



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

**Meeting Date:** June 19, 2023

**Prepared By:** Joanie Baxter, CPA – Finance Director *JB*

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

**Explanation:** Dennis Hermann, our agent from Summer & Associates, along with Mark Whitlock, requested and received quotes from four different agencies for the renewal of our property and liability insurance. Dennis has outlined the results of the bids on the attached memo.

**The recommendation for the property and liability insurance is to accept the quote from Selective Insurance in the amount of \$202,296.** Based on an expiring premium of \$176,374 from HCC/Tokio Marine, the increase is \$25,922 or 14.7%. As indicated in the attached memo from Dennis, the City did experience a high frequency/volume of claims during the past two years which led at least in part, to this increase in addition to increases in building material costs and replacement values. The renewal also includes increasing deductibles for wind/hail to \$25,000 and \$5,000 for all other perils.

**The recommendation for the cyber insurance is to accept the quote from Burnham & Flower/CFC in the amount of \$9,776.** Based on an expiring premium of \$9,250, the increase is \$526 or 5.7%.

**Fiscal Impact:** A total of \$213,500 is budgeted for FY23-24 for property and liability insurance, compared to the renewal amount of \$212,072.

**Recommendation/Committee Discussion Summary:** The Committee of the Whole reviewed this matter on June 12, 2023 and recommends approval of the renewal as outlined above.

**Action Requested:** Recommendation to the City Council for approval of the renewal as part of the Consent Agenda.



**To:** Mayor, City Council, & Staff  
**From:** Dennis Hermann & Mark Whitlock, Summer & Associates, LLC  
**Date:** 06/09/2023  
**Re:** City of Washington, Property/Liability & Cyber Coverage Renewal, 7/1/23-7/1/24

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Attached, find our summary of the proposals received for the City of Washington Property/Liability & Cyber coverage for the July 1, 2023 thru July 1, 2024 term. Proposals were received from four carriers/brokers including existing broker, Burnham & Flower with coverage by Tokyo Marine/HCC, Selective Insurance, Travelers Insurance and IPMG.

Selective is the low premium proposal at \$202,296. Selective and HCC/Tokio (incumbent) proposals had very comparable coverages/limits/deductibles. The expiring term premium with TM/HCC was \$176,374. **The Selective premium is therefore an increase of \$25,922 (14.7%).** The premium increase is driven by both the recent year loss runs, as well as the current inflationary impact to replacement values on property exposure.

Our current term loss ratio (claims/premium) is 78% which does not include some recent claims activity that has yet to be assigned any reserve. The prior year loss ratio ended up at 94%. The loss runs are clearly driving premium increase.

All carriers proposed higher property deductibles as minimum deductibles. Selective has wind/hail deductible at \$25,000 and \$5000 for all other perils.

Cyber quotes were received from Burnham & Flower thru CFC and IPMG. The Cyber quote thru Burnham is \$9776. Expiring premium for same coverage was \$9250.

Full details of the proposals submitted by each carrier have been provided to City staff and are available electronically.

We appreciate the opportunity to present these renewal quotes and hope to continue to work with the City to provide these coverages.

**It is currently our recommendation to accept the proposal from Selective for the July 1, 2023 thru July 1, 2024 of \$202,296 for property/liability.**

**And it is our recommendation to accept the proposal from Burnham Flower thru CFC for the July 1, 2023 thru July 1, 2024 of \$9,776 for Cyber coverage.**



## City of Washington

### 2023 -2024 Property & Casualty Insurance Premium Comparison

<b>Property &amp; Casualty</b>					
	2022-2023 (Current) <i>HCC/Tokio</i>	2023-2024 (Renewal) <i>HCC/Tokio</i>	Option 1 <i>Selective</i>	Option 2 <i>IPMG</i>	Option 3 <i>Travelers</i>
<b>Estimated Annual Premium =</b>	<b>\$176,374</b>	<b>\$224,973</b>	<b>\$202,296</b>	<b>\$257,830</b>	<b>\$302,546</b>

<b>Property Insurance Deductibles By Carrier</b>					
Wind or Hail Loss Deductible	\$2,500	\$25,000	\$25,000	\$5,000	\$50,000
All Other Perils Deductible	\$2,500	\$5,000	\$5,000	\$5,000	\$5,000
Deductible Applies	Per Occurrence	Per Occurrence	Per Occurrence	Per Occurrence	Per Occurrence

<b>Cyber Liability</b>					
	2022-2023 (Current) <i>CFC</i>	2023-2024 (Renewal) <i>CFC</i>	Option 1 <i>Selective</i>	Option 2 <i>IPMG</i>	Option 3 <i>Travelers</i>
<b>Estimated Annual Premium =</b>	<b>\$9,250</b>	<b>\$9,776</b>	<b>No Quote</b>	<b>\$16,500</b>	<b>\$6,523</b>

#### **2023-2024 Total Estimated Annual Premiums:**

HCC/Tokio/CFC (Renewal) =	<b>\$234,749</b>
Selective/CFC =	<b>\$212,072</b>
IPMG =	<b>\$274,330</b>
Travelers/CFC =	<b>\$309,069</b>

#### **Notes/ Conditions:**

- 1) Please refer to your policy for specific coverage details. Exclusions, Limitations, & Conditions apply.
- 2) Earth Movement & Flood Limits/Deductibles Vary by Company. Please refer to carrier coverage detail provided.
- 3) Update Driver List upon binding.
- 4) Selective Insurance will tour locations/operations within 45 days of policy issuance.
- 5) Selective Insurance does not include flood coverage for Location 8 - Building 1 (WWTP #1)
- 6) Traveler Cyber quote was received after initial tabulation. Limits are below existing at \$250k/\$100k w/ \$10k retentation.