

**BOARD OF TRUSTEES  
VILLAGE OF RANTOUL**

AGENDA ITEM

PAGE 1 OF 1

<b>ITEM: Liability, Property, Casualty and Worker's Comp Insurance</b>	<b>DEPARTMENT: Admin</b>
<b>AGENDA SECTION:</b>	<b>AMOUNT:</b>
<b>ATTACHMENTS:</b> <input type="checkbox"/> <b>ORDINANCE</b> <input type="checkbox"/> <b>RESOLUTION</b> <input type="checkbox"/> <b>OTHER (See Summary Highlights)</b> <input type="checkbox"/> <b>SUPPORTING DOCUMENTS</b>	<b>DATE: 10/21/2016</b>
<b>SUMMARY HIGHLIGHTS:</b> The Village has had general insurance coverage with the Illinois Municipal League Risk Management Association (IMLRMA) since 1988. This year we have requested a proposal from Arthur J. Gallagher & Co. Gallagher is also our health insurance administrator through the IPBC. As part of the attached documents, Gallagher has provided summary of their experience with municipal insurance. They provide many risk management services. Also attached is a comparison sheet showing their coverage compared to IMLRMA. We also conducted a survey of several current Gallagher clients regarding their experience with Gallagher. All responded very favorably. The last attachment is a cost comparison between our current costs and Gallagher's proposal. There would be a significant savings with Gallagher. We have not received our renewal quote from IMLRMA as of today. That is expected to arrive the week of October 24.	
<b>RECOMMENDED ACTION:</b> Pending the renewal from IMLRMA, we would recommend converting our insurance coverage from IMLRMA to Arthur J. Gallagher & Co. effective January 1, 2017.	
<b>DEPARTMENT HEAD APPROVAL:</b> 	<b>VILLAGE ADMINISTRATOR:</b>



Arthur J. Gallagher Risk Management Services, Inc.

October 20, 2016

Scot Brandon  
Comptroller  
Village of Rantoul  
333 S. Tanner Street  
Rantoul, IL 61866

RE: PROPOSAL OF INSURANCE 2016-2017

Dear Mr. Brandon,

The entire staff at Arthur J. Gallagher Risk Management Services, Inc. would like to thank the Village of Rantoul for the opportunity to present our background, experience, and qualifications as they pertain to the Village's insurance and risk management needs.

The Village of Rantoul will directly benefit from utilizing our collective knowledge and experience of serving as broker to many Public and Governmental Entities. Nationally, we provide services to over 5,000 public entities encompassing over 500,000 employees and \$40,000,000,000 in property values. We represent more than 200+ public entities in Illinois alone. The Arthur J. Gallagher Risk Management Services, Inc. division of Arthur J. Gallagher & Co. is solely focused on this segment of the market and our expanding client list, market relationships, and personnel reflect that commitment.

The marketing of the Village's program was focused on Workers' Compensation, Property, and Liability coverage since those items drive a majority of the direct insurance costs. We approached several companies on the basis of 1) their ability to meet the coverage and deductible requirements, and 2) competitiveness of the current governmental marketplace.

We began the marketing process several months ago by obtaining all of the rating data necessary to present the Villages's claims history and exposures in a manner that would produce the most favorable results. Our goal was to engage the underwriters early in a

very aggressive marketing campaign that would allow us time to negotiate the best terms possible for the Village of Rantoul.

We believe that our Proposal of Insurance is not only cost-effective, but also very competitive in terms of coverages that the Village needs to protect its assets. It is also fully inclusive of all loss control and claims advocacy services that the Village may utilize to keep safety and risk management as a continued priority.

On behalf of the entire Gallagher Service Team, we would like to thank you again for giving us the opportunity to present our company's capabilities and qualifications to the Village of Rantoul.

