

ROCHELLE CITY COUNCIL AGENDA ITEM MEMO REGULAR MEETING

SUBJECT: Resolution Approving the 2023 Risk Insurance Renewal with the Illinois Counties Risk Management Trust (ICRMT) and Brokerage Services through Marsh McLennan Agency (MMA)

Staff Contact:

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Summary:

The City of Rochelle's Risk Insurance Policy with the Illinois Municipal Insurance Cooperative (IMIC) is set to expire on December 31, 2022. The Policy includes property, casualty, and excess liability insurance. Workers' compensation coverage is held with the Illinois Public Risk Fund (IPRF). Unfortunately, IMIC's claims experience through Davies Group and administration through AJ Gallagher has been unsatisfactory, and the City has found itself in need of better representation.

In effort to ensure fiscal responsibility, the City went out to bid for its 2023 Risk Insurance. Though IMLRMA was noted as the low bidder for the Risk Insurance Package, including property, casualty, excess liability, and workers' compensation insurance coverage, they refused to honor the City's requirement of choice of counsel for all litigation matters, were unable to procure the amount of cyber insurance requested and excluded equipment breakdown coverage as part of their Risk Package. Because of this, IMLRMA was excluded as a vendor due to the City's Right to Reject bids that did not conform to the City's RFP.

Marsh McLennan Agency provided the City with a Risk Insurance Package Proposal from the Illinois Counties Risk Management Trust (ICRMT) that includes property, casualty, and excess liability insurance coverage, workers' compensation coverage through IPRF, cyber liability insurance furnished by HCC Tokio Marine, and a 3-year pollution liability policy through Chubb.

By procuring its Risk Insurance Package with ICRMT, the City will be provided violent response coverage, sales tax interruption in the amount of \$3.8 million, and equipment breakdown coverage (with exclusion of the Electric Generation Facility) - which the City does not currently have in place. The total premium cost for 2023 is approximately 9.6% greater due in part to soaring inflation, nationwide catastrophic claims and cyber insurance becoming a top-tier coverage.

Funding Sources:

Source:	Budgeted Amount:	Proposed Expenditure:
Insurance and Enterprise Funds	\$686,518 (IMIC Package Policy) plus \$11,368 (Cyber Insurance) 2022 Risk Insurance Premium Total: \$697,886	\$368,127 (ICRMT Package Policy), \$228,734 (IPRF Work Comp), \$39,482 (Cyber Insurance), \$26,993 (Pollution Policy), and \$60,000 (Brokerage Fee) 2023 Risk Insurance Premium Total: \$723,336

Strategic Plan Goal Application: Operational Expense

Recommendation: Accept the Resolution Approving the 2023 Risk Insurance Renewal with the Illinois Counties Risk Management Trust (ICRMT) and Brokerage Services through Marsh McLennan Agency (MMA)