

CITY OF BATAVIA

DATE: November 7, 2019
TO: Mayor and City Council
FROM: Peggy Colby, Finance Director
SUBJECT: Resolution 19-117-R Authorization to Bind Insurance

Summary: The City's insurance coverage terminates on November 30, 2019. The expiring premiums are for property, liability and excess coverage beyond our self-insured retention for workers compensation. In addition, there is a renewal contract for our workers compensation third party administrator.

The City of Batavia's broker is Arthur J. Gallagher (AJG). The total package renewal is \$416,157 (including Drone insurance and the TPA contract) representing a \$41,467 increase over the prior year. A comparison of the changes in cost and associated notes is provided on Exhibit 1 attached to Resolution 19-117-R authorizing the City to bind for coverage. The authorization is for \$6,000 over the estimated total to allow for any last-minute changes and to cover surety and notary bonds issued throughout the year. While both the property and liability package had increases, the main reason was the addition of \$22M in building and equipment as a result of the improvements at the wastewater treatment plant. Net of the change, property increased 4.25%. The claims history for liability had a slight impact to the renewal as the City has had some claim history including one ongoing police matter. The other reason for the increase is related to the overall market renewals for public entities.

This is on the agenda for the November 12, 2019 Committee of the Whole (GS) meeting. If approved, Resolution 19-117-R will be on the City Council Agenda for November 18, 2019.

Recommendation for Approval:

Approval of Resolution 19-117-R authorizing the City Finance Director to bind insurance coverage and services on behalf of the City of Batavia as proposed in Exhibit 1 in an amount not to exceed \$422,157 for the insurance year December 1, 2019 through November 30, 2020.

Thank-you

Attachments: Res. 19-117-R including Exhibit 1 Summary of Coverage

C: Laura Newman
File

Premium Summary

The estimated program cost for the options are outlined in the following table:

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM	
		CARRIER	EXPIRING COST	CARRIER	ESTIMATED COST
Property	Premium		\$64,313 -		\$81,439 -
	Estimated Cost	Federal Insurance Company (Chubb Group of Insurance Companies)	\$64,313 -	Federal Insurance Company (Chubb Group of Insurance Companies)	\$81,439 -
	Annualized Cost TRIA Premium		-		N/A -
Equipment Floater- Inland Marine	Premium		\$4,392 -		\$4,347 -
	Estimated Cost	Federal Insurance Company (Chubb Group of Insurance Companies)	\$4,392 -	Federal Insurance Company (Chubb Group of Insurance Companies)	\$4,347 -
	Annualized Cost TRIA Premium		-		N/A -
Package	Premium	Argonaut Insurance Company (Argo Group International Holdings, Ltd)	\$140,972 -	Argonaut Insurance Company (Argo Group International Holdings, Ltd)	\$157,751 -
	Estimated Cost	Argonaut Great Central Insurance Company (Argo Group) Argonaut Midwest Insurance Company	\$140,972 -	Argonaut Great Central Insurance Company (Argo Group) Argonaut Midwest Insurance Company	\$157,751 -
	Annualized Cost TRIA Premium		-		N/A -
Excess Liability	Premium		\$10,000 -		\$10,000 -
	Estimated Cost	Ohio Casualty Insurance Company (Liberty Mutual Holding Company, Inc.)	\$10,000 -	Ohio Casualty Insurance Company (Liberty Mutual Holding Company, Inc.)	\$10,000 -
	Annualized Cost TRIA Premium		-		N/A -
Cyber Liability	Premium		\$16,378 -		\$16,378.00
	Estimated Cost	BCS Insurance Company (BCS Insurance Company)	\$16,378 -	BCS Insurance Company (BCS Insurance Company)	\$16,378.00
	Annualized Cost TRIA Premium		-		N/A -

