



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

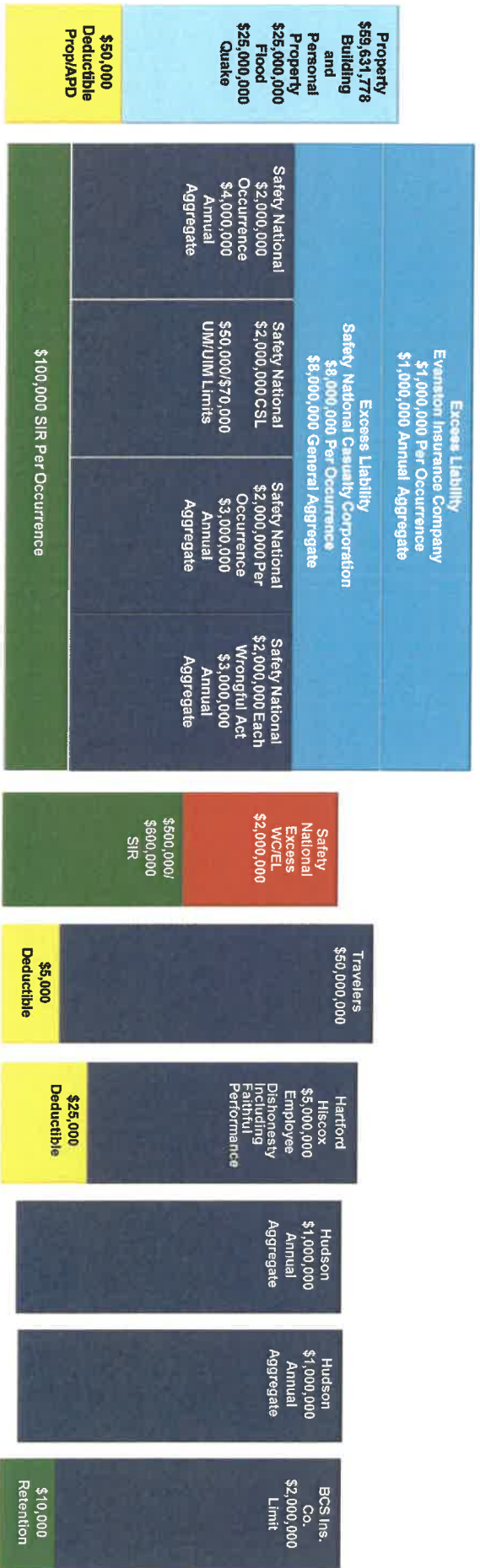
2020

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	\$ -	\$ -	\$ -	\$ -	\$ -					
13 National Flood Insurance	\$ 11,857	\$ 12,220	\$ 12,524	\$ 12,524	\$ 12,524					
14 Premium/Fees	\$ -	\$ -	\$ -	\$ 2,682	\$ 1,754					
	\$ 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					

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 12/31/1996
 (2) Public Officials and Employment Practices are claims with a retro date of 12/31/1995.