



ST. CHARLES  
SINCE 1834

## AGENDA ITEM EXECUTIVE SUMMARY

Title: Risk Insurance Program Renewal

Presenter: Chris Minick, Finance Director

*Please check appropriate box:*

X	Government Operations (11/7/11)	Government Services
	Planning & Development	City Council
	Public Hearing	

Estimated Cost:	\$617,486	Budgeted:	YES	X	NO
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If NO, please explain how item will be funded:

**Executive Summary:**

We have worked with our insurance consultant, Wine Sergi to market the program and receive quotes for the City's risk insurance program for the policy year beginning December 1, 2011.

We have solicited quotes for the program consisting of the City's Property, General Liability, City Council Professional Liability, Employment Practices Liability, Law Enforcement Liability, Auto and Umbrella (Excess) Liability and Workers Compensation excess liability coverage. We examined the costs for continuing the current coverage and deductibles limits as well as exploring the option of decreasing premium costs by changing coverage limits and deductibles, particularly as those limits pertain to property and excess workers compensation coverage limits and deductibles.

Rich Ryan of Wine Sergi has provided a memo outlining the marketing effort and the related results. That memo is attached.

After the results were compiled, the City's current insurance package was deemed the most cost effective. Additionally, savings on premiums were not sufficient for the City to take on additional risk in the form of lower coverage limits or higher deductibles. Therefore, the Staff recommends that the City Council authorize the Finance Director to execute the risk insurance renewal as detailed on the attached cost summary.

**Attachments:** *(please list)*

Marketing Summary Memo  
Premium Cost Summary

**Recommendation / Suggested Action** *(briefly explain):*

Recommend approval to authorize the Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2011.

<i>For office use only:</i>	<i>Agenda Item Number:</i> 8b
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**City of St. Charles**

**Insurance Marketing**

**Program Year 12/1/2011 through 12/1/2012**

Property, General Liability, City Council Professional Liability, Employment Practices Liability, Law Enforcement Liability, Auto and Umbrella (Excess) Liability and Workers Compensation Packages

**Insurers contacted for quotes:** Chubb Group, ICRMT, Safety National Casualty Insurance, Travelers, Liberty Mutual, F.M. Global, Midwest Employers, Citizens-Hanover Group, Chartis Ins. Group

The expiring annual premium and fees for year 2010/2011 was \$606,139. Annual premium based on budget, payroll and exposure updates for year 2011/2012 is \$617,486 (a variance of \$11,347) or 1.9%.

Travelers Insurance Company completed a loss control survey in October 2011. Travelers underwriters advised that they cannot provide a complete competitive package proposal citing difficulty competing with the City's current Chubb property premiums. In addition they could not provide Employee Dishonesty coverage within their package making their offering uncompetitive.

Chubb has provided renewal pricing with no change in existing blanket property limits or deductibles. Flood coverage has been amended by Chubb by applicable flood zones. We researched alternate placement with the NFIP/National Flood Insurance Program however, the NFIP limits were not as high as what Chubb has offered. All liability coverage renewal premiums have been included above for the ICRMT as per our premium comparisons dated 10/10/11.

The Excess Workers Compensation renewal from Safety Mutual Casualty Company has been updated with new estimated payrolls and has been quoted with the same statutory limits and self-insured retention at \$450,000/\$600,000 as per the current policy. Renewal premium is \$96,108 compared to current premium of \$99,793 or a 3.7% reduction. The other insurers, Citizens, and Midwest Employers Casualty indicated premiums of \$112,456 and \$119,360 respectively with retentions significantly higher at \$750,000 .

28 October 2011 submitted by Richard Ryan, Wine Sergi & Company, LLC

**CITY OF ST. CHARLES**  
**Marketing Summary &**  
**Premium Comparison**

As of 10/28/11

	2010 - 2011	2011 - 2012	
	<u>Premium</u>	<u>Premium</u>	Variance
Chubb			
▪ Property	\$ 125,873	\$ 129,635	\$ 3,762
▪ Inland Marine	\$ 5,034	\$ 6,270	no change
ICRMT Package	\$ 340,439	\$ 350,473	\$ 10,034
▪ <b>Including General Liability, Public Entity/City Council Professional Liability, EPL, Professional Liability, Law Enforcement, Auto and Umbrella</b>	Included	Included	
Safety National – Excess Workers' Compensation	\$ 99,793	\$ 96,108	\$ (3,685)
Broker Service Fee	\$ 35,000	\$ 35,000	no change
<b>TOTAL</b>	<b>\$ 606,139</b>	<b>\$ 617,486</b>	<b>\$ 11,347</b>

**Property/Inland Marine Equipment/Boiler & Machinery**

- Chubb Group
- Liberty Mutual-
- Travelers
- F.M Global

**General Liability, Public Entity/City Council Professional Liability, EPL Professional Liability, Law Enforcement, Auto and Umbrella**

- ICRMT
- Travelers

**Excess Workers Compensation and Employers Liability**

- Safety National
- Midwest Employers
- Citizens