



**CITY OF WASHINGTON, ILLINOIS**  
**Committee of the Whole Agenda Communication**

**Meeting Date:** June 14, 2021

**Prepared By:** Joanie Baxter, Finance Director *JJB*

**Agenda Item:** Property and Liability Insurance Renewal

**Explanation:** Dennis Hermann, our agent from Alexander Murray Agency provided a renewal quote from Tokio Marine/HCC for property and liability insurance. This renewal represents the third year with HCC and Staff continues to be pleased with the risk management and claims administration services provided.

The renewal quote is \$151,835 as compared to a current premium of \$139,995 which represents an \$11,840 or 8.5% increase. As indicated in the attached memo from Dennis, the City did experience a high frequency of claims during the past year which led at least in part, to this increase, in addition to an increase in building material costs and replacement values. The quote for cyber coverage is \$8,558 which is a significant increase compared to the expiring premium of \$4,435 and Dennis is still pursuing other options for this coverage.

**Fiscal Impact:** A total of \$163,900 was budgeted for FY21-22 for property and liability insurance, which in addition to the cyber coverage as currently quoted, the total renewal would be \$160,393 or \$3,507 under budget.

**Recommendation/Committee Discussion Summary:** Staff recommends approval to the City Council of the renewal of the property and liability insurance plans with Tokio Marine/HCC.

**Action Requested:** Discussion and recommendation to City Council for approval on the Consent Agenda on June 21, 2021.

# alexander | murray agency

*Taking care of you. Then, now and tomorrow.*

## Owner/Agents

Dick Alexander  
1960-1992

Ed Murray  
1975-current

Dennis Hermann  
2009-current

**To:** Mayor, City Council, & Staff

**From:** Dennis Hermann, Alexander Murray Agency



**Date:** 6/11/2021

**Re:** City of Washington, Property/Liability & Cyber Coverage Renewal

Attached, find our renewal proposal for the term July 1, 2021 thru July 1, 2022 as provided by Burnham & Flower with coverage by Tokyo Marine/HCC for the property/liability coverage and cyber coverage thru BCS Insurance for the City of Washington. These are the same brokerage and carriers as the expiring term with same coverage and limits other than updated property values.

The renewal quote for the property/liability is **\$151,835**. The expiring term premium with TM/HCC was \$139,995. **The renewal premium is therefore an increase of \$11,840 (8.5%)**. The increase in building material cost and resulting increase in replacement values as well as the City's recent claims history are the primary drivers causing this premium increase and according to conversations with the broker the increase is pretty evenly split between these two primary causes. In all however, I am very satisfied with this renewal quote.

I have attached the 2 year claims history with Tokyo Marine/HCC for your information. The history as currently tabulated could improve somewhat as we have two claims that remain in active subrogation and one other claim includes a \$30k reserve which we have pointed out to the broker/carrier that this reserve could be removed as the claims is settled. However, even without this \$30k reserve item, the carrier has paid out roughly \$168k in the 2 year period that we have had coverage with them and has collected premium of roughly \$270k. This is a 62% loss ratio which is pretty close to the tipping point to cause premium rate increases.

The quoted property/ liability premium of \$151,835 for this renewal is still below the premium paid 3 years ago for the '18-'19 term with Travelers, \$156,560. I would also add that the blanket property coverage in '18-'19 was \$25.4 million and this renewal term includes a blanket property value of \$29.4 million. All in all we are still finding a competitive rate with TM/HCC.

The renewal quote for the cyber coverage is \$8558. The expiring term premium with BCS Insurance was \$4435. The cyber premiums are substantially derived by total City revenue budget therefore some of this increase is connected to the increase in the City budgeted revenue from \$19.1 million to \$20.9 million. It is also true that cyber exposure is currently explosive which likely accounts for much of this premium increase. We are still working with the broker to confirm this is our best option for the City cyber coverage and may bring updated information as it is available prior to final approval of the cyber coverage and premium.

Full detail of the proposal has been provided to City staff and is available. A semi-annual installment has been set up for the invoicing.

I appreciate the opportunity to present this renewal quote and hope to continue to work with the City in providing these coverages.

**It is currently our recommendation to accept the renewal quote from Burnham & Flower for the term July 1, 2021 thru July 1, 2022 of \$151,835 for property/liability and \$8558 for cyber coverage.**

S:\Commercial Clients\City of Washington\21-22 RENEWAL\CO\06/01/2021renewalmemo.docx



# Tokio Marine HCC

## Bind Request

☐ New Account

☒ Renewal Account

ENTITY NAME: City of Washington, IL

BROKER: Alexander Murray Agency

Please check desired coverage below.

### HCC Package EFFECTIVE: 7/1/2021

		<u>BROKER</u>
General Liability	Included	<u>10%</u>
Employee Benefits Liability	Included	<u>10%</u>
Wrongful Acts Liability	Included	<u>10%</u>
Employment Practices Liability	Included	<u>10%</u>
Law Enforcement Liability	Included	<u>10%</u>
Excess	Included	<u>10%</u>
Property	Included	<u>10%</u>
Automobile	Included	<u>10%</u>
Inland Marine	Included	<u>10%</u>
Crime	Included	<u>10%</u>
<input type="checkbox"/> Total HCC Premium	<b>\$150,782</b>	
Terrorism	<u>\$1,053</u>	<u>10%</u>
<input type="checkbox"/> Total HCC Premium (incl. Terrorism)	<b>\$151,835</b>	

Payment Plan: 1st Installment: \$78,717.50  
2nd Installment: \$73,117.50

### RPS Cyber Liability\* EFFECTIVE: 7/1/2021

<input type="checkbox"/> Cyber Premium-\$1,000,000 Limit	<b>\$8,474</b>	<u>10%</u>
<input type="checkbox"/> Terrorism Premium (if elected)	<b>\$84</b>	<u>10%</u>
<input type="checkbox"/> Total Cyber Premium- \$1,000,000	<b>\$8,558</b>	

\*Quote an estimate and subject to change with updated underwriting data

## Billing & Payment Selections

### BILLING SELECTION:

☐ Two installment plan (Semi-Annual)

(payment schedule will be included with the invoice and binder)

**\*\* Please be advised that the company requires a letter, on insured's letterhead, requesting payment plan, including specific reasons needed for the payment plan (ex, financial dependency on taxpayer dollars; policy year vs fiscal year; etc), prior to binding coverage. \*\***

### OFFICE USE:

(broker)

Agent/Broker Signature

Date

Please bind coverage per the attached proposal premiums as indicated above.

