

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 8, 2020 (COW)(B of T) December 17, 2020  
TITLE: Finance and Administration Committee Recommendation on 2021 Insurance Program

BACKGROUND/POLICY IMPLICATIONS:

The Village's 2021 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, December 7, 2020. Mr. Nugent recommended Option 4 which combines Travelers (liability), Chubb (property) and Safety National (WC) and results in a 32% increase. Our current insurer, Safety National, came in as projected in October in the 80+% range.

The Finance Committee unanimously voted to recommend approval of the 2021 Insurance Program with Option 4 as presented to the President and Board of Trustees at their regular meeting on December 17, 2020. 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, 2021.

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X Timothy Sexton Date 12/8/20  
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: December 2, 2020

Subject: Village Insurance Renewal

Please find attached the report from our Risk Management Consultant, Mike Nugent, on the 2021 insurance renewal program. There are six options that involve three different primary insurers. Mr. Nugent will be participating remotely at the Finance and Administration Committee meeting on December 7, 2020 to discuss the renewal options.

Attached is a letter and detailed coverage information from Mr. Nugent that will be discussed at the meeting. Mr. Nugent is recommending Option 4 which combines Travelers (liability), Chubb (property) and Safety National (WC) and results in a 32% increase. Our current insurer, Safety National, came in as projected in October in the 80+% range.

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



NUGENT CONSULTING, LLC  
INSURANCE & RISK MANAGEMENT CONSULTING

November 25, 2020

Mr. Tim Sexton  
Village of Lombard  
255 East Wilson Avenue  
Lombard, IL 60148

Re: 2021 Insurance Renewal

Dear Tim:

Attached is the summary of the renewal options Gallagher was able to provide in an exceedingly difficult insurance market.

There are 6 options that involve three different primary insurers. These are the only remaining primary insurers providing coverage to partially self-insured municipalities in Illinois. Option 4 combines Travelers (liability), Chubb (property) and Safety National (WC) and results in a 32% increase. This is less than I projected in October on fears that only Safety National would quote the primary liability. You can see in Options 1 and 2 that Safety National came in as projected in October at the 80% + range.

The only material coverage difference between the expiring program and Option 4 is the increase in police and fire retained amount which will increase from \$600,000 each claim to \$750,000 each claim. The Village has not had a claim in that corridor in 10+ years.

I recommend you accept the proposed Option 4 for the 2021 renewal.

Sincerely

Michael Nugent

**Cost Summary - Village of Lombard**

2021 Renewal Options  
January 1, 2021

	Expiring 2020 / 2021	Option 1 2021 / 2022	Option 2 2021 / 2022	Option 3 2021 / 2022	Option 4 2021 / 2022	Option 5 2021 / 2022	Option 6 2021 / 2022
Safety National / Chubb Liability - Safety National \$10M		Safety National / Chubb Liability - Safety National \$10M/\$5M LEL	Safety National / Chubb Liability - Safety National \$5M	Safety National / Chubb Liability - Safety National \$5M	Travelers / Chubb	Trident / Chubb	Trident / Chubb
Property - Chubb APD - Chubb		Property - Chubb APD - Safety National	Property - Chubb APD - Safety National	Property - Chubb APD - Safety National	Property - Chubb APD - Travelers	Property - Trident APD - Argonaut	Property - Trident APD - Argonaut
Property / APD - Chubb		Property - Chubb / APD - Safety National	Property - Chubb / APD - Safety National	Property - Chubb / APD - Safety National	Property - Chubb / APD - Travelers	Property - Chubb / APD - Trident	Property - Chubb / APD - Trident
\$100K Liability SIR / \$50K Property Deductible / \$50K APD Deductible		\$100K Liability SIR / \$50K Property Deductible / \$50K APD Deductible	\$100K Liability SIR / \$50K Property Deductible / \$50K APD Deductible	\$200K Liability SIR / \$50K Property Deductible / \$50K APD Deductible	\$100K Liability SIR / \$50K Property Deductible / \$50K APD Deductible	\$200K Liability SIR / \$50K Property Deductible / \$50K APD Deductible	\$160K Liability SIR / \$50K Property Deductible / \$50K APD Deductible
WC \$500K/\$500K SIR		WC \$500K/\$500K SIR	WC \$500K/\$500K SIR	WC \$500K/\$500K SIR	WC \$500K/\$500K SIR	WC \$500K/\$500K SIR	WC \$500K/\$500K SIR
Property - Chubb	\$ 66,248	\$ 82,794	\$ 82,794	\$ 82,794	\$ 82,794	\$ 82,794	\$ 82,794
Primary Liability	\$ 128,880	\$ 257,215	\$ 226,195	\$ 154,341	\$ 212,434	\$ 214,015	\$ 234,658
Excess Liability \$5M	NA	\$ 80,002	\$ 120,391	\$ 120,391	NA	NA	NA
Excess Liability \$1M x \$10M - w/o Tr	\$ 10,876	\$ 25,894	\$ 25,894	\$ 29,894	NA	NA	NA
Excess WC	\$ 80,508	\$ 80,631	\$ 80,631	\$ 80,631	\$ 100,122	\$ 100,122	\$ 100,122
Auto Physical Damage (1)	Included w Chubb Property	\$ 59,700	\$ 59,700	\$ 59,700	Included with Travelers	Included with Trident	Included with Trident
Cyber	\$ 9,562	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500
Crime Primary	\$ 3,489	\$ 3,518	\$ 3,518	\$ 3,518	\$ 3,518	\$ 3,518	\$ 3,518
Fiduciary - Firefighters	\$ 6,063	\$ 6,063	\$ 6,063	\$ 6,063	\$ 6,063	\$ 6,063	\$ 6,063
Fiduciary - Police	\$ 6,461	\$ 6,461	\$ 6,461	\$ 6,461	\$ 6,461	\$ 6,461	\$ 6,461
Crime Excess	\$ 6,978	\$ 6,897	\$ 6,897	\$ 6,897	\$ 6,897	\$ 6,897	\$ 6,897
Boiler	\$ 2,687	\$ 2,767	\$ 2,767	\$ 2,767	\$ 2,767	\$ 2,767	\$ 2,767
Broker Fee	\$ 36,496	\$ 37,773	\$ 37,773	\$ 37,773	\$ 37,773	\$ 37,773	\$ 37,773
Consulting Fee	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600
<b>Total</b>	<b>\$ 379,848</b>	<b>\$ 685,815</b>	<b>\$ 695,184</b>	<b>\$ 627,330</b>	<b>\$ 494,929</b>	<b>\$ 496,510</b>	<b>\$ 517,153</b>
		181%	183%	165%	130%	131%	159%
Property Limit (excludes APD)	\$96,310,000	\$97,979,880	\$97,979,880	\$97,979,880	\$97,979,880	\$97,979,880	\$97,979,880
BI - Tax Interruption - Yorktown Mail	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Total Liability Limit	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000
Sex Abuse Molestation	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000
Crime Limit	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Boiler Limit	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Property Deductible	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Auto Physical Damage Deductible	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Windstorm Deductible	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Flood Zone A Deductible	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Liability Self-insured Retention	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 100,000	\$ 200,000	\$ 150,000
Crime Deductible	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Boiler Deductible	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
WC SIR - Police / Fire	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 750,000	\$ 750,000	\$ 750,000
WC SIR - All Other Employees	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000

(1) for \$100K deductible on the APD the premium will be \$25,017