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM	
		CARRIER	EXPIRING COST	CARRIER	ESTIMATED COST
Excess Workers' Compensation	Premium	Safety National Casualty Corporation (Tokio Marine Holdings, Inc.)	\$78,043 -	Safety National Casualty Corporation (Tokio Marine Holdings, Inc.)	\$83,623 -
	Estimated Cost		\$78,043 -		\$83,623 -
	Annualized Cost		-		N/A
	TRIA Premium		-		Included
AJG FEE		AJG	\$46,708	AJG	\$48,110
Total Estimated Program Cost			\$360,806		\$401,648

Quote from **Argonaut Insurance Company (Argo Group International Holdings, Ltd)** is valid until **12/01/2019**
 Quote from **BCS Insurance Company (BCS Insurance Company)** is valid until **12/01/2019**
 Quote from **Federal Insurance Company (Chubb Group of Insurance Companies)** is valid until **12/01/2019**
 Quote from **Ohio Casualty Insurance Company (Liberty Mutual Holding Company, Inc.)** is valid until **12/01/2019**
 Quote from **Federal Insurance Company (Chubb Group of Insurance Companies)** is valid until **12/01/2019**
 Quote from **Safety National Casualty Corporation Tokio Marine Holdings, Inc.)** is valid until **12/01/2019**

Gallagher is responsible for the placement of the following lines of coverage:

- Property**
- Equipment Floater- Inland Marine**
- Package**
- Excess Liability**
- Cyber Liability**
- Excess Workers' Compensation**

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.



EMPLOYER'S CLAIM SERVICE, INC.

119 E. Cook Avenue • Libertyville, IL 60048-2035
(847) 680-3196 • Fax (847) 680-3204

November 7, 2019

Peggy Colby, Finance Director
City of Batavia
100 N Island Ave
Batavia IL 60510-1930

RE: Workers' Compensation Renewal

Dear Peggy:

Enclosed is our renewal, which reflects a \$500.00 increase in your fee.

If all is in order, please sign, date and return one copy to me.

Thank you for continuing to be a loyal client of ECS.

If you have any questions, please contact me.

Sincerely,

EMPLOYER'S CLAIM SERVICE, INC.

Steven L. Borgstrom
President

AGREEMENT

Employer's Claim Service Inc. (ECS), a third party administrator for Illinois workers' compensation hereby offers its services to: City of Batavia the (client) for a period of one year beginning 01-01-20.

The fee for this service is:

\$13,700.00 per year. Is to be paid quarterly in advance at \$3,425.00 per quarter. This fee includes up to 55 claims per year. Claims in excess of 55 will be billed at \$250.00 per claim.

Banking fees are waived and claims will be administered to conclusion at no additional cost in the event of the client becoming insolvent as long as claim payments are funded.

Upon acceptance of this offer, Employer's Claim Service Inc. agrees to:

1. Assign one account representative to your account and this individual will confer with and instruct the designated person/persons within your organization regarding:
 - A. Compliance with the relevant Illinois Workers' Compensation laws, procedures, rules and regulations concerning injuries and occupational diseases incurred by your employees.
 - B. The proper administration of Workers' Compensation claims reported and received.
2. Prompt, personal contact with employees and any witness, when necessary, to determine; compensability, exposure, and to establish control of the claim.

Approval will be obtained from client prior to any employee being contacted.

Approval will be obtained from client on all claim denials.

No settlement offers will be made without client's approval.

3. Recommend medical providers and other providers, (rehabilitation specialists, individual experts, investigators, and attorneys), when necessary and obtain approval from client before utilizing them.
4. To maintain detailed records of claims and payments. Copies of all file activity will be provided to client. To include; checks issued, bills received directly, initial reserve sheet and any changes, account representative's memos to file, and correspondence sent and received.

On non-litigated claims with obvious exposure, client will be provided with the claim exposure and be asked whether or not the employee is to be approached with any type of settlement offer.

A closure notice will be sent when the file has been closed indicating

payment totals.

5. Provide client computer summaries/loss runs monthly and check registers on a weekly and monthly basis. Any reasonable request for additional reports will be honored at no extra cost.

Loss runs will be provided to the broker monthly and the excess carrier quarterly, unless otherwise directed.