Sincerely,

*Jessica E. Govic*

Jessica E. Govic, CLCS  
Area Senior Vice President  
Arthur J. Gallagher & Co.  
Public Sector

*Ethan A. Salsinger*

Ethan A. Salsinger  
Account Executive  
Arthur J. Gallagher & Co.  
Public Sector



# Loss Control Services

## Client Focused

- Integrated Broker Service Program
- Experienced Loss Control Consultants
- On-Site, Hospitality Assistance, Webcast and Teleconference
- Services and Programs Referenced Against Best Practices
- Work Closely with Client and Carrier to Address Concerns

## Customized Solutions

- Programs Targeted to Loss Drivers and Operations
- Focus on Areas That Will Make an Impact on Losses
- Services are Directed at Lowering Cost of Risk
- Hospitality-Specific Services
- Results-Oriented, Not Inspection-Driven

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## Accident Analysis

- First-Aid Log
- Investigation Report
- OSHA Log
- Loss Runs
- Root Cause
- Benchmarking

## Assessments

- Slip, Trip and Fall
- Sprain and Strain
- Security
- Ergonomic
- Workplace
- Machine Safeguarding
- Job Safety
- Safety Program
- Mock OSHA
- OSHA Regulatory Compliance
- Personal Protective Equipment
- Emergency Response Plan

## Program Development

- Safety Rules
- Employee Safety Handbook
- Policy, Procedure, Program
- Safety Manual
- Safety Committee
- Work Method
- Early Return to Work
- OSHA Compliance

## Safety Training

- 10- and 30-Hour Outreach Training
- OSHA 300 Log Recordkeeping
- Hazard Awareness
- Defensive Driving
- Ergonomics

## OSHA Citation Assistance

- Consultation Service
- Participation in Settlement Meeting
- Abatement Services

## Supervisory Skill Development

- Fraud Prevention
- Insurance 101
- Personal Liability Awareness
- Hazard Awareness
- Managing Safety & Culture
- Incident Investigation
- Safety Meetings & Communication
- Selling Safety to Management
- Workplace Violence
- Sexual Harassment

## Property Fire Protection Engineering

- Property Loss Control Advocacy
- Evaluate Fire Protection Systems
- Provide Property Risk Reports
- Account Engineering Coordination
- Evaluate Loss Expectancies
- HPR Guidance and Assistance
- Flood Exposure Assessments

## Other Services

- Onboarding with New Carrier
- Carrier Service Management
- Recommendation Compliance
- Stewardship Report
- Marketing Safety Efforts to Underwriters



# Claim Advocacy Services

## Claim Reviews

- Coverage advocacy
- Reserve advocacy/reductions
- Aggressive POA
- Thorough investigations
- Medical management
- Litigation management
- Fraud awareness and defense
- Identify systemic problems
- Push for resolution and closure

## Claim Audits

- Best practices review
- Compliance with special handling requests/instructions
- Compensability verification AOE/COE
- Reserve adequacy—recognition of changes impacting reserves
- Detailed file review of adjusting activity
- Confirm file/adjuster supervision and directions
- Cost-containment litigation management
- Timely resolution-structured settlement considered if appropriate

## Coverage Advocacy

- Coverage intervention
- Coverage resolution

## Complex Claims Consulting

- Analysis and strategy development
- Troubleshooting/intervention
- Damage control
- Cost control
- Timely and appropriate vendor list
- Negotiation/resolution strategy
- Mediation and pretrial preparation and participation

## CAT Management

- Vendor resources/immediate responders
- Off-site coordination of team
  - » Client
  - » Adjuster
  - » Consultant
  - » Forensic accountant
  - » Construction manager
  - » And others as necessary
- Facilitating advance payments
- Proactive claim management
- Assist with documentation

## Claim-Needs Analysis

- Interview client
- Determine goals and exposures
- Outline carriers requirements
- Develop service plan and timeline
- Ensure accountability

## Special Handling Instructions

- Client-needs analysis
- Negotiation with carrier regarding claim handling instructions
- Implement
- Ensure compliance

## Seminars/Workshops

- Internal training sessions
- WC, GL, Products, EPL, Auto, Fraud, Medical Management, New Legislation

## Insurer Insolvencies

- Rehabilitation vs. Liquidation
- Guaranty fund availability/limitations
- Proof of claim processing
- Management of claims

## TPA/RFP/RFQ

- Client-needs analysis
- TPA alternatives
- Develop RFP and disseminate
- Analysis of responses
- Interview candidates and visit (tour facilities)
- Prepare comparative matrix
- Assist client in decision

## Attorney/Vendor Selection

- Determine list of potential candidates
- Interview candidates
- Request/Review CV
- Obtain carrier approval
- Review selection of attorney/vendor
- Implement to ensure satisfaction

