeting on November 28, 2016 to discuss the renewal and these two options.

Per Mr. Nugent, the first option (Argonaut/Chubb program) is the current program and insurers with some additional cyber and crime coverage terms. That overall cost is slightly higher due to the increase in the excess WC premium. The liability program cost is flat and the property rates are down.

Option 2 is a liability program from Safety National (The excess WC insurer). Cost is \$14,000 less than the renewal from Argonaut. There is one key coverage difference. The Employment practices liability coverage tower is combined with the public officials coverage tower under this option. In the event of a combined public officials and employment practices claim, the Village would have one \$11,000,000 limit from Safety National versus two \$11,000,000 towers under the Argonaut program. The chance of this type of claim occurring (you have never had anything like this nor have any of my municipal clients) are extremely remote if not impossible.

Mr. Nugent is recommending the Safety National Program, and will discuss this recommendation with the Committee. Coverage tower illustrations for both programs are attached.

The Finance staff requests that the Finance and Administration Committee recommend the Insurance renewal to the Village Board.

Village of Lombard						
2017 Renewal 11/21/16						
Item	2014	2015	2016	Argonaut Option 1	Safety National Option 2	
	2014	2015	2016	2017	2017	2017
1 Excess Property	\$ 63,000	\$ 65,000	\$ 65,000	\$ 57,478	\$ 57,478	\$ 57,478
2 Primary Package	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,277	\$ 140,277	\$ 126,855
3 Excess Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,024
4 Boiler	\$ 2,122	\$ 2,150	\$ 2,186	\$ 2,187	\$ 2,187	\$ 2,187
5 Crime	\$ 11,600	\$ 11,665	\$ 11,051	\$ 10,936	\$ 10,936	\$ 10,936
7 Broker Fee	\$ 35,425	\$ 35,425	\$ 35,779	\$ 35,779	\$ 35,779	\$ 35,779
8 Consulting	\$ 18,500	\$ 19,000	\$ 19,400	\$ 19,800	\$ 19,800	\$ 19,800
9 Ex Workers Compensation	\$ 67,038	\$ 71,000	\$ 76,012	\$ 83,933	\$ 83,933	\$ 77,714
11 Cyber Coverage	\$ -	\$ 8,967	\$ 8,647	\$ 9,161	\$ 9,161	\$ 9,161
12 Police & Fire Pension Fiduciary	\$ 12,452	\$ 11,292	\$ 11,857	\$ 12,220	\$ 12,220	\$ 12,220
<b>13 Premium/Fees</b>	<b>\$ 350,137</b>	<b>\$ 364,499</b>	<b>\$ 369,932</b>	<b>\$ 371,771</b>	<b>\$ 371,771</b>	<b>\$ 357,154</b>
Terms	2014	2015	2016	2017	2017	2017
13 WC SIR - All Other	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
14 WC SIR - Police/Fire	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
15 Property SIR	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
16 Liability SIR	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
17 Auto Physical Damage	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
18 Boiler Deductible	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
19 Total Liability Limits	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000
20 Crime Retention	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
21 Cyber Deductible	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