6. Provide you with our recommendations for claims administration. However, you the client will have the final authority on all claim issues.
7. To review, process and record each claim received from your organization during the period covered by this agreement in order to:

- A. Facilitate the prompt and proper determination of compensability on questionable claims based upon the information received. (Within 3 to 5 days of receipt). If client telephones with a compensability scenario, immediate impressions will be provided.
- B. Prompt payment of benefits by check on compensable claims. (Within 5 days of receipt). TTD will be paid at the proper rate and for the correct dates. All TTD checks will be sent to the client unless otherwise directed. Client will be e-mailed a list of employees who are to receive TTD prior to the checks being issued.
- C. Payment of usual and customary charges for medical bills received. (Within 5 days of receipt).

All medical bills will be sent to ECS's PPO (Preferred Provider Organization) unless otherwise directed. We currently utilize AMCC (Aggressive Medical Cost Containment) or CorVel Corporation. Their fees are 25% of the savings and the medical providers are prohibited from billing the balance. The PPO fees are charged back to a single PPO claim.

- D. When available, client will be able to report claims via the internet.
8. Participate in quarterly claim review meetings.
9. Assist in completing workers' compensation forms required by the State.
10. Assist with locating Safety/Loss Control Consultants, best qualified for the area of expertise needed.
11. Down load our database information for your use. The fee to be determined by your needs. When available, client will have access to a dedicated server to view and run any reports they desire.
12. It is understood that being a lay company we will not do anything before the Industrial Commission that is construed as the practice of law.
13. Client agrees to indemnify, defend and hold harmless ECS its affiliates, and the officers, directors and employees of each from and against any and all suits, claims, actions, losses, damage, liability and expense, including reasonably attorney fees, arising from any act, error, and/or

omission or misrepresentation of Client or its employees, agents or servants regarding the subject matter of this Agreement, except that in the event of a final judgment of a court of competent jurisdiction on which no appeal is made which holds that ECS has been independently negligent or contributory negligent in its actions, then Client shall not be required to indemnify ECS for any portion of said judgment which pertains solely to ECS's independent negligence or contributory negligence.

ECS agrees to indemnify, defend and hold harmless Client its affiliates, and the officers, directors and employees of each from and against any and all suits, claims, actions, losses, damage, liability and expense, including reasonably attorney fees, arising from any act, error, and/or omission or misrepresentation of ECS or its employees, agents or servants regarding the subject matter of this Agreement, except that in the event of a final judgment of a court of competent jurisdiction on which no appeal is made which holds that Client has been independently negligent or contributory negligent in its actions, then ECS shall not be required to indemnify Client for any portion of said judgment which pertains solely to Client's independent negligence or contributory negligence.

- 14. It is mutually understood that if this offer is accepted the resulting agreement can be canceled with 60 days written notice to either party.

Employer's Claim Service, Inc.



By _____
President

The foregoing offer of Employer's Claim Service Inc. is hereby accepted this

_____ day of _____ 2019

City of Batavia

By _____

Title _____

**CITY OF BATAVIA, ILLINOIS
RESOLUTION 19-117-R**

**APPROVING AUTHORIZATION TO BIND INSURANCE
FOR PROPERTY, LIABILITY AND WORKERS COMPENSATION**

WHEREAS, the City of Batavia's insurance coverage for property, liability and workers compensation expires on November 30, 2019; and

WHEREAS, the City of Batavia has charged its broker, Arthur J Gallagher, with obtaining such coverage; and

WHEREAS, the City of Batavia utilizes a third-party administrator, Employers Claim Services for administration of workers compensation claims, and

WHEREAS, it is in the best interests of the City of Batavia that authorization be provided to bind for such coverage and services as outlined in Exhibit 1 for the Insurance Year beginning December 1, 2019 and continuing through November 30, 2020.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Batavia, Kane and DuPage Counties, Illinois, as follows:

SECTION 1: The Finance Director is hereby authorized to bind insurance coverage and services as outlined in the document being attached hereto as Exhibit 1 for an amount not to exceed \$422,157 for the year ending November 30, 2020.

