

**Meeting Date** (?) 09/27/2016

**Subject Matter**\* (?) Consider approval of FY2017 extension for the City's excess liability insurance  
This must match rolling agenda entry

**Department of Origin**\* RISK MANAGEMENT

**Submitted By**\* Cindy Kirk

**Type of Meeting**\*  BCD  Special  Regular

**Classification**\*  Public Hearing  Consent  Statutory  Regular

**Ordinance**\*  None  First Read  Second Read  First & Only Read

**Strategic Initiative**\*  Public Safety  Service  
 Economic Development  Infrastructure  
 Quality of Life

**Agenda Item Description**\* Consider approving the Fiscal Year 2017 extension for the City's Excess Liability insurance to Illinois Union Insurance Company in the annual amount of \$210,486.

**Summary Statement\***

The City of Bryan is self-insured for liability and workers' compensation claims and purchases excess insurance to protect against catastrophic losses. This Council Action Form (CAF) is for consideration of the Excess Liability program. Consideration of the Excess Workers' Compensation is in a separate Council Action Form.

In previous years, the City of Bryan was able to purchase an Excess Public Entity Liability insurance policy, a 'package' policy, which included excess coverage for general liability, auto liability, law enforcement liability, public official liability, employee benefits liability, and workers' compensation. However, the City's Excess Public Entity Liability insurance carrier notified the City in July 2014 it would not renew the excess 'package' policy effective October 1, 2014. City staff and the City's Sole Broker of Record conducted a competitive Request for Proposals (RFP) for Excess Liability and Excess Workers' Compensation programs. The City did not receive 'package' policy proposals, only stand-alone proposals, requiring the City to purchase separate policies for Excess Liability and Excess Workers' compensation at a cost greater than the 'package' policy premium. As a reminder, the City experienced several significant workers' compensation and liability claims in the five (5) year loss review period considered in the RFP response: four (4) large workers' compensation losses and one (1) large liability claim. The City's claims and premium history for the past ten (10) years and current year is attached. And, the City experienced an additional large workers' compensation claim in FY2014.

The City received eight (8) quotes from four (4) insurance carriers for Excess Liability to include general liability, automobile liability, law enforcement liability, public officials liability, employment practices liability, and employee benefits liability. Illinois Union Insurance Company provided the Excess Liability proposal with the best value to the City of Bryan.

The current Excess Liability insurance policy was awarded by the Bryan City Council to Illinois Union Insurance Company at an annual premium of \$209,296 for the period beginning October 1, 2014, and ending September 30, 2015, with the option to renew for three (3) additional years. The policy provides excess liability coverage with limits of \$5,000,000 per occurrence/\$5,000,000 aggregate, with a self-insured retention of \$500,000 (per occurrence). That is, if a claim exceeds \$500,000 (which is the amount the City will cover) the Excess Liability insurance begins and covers the excess over \$500,000 up to the listed maximums per occurrence and aggregate.

The policy period beginning October 1, 2016 and ending September 30, 2017, is the second (2nd) of three (3) renewal options for this policy. The FY2017 renewal premium is \$210,486, which is just slightly greater than the current premium of \$209,205. Policy terms and coverage remain unchanged.

Illinois Union Insurance Company was selected to provide the Excess Liability insurance policy based on their competitive response to the Request for Proposals (RFP). When the City requested proposals for Excess Liability insurance it was the intent to consider extending the policy for three (3) additional years with direct negotiation of renewal terms and pricing. Firms may bid on the City's insurance policy(ies) with the expectation of a four (4) year commitment, although it is not in the policy nor does the City make such a guarantee. If the City bids each year or does not renew extensions, the City may develop a reputation of an annual contract city, which could result in inflated prices.

Note: The City contracts for Sole Broker of Record for its property and casualty programs. The City's Sole Broker of Record is paid on a fee basis by the City rather than by insurance carrier commissions to review, market, and negotiate insurance programs on the City's behalf. By using a Sole Broker of Record, the City is independently represented to the property/casualty insurance market worldwide, which maximizes the City of Bryan's opportunity to obtain the most favorable coverage and price.

**Staff Analysis & Recommendation\***

Staff respectfully recommends the City Council approve the second renewal for Excess Liability insurance to Illinois Union Insurance Company for the policy period beginning October 1, 2016, and ending September 30, 2017, at an annual premium of \$210,486 with a self-insured retention limit at \$500,000 (per occurrence) and policy limits at \$5,000,000 per occurrence/\$5,000,000 aggregate.

The City purchases Excess Liability insurance to provide coverage in excess of its self-insured retention for general liability, auto liability, law enforcement liability, public official liability, and employee benefits liability. This insurance reduces the City's financial exposure.

Note: Attached to this Council Action Form is the Worker's Compensation/Liability Claims & Premium History.

**Options\***

(In Suggested Order of Staff Preference)

(Note: Except for Option #1, options may require consideration at a future City Council meeting. The current policy will expire on October 1, 2016.)

1. Approve the second renewal option for Excess Liability insurance to Illinois Union Insurance Company for the policy period beginning October 1, 2016, and ending September 30, 2017, at an annual premium of \$210,486 with a self-insured retention limit at \$500,000 (per occurrence) and policy limits at \$5,000,000 per occurrence/\$5,000,000 aggregate.

2. Do not approve the second renewal option for Excess Liability insurance and require staff to request proposals for Excess Liability insurance. Note: the term of the current policy ends September 30, 2016. Request for proposals were issued for FY2015 and Illinois Union Insurance Company provided the proposal with the best value to the City. Rejecting this renewal option could leave the City without excess liability insurance.

3. Do not approve the renewal and provide direction to staff.

**Funding Source\***

FY2017 Budget – Self-Insurance Fund (as budgeted in the FY17 proposed budget)

**Attachments**

Workers' Comp and Liability Claims\_Premium History\_R.docx

14.77KB

Please detail attachments and note attachments available for viewing in City Secretary's Office:

1. Worker's Compensation/Liability Claims & Premium History

**Dept. Head Signature**



**Deputy City Manager Signature**



**City Manager Signature**



**City Attorney Signature**