## RMI Claim Management Manual

- Comprehensive reference source
- Tailored to client
- Flexible document
- Track Best Practices

## Data Analysis

- Benchmarking
- Loss picks
- X-Mod calculations

## LOC Advocacy

- Scrub losses for reduction
- Identify/explain high-impact variables
- Initiate/facilitate RM Best Practices
- Discussion/negotiation with carrier

## Healthcare Provider Selection

- Review medical providers
- Tour client facility/plant
- Discuss RTW requirements
- Implement needed changes
- Evaluate NCM
- Job descriptions to doctor
- Video workstation requirements and provide to doctor

## RMIS Evaluation and Assistance

- Identify client needs
- Identify vendors
- Develop matrix
- Contrast/compare RMIS programs

## Dissemination of Industry Information

- Changes in law
- Industry changes
- Newsletters

## Subrogation Assistance



Arthur J. Gallagher & Co.

Jessica Govic & Ethan Galsinger

2 Pierce Place  
Itasca, IL

630-285-3651

[www.ajg.com](http://www.ajg.com)

Gallagher Claim Advocacy



# Loss Control Services

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**Village of Rantoul, IL**  
**IMLRMA vs. Gallagher Recommended Program**

**Program Comparison**

Items To Compare	IMLRMA	BRIT/Liberty Mutual/Hanover/ Illinois Public Risk Fund	Comments
Who owns the Carrier?	You, the members – Illinois cities, towns, and villages	BRIT, Liberty Mutual, and Hanover are publicly-held corporation and IPRF is similar to IMLRMA	Ownership is only relevant if all of the members have input into the operational decisions of the program.
Deductible Amounts	\$500 Property	\$5,000 Property	Slight differences in deductibles.
	\$25,000 Flood	\$25,000 Flood	
	\$25,000 Earthquake	\$25,000 Earthquake	
	\$0 General Liability	\$0 General Liability	
	\$0 Law Enforcement	\$5,000 Law Enforcement	
	\$0 Public Officials	\$5,000 Public Officials	
Coinsurance Provisions	\$0 Auto Liability	\$0 Auto Liability	
	\$500 Comprehensive	\$1,000 Comprehensive	
	\$500 Collision	\$1,000 Collision	
Margin Clause	None	None	No difference
Dividends	No	No	No difference
Program Annual Aggregate	\$250 million for all Property coverages combined for all members	Blanket Limit for Buildings and Contents for all Village owned properties	Illinois Public Risk Fund has a Grant program that you will be eligible for after one year. The Grant program provides reimbursement for money spent on any loss prevention activities for the entity.
	\$76.5 million program aggregate for all members for Flood and Earthquake		No difference The \$250 million limit is misleading since the entity does not have \$250 million in Total Insurable Values. The \$76.5 million program aggregate is misleading since, as an entity, you are only being provided \$5 million for Flood and \$5 million for Earthquake.

**Village of Rantoul, IL**  
**IMLRMA vs. Gallagher Recommended Program**

Items To Compare	IMLRMA	BRIT/Liberty/Mutual/Hanover/ Illinois Public Risk Fund	Comments
Assessable	Yes	BRIT, Liberty, and Hanover are not assessable. Illinois Public Risk Fund is assessable, but limits the amount to 10% of the annual premium	This section favors the Gallagher program. BRIT, Liberty, and Hanover are Guaranteed Insurance Products. Illinois Public Risk Fund's assessability provision has a maximum of 10% of your annual premium. IMLRMA's assessability provision is unlimited. It is important to note that neither the IMLRMA nor Illinois Public Risk Fund have ever assessed any of their members since their programs were established.
<b>Buildings and Contents</b>			
Total Property Values Covered	As provided	As provided	No difference
Per Location Limit or Blanket Limit? If Blanket, Limit, is there a Margin Clause or a Per Occurrence Limitation?	Per Location Limit	Blanket Limit for Building and Contents. No Margin Clause or Per Occurrence Limitation	Coverage favors Gallagher's Program since there is no "Per Location Limit".
Valuation Methods	ACV, RC, or FR – Your choice Is there a cap on the Limit of Recovery?	Same No cap on the Limit of Recovery	No difference
Annual Program Aggregate	\$250 million for all Property coverages combined for all members \$76.5 million program aggregate for all members for Flood and Earthquake	Blanket Limit for Buildings and Contents for all Village owned properties	Previously answered The \$250 million limit is misleading since the entity does not have \$250 million in Total Insurable Values. The \$76.5 million program aggregate is misleading since, as an entity, you are only being provided \$5 million for Flood and \$5 million for Earthquake.
Coinsurance % Percent of your Property Values you must carry to be fully paid for a loss	None	None	No difference
Deductible	\$500	\$5,000	Difference
Additional Bill Mid-Term?	Only if the value of the newly added property exceeds 25% of your total Building and Contents values	All newly added properties need to be reported	