CITY OF BATAVIA, ILLINOIS RESOLUTION 19-117-R

PRESENTED to the City Council of the City of Batavia, Illinois, this 18th day of November 2019.

PASSED by the City Council of the City of Batavia, Illinois, this 18th day of November 2019.

APPROVED by me as Mayor of said City of Batavia, Illinois, this 18th day of November 2019.

Jeffery D. Schielke, Mayor

Ward	Aldermen	Ayes	Nays	Absent	Abstain	Aldermen	Ayes	Nays	Absent	Abstain
1	O'Brien					Salvati				
2	Callahan					Wolff				
3	Meitzler					Chanzit				
4	Malay					Knopp				
5	Uher					Beck				
6	Cerone					Russotto				
7	McFadden					Miller				
Mayor Schielke										
VOTE:		Ayes	Nays	Absent	Abstentions					
Total holding office: Mayor and 14 aldermen										

ATTEST:

Ellen Posledni, City Clerk

City of Batavia - Insurance Program Renewal, 12/1/2019
Premium Comparison

Exhibit 1

Line of Coverage	Carrier	2016-17 Premium	2017-18 Premium	2018-19 Premium	2019-20 Premium		% change
Property	Chubb	\$62,642	\$64,834	\$64,313	\$81,439	\$17,126	26.6%
						(net new prop 4.25%)	
Inland Marine	Chubb	\$3,630	\$3,935	\$4,392	\$4,347	(\$45)	-1.0%
Package	Argonaut	\$51,579	\$53,673	\$56,580	\$62,802	\$6,222	11.0%
Public Officials/EPLI	Argonaut	Included	Included	Included	Included		
Crime	Argonaut	\$2,165	\$3,637	\$3,406	\$2,295	(\$1,111)	-32.6%
Auto	Argonaut	\$50,639	\$52,373	\$55,185	\$63,550	\$8,365	15.2%
Umbrella	Argonaut	\$23,875	\$24,843	\$25,801	\$29,104	\$3,303	12.8%
Excess Liability	Ohio Casualty	\$10,000	\$10,000	\$10,000	\$10,000	\$0	0.0%
UST Liability	XL	\$12,434	\$12,434	\$11,991	\$11,991		
Pollution Liability	XL	Included	Included	Included	Included		
Cyber Liability	BCS	\$12,854	\$16,310	\$16,378	\$16,378	\$0	0.0%
Aircraft Liability	-	-	-	\$684	\$809	\$125	18.3%
AJG Service Fee	AJG	\$44,027	\$45,348	\$46,708	\$48,110	\$1,402	3.0%
Total GL/Property		\$273,845	\$287,387	\$295,438	\$330,825	\$35,387	12.0%
Excess Work Comp	Safety National	\$77,260	\$79,578	\$78,043	\$83,623	\$5,580	7.1%
TPA	ECS	\$12,000	\$13,200	\$13,200	\$13,700	\$500	3.8%
Total Workers Compensation		\$89,260	\$92,778	\$91,243	\$97,323		
Total Package		\$363,105	\$380,165	\$386,681	\$428,148	\$41,467	10.7%
Inc/Dec			\$17,060 4.7%	\$6,516 1.7%	\$41,467 10.7%		
Prepaid Premium					-\$11,991		
Surety Bonds/Notary/Other					\$6,000		
Total Authorizaiton 19-117-R					\$422,157		

Notes:

1. Quotes are w/terms as expiring subject to notes below
2. Property, Inland Marine increased values
The additon of Wastewater Treatment Plant improvements account for the majority of this increase
Total property values increased 22% (net increase of 4.25%)
3. Package Inc. due to carrier across-the-board for public entities; exposure increases, exp., autos
4. Pollution policy is in 2nd year of 2-year policy
5. Excess workers compensation at \$700,000 retention, no change. Rate 3%; increased payrolls
6. WC TPA had years of no increase, thus larger increase in 2018
7. Liability both Primary and Excess excludes Terrorism