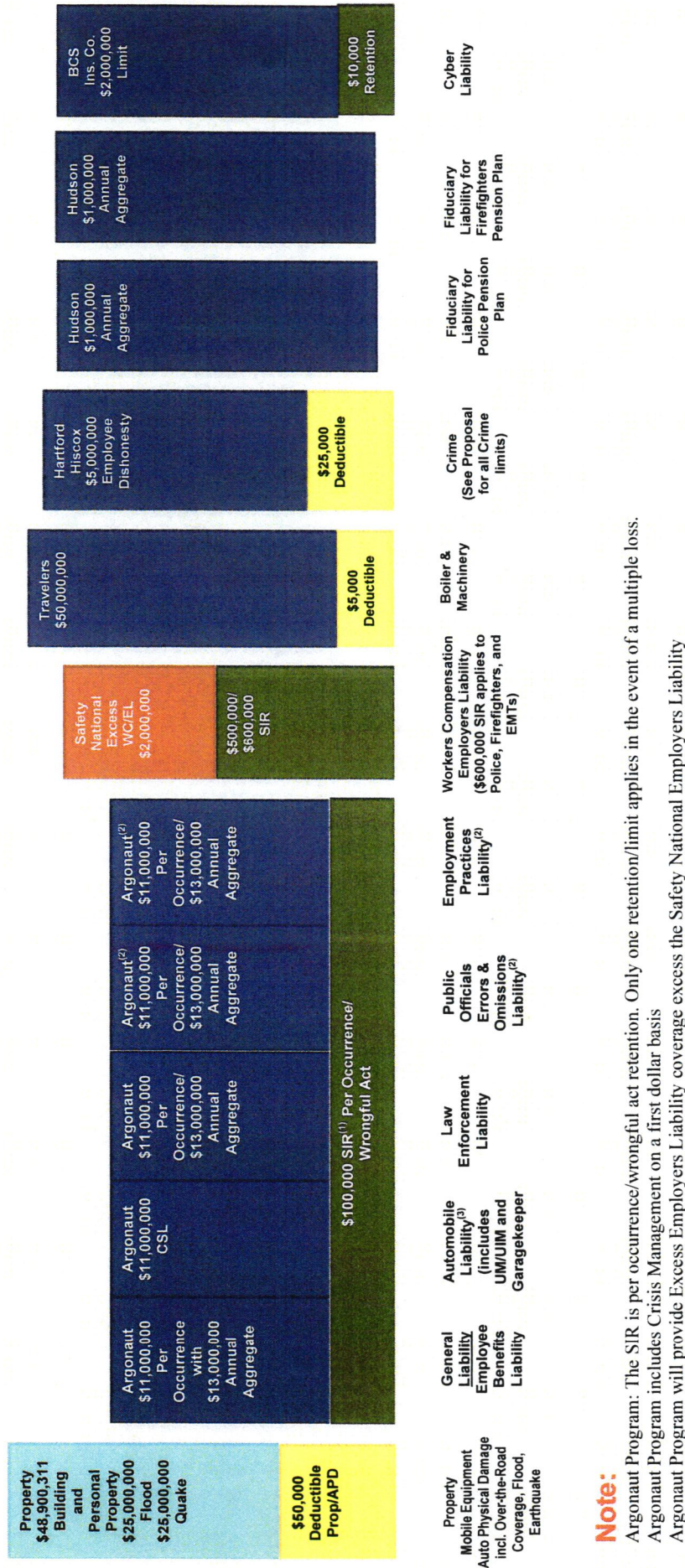


# Village of Lombard

## Protected Self-Insurance Program Structure

Argonaut/Chubb Program

Effective: January 1, 2017 to January 1, 2018



### Note:

Argonaut Program: The SIR is per occurrence/wrongful act retention. Only one retention/limit applies in the event of a multiple loss.  
 Argonaut Program includes Crisis Management on a first dollar basis  
 Argonaut Program will provide Excess Employers Liability coverage excess the Safety National Employers Liability

(1) Separate Aggregate protection for Limits of Liability.  
 (2) Public Officials Errors & Omissions and Employment Practices are on a Claims-Made basis with an annual aggregate and a retro date of January 1, 2002.  
 (3) Garagekeepers Liability Limit \$500,000 – covered under the Automobile Liability section of the Argonaut SIR policy and is part of the overall Automobile Liability limit. UM/UIM at \$20,000/\$40,000 (Ground-up Limit – Inclusive of SIR)



# Village of Lombard

## Recommended Protected Self-Insurance Program Structure

Safety National Casualty Corporation/Chubb Program

Effective: January 1, 2017 to January 1, 2018



### Note:

Safety National Program: The SIR is per occurrence/wrongful act retention. Only one retention/limit applies in the event of a multiple loss.

(1) Employee Benefits Liability is Claims Made with a retro date of 12/31/2000

(2) Public Officials and Employment Practices are claims with a retro date of 12/31/1995.