

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

X

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

TO: PRESIDENT AND BOARD OF TRUSTEES
FROM: Timothy Sexton, Director of Finance
DATE: November 19, 2019 (COW)(B of T) December 5, 2019
TITLE: Finance and Administration Committee Recommendation on 2020 Insurance Program

BACKGROUND/POLICY IMPLICATIONS:

The Village's 2020 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 18, 2019. The consultant's spreadsheet is attached that shows no changes to terms and an increase of \$14,873 (4.07%) compared to the 2019 premium. The insurance industry is chaotic due to the claims filed after the large hurricanes and other disasters that occurred over the past couple years. The insurers are pulling back from limits and some coverages all together while raising prices.

The Finance Committee unanimously voted to recommend approval of the 2020 Insurance Program with Safety National as presented to the President and Board of Trustees at their regular meeting on December 5, 2019. 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, 2020.

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X Timothy Sexton Date 11/20/19
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 15, 2019
Subject: Village Insurance Renewal

Our Risk Management Consultant, Mike Nugent, will be at the Committee meeting on November 18, 2019 to discuss the attached 2020 Insurance Renewal. According to Mike, "the insurance industry is exceptionally chaotic right now with insurers pulling back from limits and some coverages all together while raising prices." Overall the insurance renewal increased 4.07% from \$365,668 in 2019 to \$380,541 in 2020.

- The property market completely restructuring with insurers cancelling seemingly profitable clients arbitrarily. The Midwest has become a focal point of concern due to record losses in flooding and hail damage from storms.
- The liability market is also in transition as insurers pull back on limits and / or pull out of certain types of risk. The municipal liability market, especially at the higher layers of coverage has shrunk over the past 6 months with several insurers pulling out.
- There is a very limited supply for liability and excess liability for municipal risks right now. Gallagher did approach other insurers for both the property and liability lines of coverage but insurers are mostly focused on increasing current client premiums and not taking on new risks.
- The excess workers compensation premium rate is flat compared to the current rate, but payroll is up slightly.
- The Cyber coverage has been enhanced.
- Broker fee increased because the professional liability insurance renewal premium and deductible doubled.

Finance staff requests that the Finance and Administration Committee provide the Village Board a recommendation to approve the 2020 insurance renewal.

Village of Lombard

2020

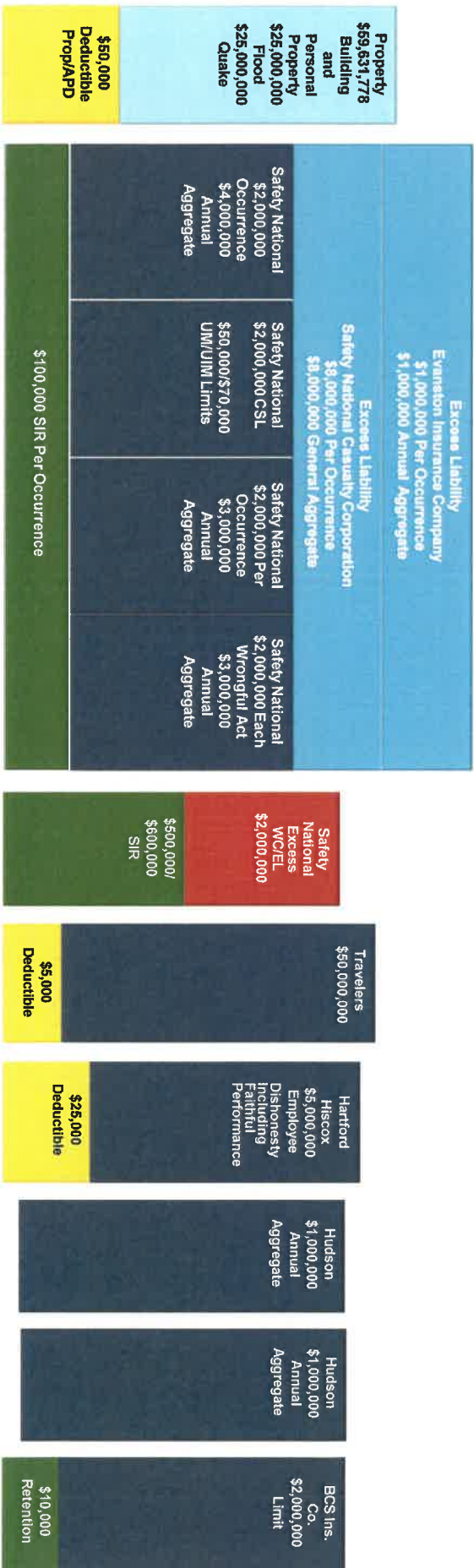
11/13/19

Item	2016		2017		2018		2019		2020	
1 Excess Property	\$	65,000	\$	57,478	\$	54,810	\$	60,072	\$	66,248
2 Primary Package	\$	140,000	\$	126,855	\$	126,878	\$	126,845	\$	127,819
3 Excess Liability	\$	-	\$	5,024	\$	5,025	\$	5,671	\$	10,876
4 Boiler	\$	2,186	\$	2,187	\$	2,187	\$	2,592	\$	2,687
5 Crime	\$	11,051	\$	10,936	\$	10,584	\$	10,440	\$	10,467
7 Broker Fee	\$	35,779	\$	35,779	\$	35,779	\$	35,780	\$	36,496
8 Consulting	\$	19,400	\$	19,800	\$	20,200	\$	20,600	\$	21,600
9 Ex Workers Compensation	\$	76,012	\$	77,714	\$	80,172	\$	79,315	\$	80,508
11 Cyber Coverage	\$	8,647	\$	9,161	\$	9,147	\$	9,147	\$	9,562
12 Police & Fire Pension Fiduciary	\$	11,857	\$	12,220	\$	12,524	\$	12,524	\$	12,524
13 National Flood Insurance	\$	-	\$	-	\$	-	\$	2,682	\$	1,754
14 Premium/Fees	\$	369,932	\$	357,154	\$	357,306	\$	365,668	\$	380,541
Terms										
		2016		2017		2018		2019		2020
13 WC SIR - All Other	\$	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
15 Property SIR	\$	50,000	\$	50,000	\$	50,000	\$	50,000	\$	50,000
16 Liability SIR	\$	100,000	\$	100,000	\$	100,000	\$	100,000	\$	100,000
17 Auto Physical Damage	\$	50,000	\$	50,000	\$	50,000	\$	50,000	\$	50,000
18 Boiler Deductible	\$	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
20 Crime Retention	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000
21 Cyber Deductible	\$	10,000	\$	10,000	\$	10,000	\$	10,000	\$	10,000

Village of Lombard

Recommended Protected Self-Insurance Program Structure

Safety National Casualty Corporation/Chubb Program
 Effective: January 1, 2020 to January 1, 2021



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 1/23/1996
 (2) Public Officials and Employment Practices are claims with a retro date of 1/23/1995.