# HCC Public Risk Claim Service, Inc.

Report Date: 6/9/2021 11:22:49 AM  
Individual Loss Run By Policy Period

File	Occur	No.	Date	Major/Minor Code	DESCRIPTION	LOSS RESERVE	LOSS PAYMENT	EXPENSE RESERVE	EXPENSE PAYMENT	RECOVERY	TOTAL INCURRED
<b>CITY OF WASHINGTON - IL61108</b>											
<b>Policy Period: 7/1/2019 to 7/1/2020</b>											
194330	CL	9/27/2019	090-103	Scheduled	Lightning strike on one of the communication towers which hit 107 Legion Rd Well #11; Damage to well due to electrical sur	\$0.00	\$3,430.00	\$0.00	\$0.00	\$0.00	\$3,430.00
194834	CL	11/1/2019			Smith, Gary - 610 E Jefferson, Washington, IL; Sewer back up	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
194847	CL	11/1/2019	170-132	Sewer Backup	Electrical damage to well.	\$0.00	\$19,446.30	\$0.00	\$0.00	\$0.00	\$19,446.30
194871	CL	11/1/2019	270-200	Misc - Boiler & Collision	2017 Chrysler Pacifica - VIN #5023; IV rear ended OV	\$0.00	\$21,135.00	\$0.00	\$139.00	\$3,741.35	\$17,532.65
194948	CL	12/3/2019	212-101		Cimino- Water damage in claimant's basement.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
194999	CL	9/27/2019			Oberlander Alarms Systems, Inc./Kuster - Claimant was stopp	\$30,000.00	\$19,684.62	\$500.00	\$155.00	\$0.00	\$50,339.62
195044	RO	12/3/2019	194-101	Bodily Injury	Clark, Richard - Sewer main nicked during Water main break r	\$0.00	\$20,706.18	\$0.00	\$684.20	\$0.00	\$21,390.38
195084	CL	12/20/2019	170-109	Property Damage	Whiting, Samantha - 2007 Honda VIN #5318; IV backed into OV	\$0.00	\$1,666.30	\$0.00	\$0.00	\$0.00	\$1,666.30
195136	CL	12/20/2019	194-109	Property Damage	OSF Healthcare Saint Francis Medical Center - Claimant is se	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
196152	CL	8/25/2019			<b>Report Totals For Policy Period:</b>	<b>\$30,000.00</b>	<b>\$86,853.40</b>	<b>\$500.00</b>	<b>\$978.20</b>	<b>\$3,741.35</b>	<b>\$114,590.25</b>
<b>Policy Period: 7/1/2020 to 7/1/2021</b>											
197095	CL	7/15/2020			Molloy, Paul Sewer Backup - AFNI is pursuing subrogation on	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
197155	CL	7/6/2020	170-109	Property Damage	Place and Weaver - Water leak caused cracked concrete, ground	\$0.00	\$0.00	\$0.00	\$3,834.57	\$0.00	\$3,834.57
197309	CL	7/11/2020			Tree has fallen causing damage to awing, weatherhead, deck	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
197541	CL	9/15/2020	212-101	Collision	2019 Ford F150 Vin#2268 - IV struck a concrete post while ex	\$0.00	\$5,039.01	\$0.00	\$38.00	\$0.00	\$5,077.01
197699	CL	7/22/2020			Heavy rain fall caused damage to Step screen.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
197701	CL	7/22/2020	270-200	Misc - Boiler & Collision	Heavy rain fall caused damage to Step screen.	\$0.00	\$62,178.17	\$0.00	\$0.00	\$0.00	\$62,178.17
198887	OP	1/31/2021	212-101	Collision	2019 International Vin#9237 - IV involved in accident with O	\$0.00	\$3,472.92	\$0.00	\$80.00	\$0.00	\$3,552.92
198901	CL	1/31/2021	090-200	Misc - Inland	Fire hydrant damaged during an accident that involved our in	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
199144	CL	2/13/2021	212-101	Collision	2016 Ford F250 PU Vin#2717 - IV struck a beam/pole while plo	\$0.00	\$3,607.50	\$0.00	\$38.00	\$0.00	\$3,645.50
199448	OP	4/2/2021	212-101	Collision	2017 Ford Explorer Vin#0850-IV was hit by OV on Walnut Street	\$0.00	\$4,992.93	\$0.00	\$38.00	\$0.00	\$5,030.93
<b>Report Totals For Policy Period:</b>											
						<b>\$0.00</b>	<b>\$79,290.53</b>	<b>\$0.00</b>	<b>\$4,028.57</b>	<b>\$0.00</b>	<b>\$83,319.10</b>
<b>Grand Totals For Report:</b>						<b>\$30,000.00</b>	<b>\$166,143.93</b>	<b>\$500.00</b>	<b>\$5,006.77</b>	<b>\$3,741.35</b>	<b>\$197,909.35</b>