**Village of Rantoul, IL**  
**IMLRMA vs. Gallagher Recommended Program**

Items To Compare	IMLRMA	BRIT/Liberty Mutual/Hanover Illinois Public Risk Fund	Comments
<b>Flood and Earthquake</b>			
Included?	Included	Included	No difference
Coverage for Property in Special Flood Hazard Areas?	Covered – included at no extra cost	Excludes Flood Zone A	If any locations exist, coverage is available from the National Flood Insurance Program (NFIP).
Per Occurrence Limit	\$5,000,000	\$5,000,000	No difference
Annual Aggregate Limit	\$5,000,000	\$5,000,000	No difference
Deductible Per Claims	\$25,000	\$25,000	No difference
<b>Inland Marine/Portable Equipment</b>			
Total Values	As provided	As provided	No difference
Valuation Methods	ACV, RC, or FR – Your choice	ACV, RC, or Functional Replacement Cost	No difference
Deductible	\$500	\$1,000	Slight difference
Additional Bill Mid-Term?	No	No	No difference
<b>General Liability</b>			
Claims-Made or Occurrence	Occurrence	Occurrence	No difference
Per Occurrence Limit	\$8 million	\$8 million	No difference
Member's Annual Aggregate Limit	\$16 million	N/A	Does not apply to the Gallagher Program
Contractual Liability Included?	Yes – incidental Contractual	Yes	No difference
Deductible Per Claim	\$0	\$0	No difference
<b>Premises/Medical Payments</b>			
Included?	\$3,000	\$5,000	Advantage to the Gallagher Program
Amount Provided			
<b>Auto Liability and Physical Damage</b>			
Liability Limit (Bodily Injury and Property Damage) Per Occurrence	\$8 million	\$8 million	No difference
Medical Payments Limit	\$10,000	\$10,000	No difference
Uninsured/Underinsured Limits	\$100,000 / \$300,000	\$50,000 / \$50,000	Increased limits available if desired, however we do not recommend them based on the State the proposal is being offered in. We will discuss.

**Village of Rantoul, IL**  
**IMLRMA vs. Gallagher Recommended Program**

Items To Compare	IMLRMA	BRIT/Liberty Mutual/Hanover Illinois Public Risk Fund	Comments
Valuation Methods	ACV RC available for your Firefighting vehicles	Same	No difference
Non-owned Autos Covered	Yes	Yes	No difference
Comprehensive / Collision Deductible Per Claim	\$500	\$1,000	Slight difference. Can be lowered, if desired
<b>Law Enforcement Liability</b> <i>(including Violation of Civil/Constitutional Rights, Assault and Battery under Title 42 of the U.S.C.)</i>			
Occurrence or Claims-Made	Occurrence	Occurrence	No difference
Per Occurrence Limit	\$8 million	\$8 million	No difference
Member's Annual Aggregate Limit	\$16 million	N/A	Does not apply to the Gallagher Program
Deductible Per Claim	\$0	\$5,000	We feel this is appropriate after meeting and speaking extensively with Chief Blevins. There have been 2 relative claims in the previous 6 years.
<b>Public Officials' Liability</b>			
Occurrence or Claims-Made?	Occurrence	Occurrence	No difference
Per Occurrence	\$8 million	\$8 million	Significant advantage to Gallagher Program
Annual Aggregate Limit	\$8 million	\$8 million	No difference
Deductible Per Claim	\$0	\$5,000	The Village has not experienced a Public Officials' Liability claim in the last 6 years
<b>Employment Practices Liability</b> <i>(including Personal Injury such as Discrimination and Sexual Harassment)</i>			
Occurrence or Claims-Made	Occurrence	Occurrence	No difference
Per Occurrence Limit	\$2.5 million	\$8 million	Significant advantage to Gallagher Program
Annual Aggregate Limit	\$8 million	\$8 million	No difference
Deductible Per Claim	\$0	\$5,000	The Village has not experienced an Employment Practices Liability claim in the last 6 years.
<b>Umbrella or Excess</b>			
Amount Needed, if any, to equal IMLRMA Coverages	N/A	See comment	BRIT's Excess Liability brings all liability limits to a total of \$8 million per line of coverage. We can increase the limit of liability if higher limits are desired for minimal cost.
Aggregate Limit	N/A	See comment	
Retained Limit or Deductible	N/A	Follows underlying deductibles; if	

**Village of Rantoul, IL**  
**IMLRMA vs. Gallagher Recommended Program**

Items To Compare	IMLRMA	BRIT/Liberty Mutual/Hanover Illinois Public Risk Fund	Comments
		not covered in underlying coverages, a \$10,000 retention is in place.	
<b>Public Officials' Bonds – required by law</b>			
Positions Covered/Limits	Those required by statute	Yes	No difference
Additional Positions or Limits Available	Yes, for minimal extra cost	No	No additional charge for adding individuals with Gallagher.
Deductible Per Loss	\$0	\$2,500	The Village has not had any Surety claims in the last 6 years based on the loss history provided.
<b>Workers' Compensation</b>			
Payroll Values	Not sure	\$8,531,789	Based on 2017 estimate provided by the Village.
Billing for Payroll Audit?	No	No	No difference
Deductible Per Claim	\$0	\$0	No difference
Employer's Liability	\$3 million	\$3 million	No difference
<b>Loss Control Services</b>			
Included? Available at extra cost – if so, how much? What kinds of services are provided? Geared toward the specific needs of Illinois towns, cities, and village?	Included No extra cost On-site inspections, assistance with loss control for special events, claim review and analysis, member-specific training and loss control program	Included	Same

**Village of Rantoul, IL**  
**IMLRMA vs. Gallagher Recommended Program**

Items To Compare	IMLRMA	BRIT/Liberty Mutual/Hanover Illinois Public Risk Fund	Comments
Percent of premium or contribution paid to local agent to serve the business	None However, we will work with your designated and paid for local agent as your designated RMC at your request.  Services provided for the commission paid are between you and your local agent.	Commission to Local Agent  No additional fees or commissions for services or placement of policies	Refer to Disclosures Schedule in our Proposal. Arthur J. Gallagher & Co. is completely transparent. All commissions are paid by the insurance company and is included in the total premiums shown. No additional fees for services.

**Gallagher Insurance Survey Summary**

**Responses by Municipality**

	Geneva 8 years	Coal City 8 years	Effingham 1 year	West Frankfort	Buffalo Grove	Freeburg 4 years	Oglesby	Average
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1. How long have you been a client of Gallagher?
 

	5	5	5	5	5	5
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2. How would you rate your overall experience with them from 1 to 5 with 1 being "very poor" to 5 being "excellent"?
 

	5	5	3	5	5	4.5
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3. How would you rate their promptness in claims processing from 1 to 5 with 1 being "very poor" to 5 being "excellent"?
 

	5	5	5	5	5	5
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4. How would you rate their responsiveness to questions from 1 to 5 with 1 being "very poor" to 5 being "excellent"?
 

	5	5	5	5	5	5
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5. How would you rate their client training and risk management knowledge from 1 to 5 with 1 being "very poor" to 5 being "excellent"?
 

	1.67%	8.50%	4.5% P/C	9.4% W/C	< 10%	
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6. What has been your average annual premium increase over the last five years?
 

	Without hesitation	Yes	Yes			
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7. Would you recommend Gallagher as a municipal insurance provider?
 

						We are very happy w/ Gallagher and highly recommend them to everyone!!
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<u>Coverage</u>	<u>Current Costs</u>	<u>Gallagher Proposal</u>
IMLRMA	\$656,026 *	\$701,954
Utility Liability	\$50,703	Incl
Machinery & Equipment	\$66,288	\$44,883
Total Annual	\$773,017	\$746,837
		\$14,937 2% Discount
		\$731,900
		<b>\$41,117 Savings</b>

\*Premium for 2016

\* Does not include possible Min/Max contribution of \$238,823.